

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 September 30, 2013, assets in the Total Return – Growth composite totaled \$84.6 million.

Through September 30, 2013	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION
Total Return – Growth Composite¹	14.5%	14.7%	11.0%	7.4%	NA	6.8%
Growth Benchmark²	11.2%	11.9%	10.5%	8.3%	7.0%	6.2%
Lipper Balanced Fund Index³	10.3%	11.7%	9.7%	8.1%	6.4%	5.8%

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

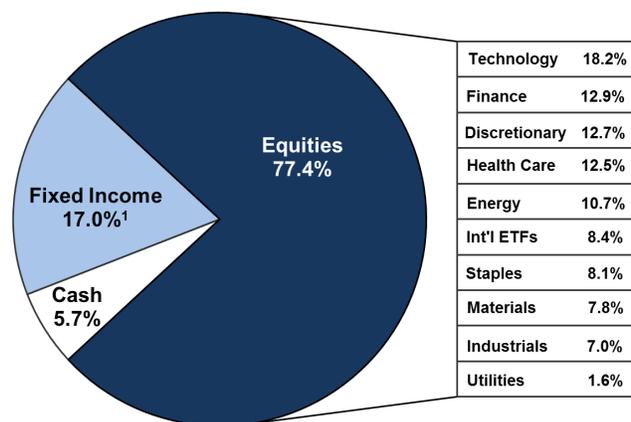
²Growth Benchmark is composed of 54.0% S&P 500, 27.5% Barclays Capital Government/Credit Index, 13.5% MSCI All-Country World ex-U.S. Index and 5.0% Lipper Money Market Index.

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

Schlumberger Ltd	3.9%
Ford Motor	3.4%
Google	3.3%
General Electric	3.3%
PNC Financial	3.0%
AIG	2.8%
Apple	2.8%
Merck & Co	2.8%
Walt Disney Co	2.7%
Johnson & Johnson	2.7%

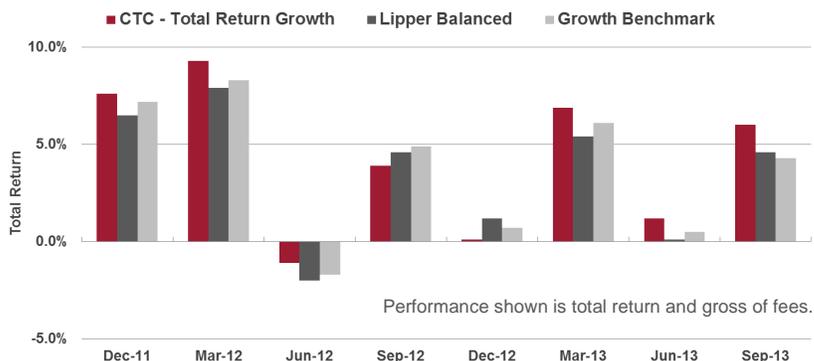
ASSET ALLOCATION



¹Includes: Corporate Bonds (11.6%), U.S. Gov't Agency (2.3%) and Bond Funds (3.1%)

QUARTERLY COMMENTARY

The Total Return – Growth composite gained 6.0% in the third quarter, ahead of the benchmark's 4.3% gain and the Lipper Balanced Fund Index's 4.6% return. Both the stock and bond positions posted positive returns in the quarter. 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 7.5% in the quarter, while the global equity benchmark (80% S&P 500 and 20% MSCI All Country World ex US) gained 6.2%. Equity markets continued to climb despite the fact that global economic growth, as well as forward growth expectations, remained relatively subdued in the third quarter. Equity prices benefitted from a dampening in the increase of US interest rates; the 10-Year Treasury drifted upwards during the quarter following the rapid jump in rates in the second quarter. Foreign equity markets outpaced US equity markets in the third quarter, with MSCI All World ex-US up 10.2%, versus the S&P500 increase of 5.2%. An apparent bottoming of economic activity in Europe, initial signs of slight acceleration in China, and continued growth in Japan helped drive strong quarterly returns in international markets. Following the strong relative performance of the US over the last few years we continue to use proceeds from US equities to selectively increase exposure in international equities. We also maintain our equity overweight due to low bond yields, reasonable valuations, and our expectation for gradually improving economic conditions and corporate profits.

The composite's fixed income holdings returned 1.1% in the quarter, outperforming the benchmark's 0.4% return. The portfolio benefited from being underweight duration during a period of rising interest rates, being overweight corporate bonds and holding mortgaged backed securities which were strong performers in 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

	CTC TOTAL RETURN GROWTH	S&P 500
Number of Holdings	52	500
Dividend Yield ¹	1.7%	2.1%
Dividend Growth (5yr) ¹	8%	5%
Dividend Payout ¹	25%	32%
10 Year EPS Growth ¹	12%	8%
Beta ¹	1.03	1.00
Market Cap ¹	\$88.5 B	\$109.7 B
P/E Ratio (2013) ¹	16.4	15.3x
Price to Book ¹	3.1x	2.5x

¹Portfolio weighted average Source: Bloomberg, Baseline.

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

CONTACT US

Massachusetts: Erin Cooper, 617-503-5285, erin.cooper@cambridgetrust.com
 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

FIXED INCOME CHARACTERISTICS

	CTC TOTAL RETURN GROWTH	BARCLAYS GOV'T/CREDIT INDEX
Current Yield	4.47%	—
Yield to Maturity	1.88%	2.04%
Duration	3.93	5.65
Credit Quality	A2/A	AA2/AA3
Corporate	84%	41%
Agency	5%	6%
US Treasury	0%	53%
Mortgage-Backed	11%	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