

CGM Realty

Ticker: CGMRX Load: None NAV: \$31.17 Yield: 1.3% Total Assets: \$1,305 mil Mstar Category: Specialty-Real Estate

Governance and Management

Stewardship Grade:

Portfolio Manager(s)

Ken Heebner has managed this fund since its 1994 inception. He also runs three other funds, including CGM Capital Development, which he has managed since 1977.

Strategy

Manager Ken Heebner combines his macroeconomic outlook with industry and company-specific analysis to form this portfolio. Heebner looks for companies that are attractive based on P/E and growth rates. The fund is often concentrated in relatively few industries. At times, turnover is high, as the fund adjusts quickly to changing opportunities.

Performance 04-30-06

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2002	16.11	7.15	-16.16	-0.78	3.49
2003	3.89	36.13	9.61	22.39	89.71
2004	12.93	-8.52	10.24	18.99	35.52
2005	0.64	8.59	11.30	4.39	26.98
2006	14.75	—	—	—	—

Trailing	Total Return%	+/- S&P 500	+/- DJ Wilshire REIT	%Rank Cat	Growth of \$10,000
3 Mo	5.86	2.98	2.51	8	10,586
6 Mo	23.88	14.25	7.19	4	12,388
1 Yr	46.18	30.77	16.96	1	14,618
3 Yr Avg	46.74	32.07	16.91	1	31,597
5 Yr Avg	33.53	30.83	12.04	1	42,452
10 Yr Avg	22.21	13.27	5.87	1	74,313
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	43.35	1	2.31	75
5 Yr (estimated)	30.76	1	2.07	67
10 Yr (estimated)	19.25	1	2.42	75

Potential Capital Gain Exposure: 34% of assets

Morningstar's Take by Laura Pavlenko Lutton 04-12-06

This isn't a pure real estate fund, and that strategy has its pluses.

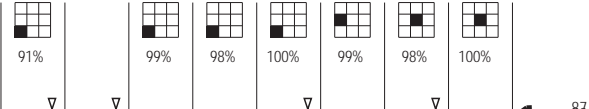
It's hard not to notice CGM Realty's impressive record. The fund leads the real estate category in short- and long-term periods alike, with manager Ken Heebner amassing a 22% annualized return over 10 years.

Heebner owes much of his success to the unusual strategy he employs here. While the typical offering in this category invests primarily in high-yielding real estate investment trusts (REITs), Heebner goes beyond that traditional fare when he sees opportunity. For example, in 2004 and early 2005, he held a passel of skyrocketing homebuilder stocks, which helped boost returns. Then in early 2005, just before housing stocks cooled off, Heebner sold out based on concerns that home prices were overdone. He instead moved primarily into hotels and soaring mining stocks, ending 2005 at the top of the fund's peer group with a 27% gain.

Heebner certainly deserves credit for keeping the

Historical Profile

Return High
Risk High
Rating ★★★★★ Highest



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	04-06
NAV	10.89	14.50	15.60	11.59	11.08	13.53	13.47	13.38	24.75	29.56	27.19	31.17
Total Return %	19.75	44.08	26.73	-21.15	2.61	29.16	5.14	3.49	89.71	35.52	26.98	15.08
+/- S&P 500	-17.78	21.13	-6.62	-49.73	-18.43	38.26	17.02	25.58	61.04	24.65	22.07	9.48
+/- DJ Wilshire REIT	7.51	7.04	7.06	-4.15	5.18	-1.88	-7.22	-0.11	53.65	2.38	12.98	3.69
Income Return %	7.18	6.29	5.12	4.90	7.17	6.73	5.36	4.37	0.52	0.73	1.56	0.44
Capital Return %	12.57	37.79	21.61	-26.05	-4.56	22.43	-0.22	-0.88	89.19	34.79	25.42	14.64
Total Rtn % Rank Cat	10	1	9	94	11	39	93	59	1	21	1	5
Income \$	0.68	0.67	0.73	0.75	0.81	0.73	0.71	0.58	0.07	0.18	0.46	0.12
Capital Gains \$	0.00	0.38	1.98	0.00	0.00	0.00	0.00	0.00	0.53	3.75	9.85	0.00
Expense Ratio %	1.00	1.00	1.00	1.04	1.06	1.02	1.00	1.03	1.02	0.96	0.92	—
Income Ratio %	5.51	4.97	4.48	4.35	5.50	4.27	3.63	2.70	0.16	0.73	1.34	—
Turnover Rate %	85	57	128	86	49	78	131	173	68	43	136	—
Net Assets \$mil	48	162	489	435	360	471	384	340	645	785	1,030	1,305

