

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 Total Return 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.

Through December 31, 2012	2012	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION ¹
Total Return Growth Portfolio	12.5%	7.4%	2.6%	NA	5.7%
Growth Benchmark²	12.4%	8.6%	2.7%	6.5%	5.5%
Lipper Balanced Fund Index³	11.9%	8.1%	2.8%	6.5%	5.1%

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

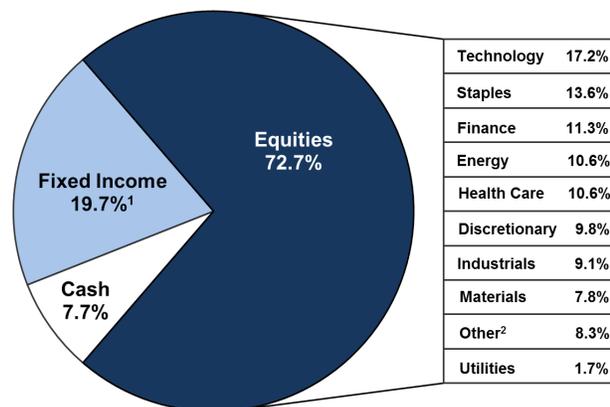
²Growth Benchmark is composed of 54.0% S&P 500, 27.5% Barclays Capital Government/Credit Index, 13.5% MSCI All-Country World ex-U.S. Index and 5.0% Lipper Money Market Index.

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 (as of 12/31/2012)

General Electric	4.5%
Schlumberger Ltd	3.9%
Apple	3.6%
Google	3.4%
iShares MSCI Emerging Market	3.3%
Merck & Co	3.0%
Unilever NV	2.9%
Target Corp	2.8%
Johnson & Johnson	2.8%
Anheuser-Busch InBev	2.6%

ASSET ALLOCATION (as of 12/31/2012)

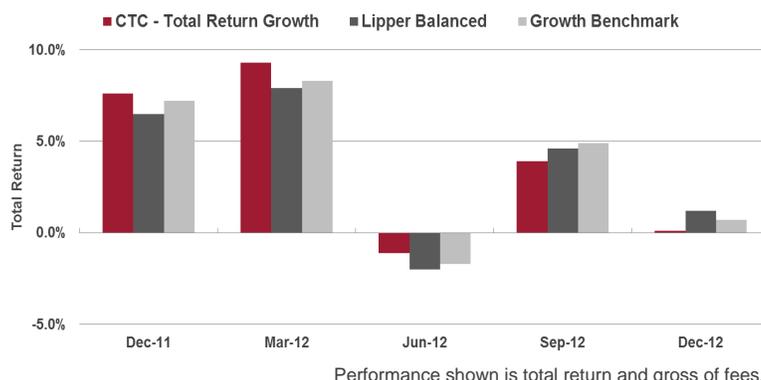


¹Includes: Corporate Bonds (13%), US Gov't Agency (3.7%) and Bond Funds (3.0%)

²Includes: International ETFs (4.8%) and Large Cap Core funds (3.5%)

QUARTERLY COMMENTARY

The Total Return Growth Portfolio gained 0.1% in the fourth quarter, trailing the benchmark's 0.7% return and the Lipper Balanced Fund Index's 1.2% return. Although performance within the equity and fixed income asset classes was strong, relative performance versus the benchmark was negatively impacted by the portfolio's underweight in bonds and international equities—two asset classes that performed well in the fourth quarter. The portfolio's significant bond underweight when compared to the Lipper Balanced Index was the main contributor in return differences for the quarter.



The portfolio's fixed income return benefited from an overweight in corporate bonds and mortgage-backed securities (MBS), as well as individual security selection. Improved sentiment in Europe resulted in tighter corporate spreads, which drove strong returns in the portfolio's financial sector holdings, and MBS performed well following the Federal Reserve's announcement of QE3. 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.

Domestic equities finished the fourth quarter down slightly, as economic indicators were mixed and the markets digested the election and its impact on fiscal policy. International equity markets outpaced the U.S., with the MSCI All World ex-US Index returning 5.9% for the quarter while the S&P 500 returned -0.4%. The portfolio's international securities were positive drivers in the quarter, in particular food and beverage companies with exposure to emerging markets. Materials and Energy were also beneficial. The Financial Services sector was the largest detractor from returns, followed by Information Technology. On an individual holdings basis, Ford Motor and McKesson were the largest contributors, and Apple and Qlik Technologies were the largest detractors of returns.

EQUITY CHARACTERISTICS (as of 12/31/2012)

	CAMBRIDGE TRUST GROWTH	S&P 500
Number of Holdings	48	500
Dividend Yield ¹	1.82%	2.19%
Dividend Growth (5 yr) ¹	5.9%	2.4%
Dividend Payout ¹	32.7%	30.7%
Earnings Growth ¹	11.0%	—
Beta ¹	1.00	1.00
Market Cap ¹	\$97.4 B	\$104.6 B
P/E Ratio (2012) ¹	17.0x	13.2x
Price to Book ¹	3.3x	2.2x

¹Portfolio weighted average Source: Bloomberg, Baseline.

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

FIXED INCOME CHARACTERISTICS (as of 12/31/2012)

	CAMBRIDGE TRUST TAXABLE BOND	BARCLAYS GOV'T/CREDIT INDEX
Current Yield	4.38%	—
Yield to Maturity	1.35%	1.54%
Duration	4.02	5.94
Credit Quality	A2/A	AA2/AA3
Corporate	80%	40%
Agency	16%	7%
US Treasury	0%	53%
Mortgage-Backed	4%	0%

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