

Total Return - Growth Portfolio

INVESTMENT OBJECTIVE

Our objective is to provide long-term capital appreciation by investing in equity and fixed income securities globally across investment style and market capitalization. Asset allocation will reflect our outlook on the relative attractiveness of the appropriate asset classes.

Our equity strategy balances risk and reward through the inclusion of three primary types of companies: stable, dividend paying firms, typically large in size; high-return companies trading at reasonable growth-adjusted valuation levels, typically medium in size; and emerging growth companies, typically small to medium in size. We believe that our multi-cap core style enables us to take advantage of attractive valuations as opportunities arise in different areas of equity markets. Based on our proprietary bottom-up fundamental research process, analysts seek to identify undervalued companies with attractive growth prospects, where the net present value of future free cash flow exceeds the current value of the shares.

Bonds are selected that meet our fundamental credit criteria with the goal of providing attractive risk-adjusted returns. We actively manage the fixed income holdings to control risk, while seeking opportunities along the yield curve to incrementally improve returns.

Overall portfolio risk is managed by limiting exposure to an asset class, sector and individual position through rebalancing and a rigorous sell discipline. As of June 30, 2013, assets in the Total Return – Growth composite totaled \$80.5 million.

Through June 30, 2013	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION
Total Return – Growth Composite¹	8.1%	12.5%	11.8%	5.0%	NA	6.3%
Growth Benchmark²	6.6%	12.6%	12.3%	5.7%	6.8%	5.9%
Lipper Balanced Fund Index³	5.5%	11.7%	11.0%	5.3%	6.2%	5.4%

¹Inception date is January 1, 2004. Periods greater than one year are annualized. Performance shown is total return and gross of fees.

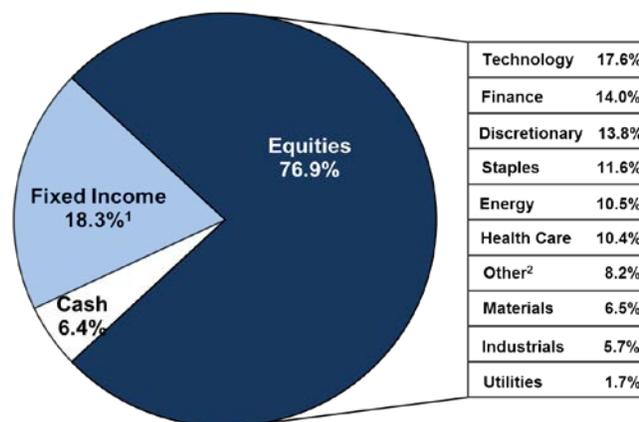
²Growth Benchmark is composed of 54.0% S&P 500, 27.5% Barclays Capital Government/Credit Index, 13.5% MSCI All-Country World ex-U.S. Index and 5.0% Lipper Money Market Index.

³Lipper Balanced Fund Index is based on the 30 largest funds by asset size within the balanced objective, returns are net of fees. Typically, the stock/bond ratio ranges around 60%/40%.

TOP 10 EQUITY HOLDINGS

Google	3.6%
Schlumberger Ltd	3.5%
General Electric	3.5%
Praxair	3.4%
Ford Motor	3.4%
Johnson & Johnson	3.0%
Merck & Co	2.9%
Walt Disney	2.9%
AIG	2.8%
Target	2.8%

