

Equity Income - Balanced Portfolio

Portfolio Managers
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Fact Sheet as of 9/30/2017

INVESTMENT OBJECTIVE

Our objective is to provide above-average current income with lower volatility than the benchmark, while generating long-term capital appreciation. Asset allocation reflects our outlook on the relative attractiveness of the appropriate asset classes.

Our equity strategy prioritizes dividend sustainability, growth potential, and yield, driven by proprietary bottom-up fundamental analysis. We focus on high-quality companies that offer a mix of current income and capital appreciation opportunity, and not the highest yield per se. To achieve inclusion in the portfolio, companies must pay a dividend, have a market capitalization of at least \$1 billion, and demonstrate a high level of dividend sustainability and growth potential.

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, 2017	QTD	YTD	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION ¹
CTC - Equity Income Balanced	2.5%	8.5%	9.9%	6.3%	7.8%	8.3%
Balanced Benchmark²	2.6%	8.4%	8.8%	5.8%	6.9%	7.2%

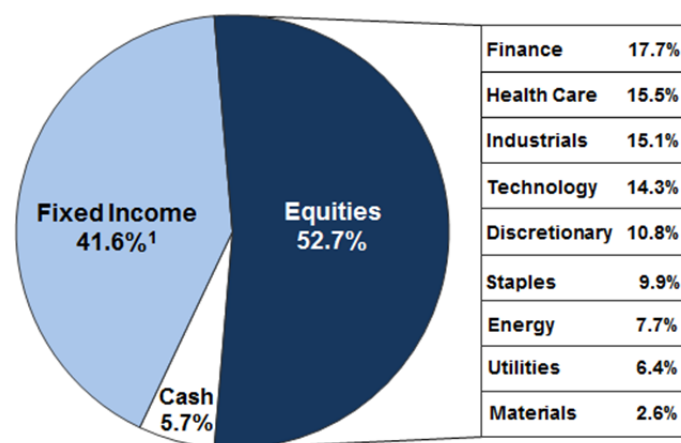
¹Inception date is September 30, 2010. Periods greater than one year are annualized. Performance shown is total return and gross of fees.

²Balanced Benchmark: 47.5% Barclays Gov't/Credit Index, 38.0% S&P 500, 9.5% MSCI ACW ex-U.S. Index, and 5.0% Lipper Money Market Index. Prior to 2015, the fixed income benchmark used in the index was the Barclays Gov't/Credit Index.

TOP 10 EQUITY HOLDINGS

M & T Bank Corp	4.6%
PNC Financial Services Group	4.5%
Microsoft Corp.	4.2%
Unilever	4.2%
Merck & Co. Inc.	3.5%
Johnson & Johnson	3.2%
Novartis	3.1%
3M Co.	3.1%
Royal Dutch Shell	3.0%
McDonald's Corp.	3.0%

ASSET ALLOCATION



¹Includes: Corporate (34.8%), U.S. Gov't Agency/Mortgage Backed (4.5%), Bond Funds (2.1%) and Municipals (0.2%)

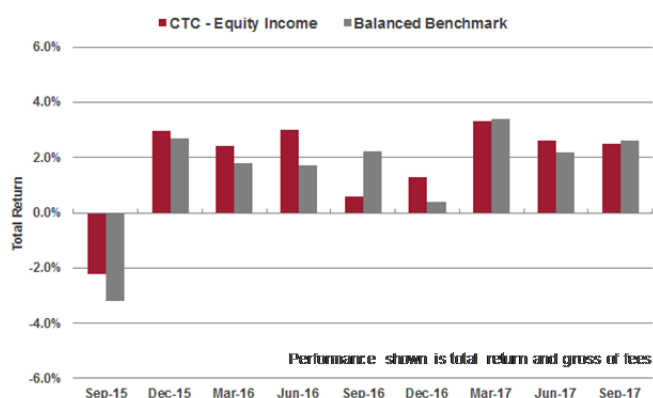
QUARTERLY COMMENTARY

The Equity Income Balanced composite returned 2.5% in the third quarter, compared to the 2.6% return for the benchmark. The composite's equities returned 4.2%, compared to the Global Equity Benchmark (80% S&P 500 Index and 20% MSCI ACW ex-U.S. Index) return of 4.8%, and the Lipper Equity Income Index return of 3.8%. At quarter-end, our international exposure was 17% of the equity allocation.

While Technology holdings performed well in the quarter, the sector underweight versus the benchmark weighed on performance. Health Care also was challenged in the quarter due to Medtronic. However, stock selection was generally favorable in the quarter aided by strength from Home Depot, Royal Dutch, Unilever, PNC and Xylem. In the quarter, we initiated new positions in the iShares MSCI Europe Financials ETF and Starbucks.

Interest rates declined in the quarter on weaker than expected inflation data and a flight-to-quality trade from North Korean tensions. The FOMC signaled its intention to raise short-term rates at the December meeting and will begin the process of unwinding the Federal Reserve's balance sheet in October with the sale of \$10 billion per month of securities. The composite's fixed income holdings returned 0.8%, while the Barclays Intermediate Government/Credit Index returned 0.6%. The portfolios benefitted from an overweight position in corporate bonds versus the benchmark as spreads on corporate bonds tightened in the quarter and outperformed the return on U.S. Treasuries.

Our portfolios remain overweight equities and underweight fixed income which is consistent with recent positioning. We remain constructive on the overall macroeconomic environment and expect corporate earnings to remain resilient.



EQUITY CHARACTERISTICS

	EQUITY INCOME BALANCED	S&P 500
Number of Holdings	47	500
Dividend Yield ¹	2.6%	2.0%
Dividend Growth (5 yr) ¹	11.1%	11.8%
Dividend Payout ¹	52.8%	50.7%
10 Year EPS Growth ¹	5.7%	2.7%
Beta ¹	0.96	1.00
Average Market Cap ¹	\$151.6	\$158.5
P/E Ratio (2017) ¹	21.2x	19.3x
Median Price to Book	4.4x	3.3x

¹Portfolio weighted average Source: Bloomberg

Portfolio characteristics represent a typical account invested according to this investment style. Actual account holdings may vary slightly. Fixed income allocation percentages exclude mutual funds.

FIXED INCOME CHARACTERISTICS

	EQUITY INCOME BALANCED	BARCLAYS ITERM GOV'T/CREDIT INDEX
Current Yield	3.4%	2.4%
Yield to Worst	2.4%	2.1%
Duration	4.1	4.0
Credit Quality	A+	AA
Corporate	89%	33%
Agency	10%	10%
US Treasury	0%	57%
Mortgage-Backed	1%	0%
Municipal	0.5%	0%

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