Rating and Risk

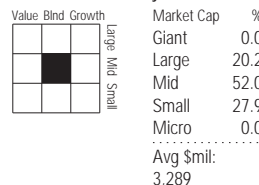
Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	46.18			
3 Yr	46.74	High	High	★★★★★
5 Yr	33.53	High	High	★★★★★
10 Yr	22.21	High	High	★★★★★
Incept	20.56			

Other Measures	Standard Index	Best Fit Index
Alpha	20.3	7.9
Beta	1.58	2.38
R-Squared	33	53
Standard Deviation	21.40	
Mean	46.74	
Sharpe Ratio	1.81	

Portfolio Analysis 12-31-05

Share change since 09-05	Total Stocks:22	Sector	PE	Tot Ret%	% Assets
⊖ Arch Coal		Energy	—	19.61	7.97
⊖ CB Richard Ellis Group		Financial	30.9	49.35	7.60
⊖ General Growth Properties		Financial	—	1.64	6.06
⊖ LaSalle Hotel Properties		Financial	65.3	20.38	5.84
⊕ Sunstone Hotel Investors		Financial	77.7	9.28	5.63
⊖ SL Green Realty		Financial	46.0	30.35	5.62
⊕ Host Marriott		Financial	70.1	11.65	5.35
⊖ Essex Property Trust		Financial	51.7	19.24	5.16
⊖ Innkeepers USA Trust		Financial	56.2	0.99	5.15
⊖ Foundation Coal Holdings		Energy	26.4	33.61	5.05
⊕ AvalonBay Communities		Financial	80.4	21.53	5.00
⊕ Simon Property Group		Financial	64.5	7.86	5.00
⊖ Felcor Lodging Trust		Financial	—	26.72	4.99
⊖ Vornado Realty Trust		Financial	29.3	15.62	4.71
⊕ Macerich		Financial	88.2	10.10	4.54
⊕ CBL & Associates Propert		Financial	19.7	2.29	4.48
⊖ Peabody Energy		Energy	40.4	55.14	4.41
⊖ Diamondrock Hospitality		Financial	—	—	4.28
⊖ Consol Energy		Energy	13.6	30.93	1.08
⊕ Strategic Hotel Capital		Financial	34.4	11.31	0.96

Current Investment Style

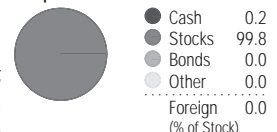


Value Measures	Rel Category
Price/Earnings	18.68 1.09
Price/Book	2.77 1.05
Price/Sales	2.63 0.61
Price/Cash Flow	16.96 1.22
Dividend Yield %	1.76 0.46
Growth Measures	% Rel Category
Long-Term Erngs	8.32 1.10
Book Value	-0.05 NMF
Sales	7.08 1.05
Cash Flow	-34.23 NMF
Historical Erngs	14.01 2.72

Profitability	% Rel Category
Return on Equity	10.96 1.08
Return on Assets	6.33 0.76
Net Margin	11.31 0.47

Sector Weightings	% of Stocks	Rel S&P 500	3 Yr High Low
Info	0.00	0.00	0 0
Software	0.00	0.00	0 0
Hardware	0.00	0.00	0 0
Media	0.00	0.00	0 0
Telecom	0.00	0.00	0 0
Service	81.46	1.76	
Health	0.00	0.00	0 0
Consumer	0.00	0.00	84 0
Business	0.00	0.00	0 0
Financial	81.46	3.77	82 16
Mfg	18.54	0.55	
Goods	0.00	0.00	0 0
Ind Mtrls	0.00	0.00	18 0
Energy	18.54	1.85	27 0
Utilities	0.00	0.00	0 0

Composition



Address:	One International Place Boston MA 02110 800-343-5678	Minimum Purchase:	\$2500	Add: \$50	IRA: \$1000
Web Address:	www.cgm.funds.com	Min Auto Inv Plan:	\$2500	Add: \$50	
Inception:	05-13-94	Sales Fees:	No-load		
Advisor:	Capital Growth Mgt Ltd Partnership	Management Fee:	0.85% mx./0.75% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.80%	Dist: —	
NTF Plans:	N/A	Expense Projections:	3Yr:\$293	5Yr:\$509	10Yr:\$1131
		Income Distrib:			