ASSET ALLOCATION

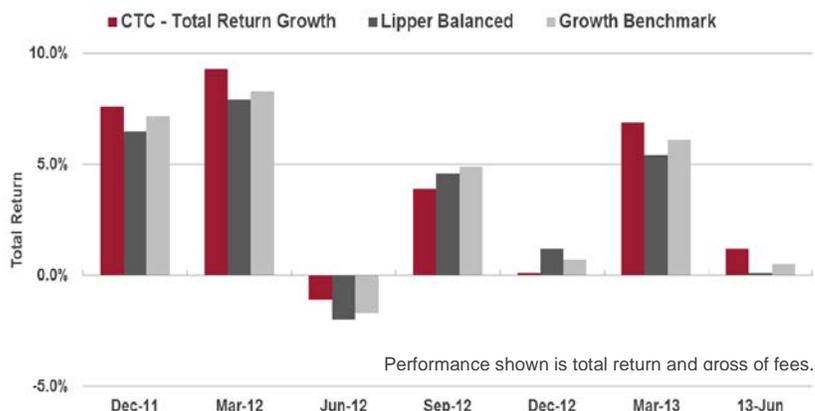


¹Includes: Corporate Bonds (12.4%), US Gov't Agency (2.8%) and Bond Funds (3.1%)

²Includes: International ETFs (6.2%) and a Large Cap Core fund (2.0%)

QUARTERLY COMMENTARY

The Total Return – Growth composite gained 1.2% in the second quarter, ahead of the benchmark's 0.5% gain and the Lipper Balanced Fund Index's 0.1% return. The portfolio's stocks posted positive returns, while bonds were down in the quarter due to an increase in interest rates. The portfolio's outperformance versus the benchmark was the result of our overweight in stocks (largely domestic equities), underweight in bonds, and favorable relative performance in both asset classes.



The composite's equities gained 2.0% in the quarter, while the global equity benchmark (80% S&P 500/20% MSCI All Country World ex US) gained 1.8%. Volatility increased, largely due to the market adjusting to the expected change in Federal Reserve policy and the impact on interest rates. Despite the increase in volatility and economic growth that continues to be sluggish in the U.S. and weak in most of the rest of the world (with the exception of Japan), we remain approximately 10% overweight equities in the strategy, as equities still compare favorably to bonds in our view. Similar to the first quarter, U.S. equities outperformed international equities by a wide margin. The MSCI All Country World ex-US Index was down 2.9% in the quarter and is now roughly flat for the year while the S&P 500 was up 2.9% in the quarter and has gained 13.8% year to date. Our small underweight in international equities versus the benchmark (16% vs 20%) was beneficial. On an individual stock basis, the portfolio's largest contributors were Ford Motor, Walt Disney, Google, and PNC Financial Services.

The composite's fixed income holdings returned -2.0% in the second quarter, outperforming the benchmark's -2.5% return. The portfolio benefited from being underweight duration during a period of rising interest rates (the 10-year Treasury rose 65 basis points during the quarter). We continue to position the portfolio with a shorter duration than the benchmark as our long-term concern remains the impact of a rise in interest rates on principal.

EQUITY CHARACTERISTICS

	CAMBRIDGE TRUST GROWTH	S&P 500
Number of Holdings	50	500
Dividend Yield ¹	1.8%	2.1%
Dividend Growth (5 yr) ¹	8.0%	5.0%
Dividend Payout ¹	25.8%	31.7%
Earnings Growth ¹	11.0%	—
Beta ¹	1.01	1.00
Market Cap ¹	\$92.4 B	\$111.2 B
P/E Ratio (2013) ¹	15.9x	14.7x
Price to Book ¹	3.1x	2.4x

¹Portfolio weighted average Source: Bloomberg, Baseline.

Portfolio characteristics represent a typical account invested according to this investment style. Actual account holdings may vary slightly.

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FIXED INCOME CHARACTERISTICS

	CAMBRIDGE TRUST TAXABLE BOND	BARCLAYS GOV'T/CREDIT INDEX
Current Yield	4.41%	—
Yield to Maturity	2.07%	2.1%
Duration	3.98	5.69
Credit Quality	A2/A	AA2/AA3
Corporate	84%	40%
Agency	13%	7%
US Treasury	0%	53%
Mortgage-Backed	3%	0%

Securities and other investment products are:

Not FDIC Insured • May Lose Value • Not Bank Guaranteed
 Not a Deposit • Not Insured By Any Government Agency