Cambridge Trust Company

Total Return - Growth Portfolio

Portfolio Managers
Ryan Hanna
Brian Sokolowski, CFA
Eric C. Jussaume

Fact Sheet as of 9/30/2012

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 a rigorous sell discipline and rebalancing.

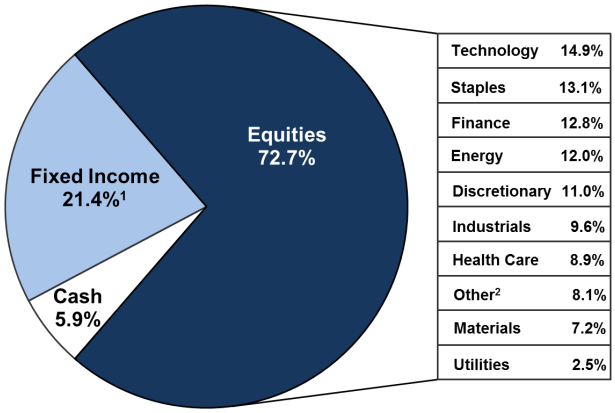
Through September 30, 2012	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION[1]
Total Return Growth Portfolio	12.3%	20.9%	8.7%	2.6%	NA	5.9%
Growth Benchmark[2]	11.6%	19.7%	9.7%	2.4%	6.5%	5.6%
Lipper Balanced Fund Index[3]	10.6%	17.8%	8.9%	2.3%	6.9%	8.7%

[1]Inception date is January 1, 2004. Periods greater than one year are annualized. Performance shown is total return and gross of fees.
[2]Growth 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.
[3]Lipper 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 9/30/2012)

General Electric	4.8%
Apple	4.5%
Schlumberger Ltd	4.0%
U.S. Bancorp	3.9%
Merck & Co.	3.3%
McKesson Corp	3.2%
iShares MSCI Emerging Market	3.1%
Target Corp	3.0%
Johnson & Johnson	2.7%
Unilever NV	2.6%

ASSET ALLOCATION
(as of 9/30/2012)



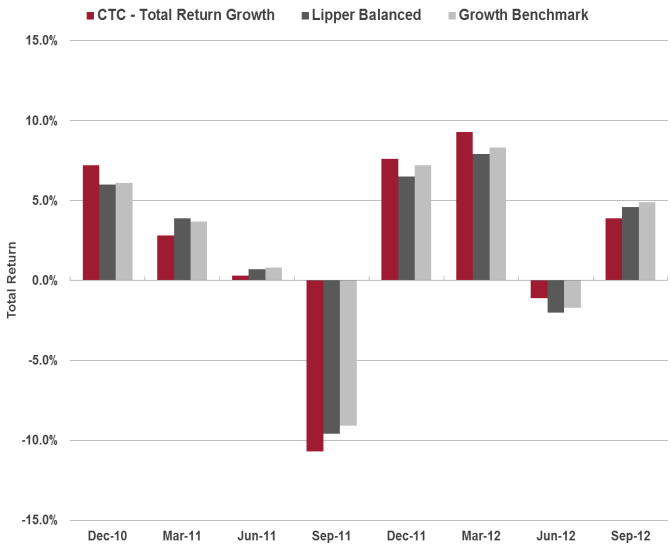
[1]Includes: Corporate Bonds (14.6%), US Gov't Agency (4.3%) and Bond Funds (2.5%)
[2]Includes: International ETFs (4.5%) and Large Cap Core funds (3.6%)

QUARTERLY COMMENTARY

The Total Return Growth Portfolio gained 3.9% in the third quarter, trailing the benchmark's 4.9% return and the Lipper Balanced Fund Index's 4.6% return.

The portfolio's fixed income return was positively impacted by 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.

Equity markets continued to rally in the quarter despite slowing global economic growth, particularly in Europe and Asia. Portfolio performance benefitted from stock selection in the Energy sector as oil and natural gas prices increased during the quarter. The portfolio's two largest equity positions, Apple and General Electric, were positive drivers in the quarter. The portfolio's international equity underweight relative to the benchmark was a modest drag as international equities outperformed the U.S. equity market. Stock selection in Healthcare and Technology also detracted from third quarter returns.



Performance shown is total return and gross of fees.

EQUITY CHARACTERISTICS
(as of 9/30/2012)

	CAMBRIDGE TRUST GROWTH	S&P 500
Number of Holdings	47	500
Dividend Yield[1]	1.86%	2.05%
Dividend Growth (5 yr)[1]	6.5%	1.2%
Dividend Payout[1]	26.1%	29.5%
Earnings Growth[1]	12.0%	—
Beta[1]	1.00	1.00
Market Cap[1]	$100.0 B	$104.6 B
P/E Ratio (2012)[1]	17.6x	14.1x
Price to Book[1]	3.0x	2.3x

[1]Portfolio weighted average Source: Bloomberg, Baseline.

FIXED INCOME CHARACTERISTICS
(as of 9/30/2012)

	CAMBRIDGE TRUST TAXABLE BOND	BARCLAY'S GOV'T/CREDIT INDEX
Current Yield	4.38%	3.39%
Yield to Maturity	1.35%	1.53%
Duration	4.02	6.01
Credit Quality	A2/A	A2
Corporate	80%	39%
Agency	16%	8%
US Treasury	0%	53%
Mortgage-Backed	4%	0%

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

CONTACT US

Massachusetts: Robert MacAllister, 617-441-1599, robert.macallister@cambridgetrust.com
William Yates, 617-503-4041, william.yates@cambridgetrust.com

New Hampshire: Susan Martore-Baker, 603-369-5101, susan.martore-baker@cambridgetrust.com

Securities and other investment products are:

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