

# Sentinel Conservative Allocation Fund

# Ca

2Q10 June 30, 2010

## Share Class Symbol CUSIP

|   |       |           |
|---|-------|-----------|
| A | SECMX | 817270564 |
| C | SMKCX | 817270549 |

## Objective

Seeks a high level of current income, with a secondary goal of long-term capital appreciation. The Fund invests in domestic investment grade bonds, lower rated bonds, foreign bonds and equity securities, such as common stocks, preferred stocks, and convertible debt securities.

## Lipper Category

Mixed-Asset Target Allocation Conserv

## Morningstar Category

Conservative Allocation

## Morningstar Style Box<sup>1</sup>



## A Conservative Approach to Income and Growth

### Quality and Diversification

The Fund emphasizes high-quality securities and is comprised of U.S. and international equities, as well as investment-grade and high-yield fixed income securities.

### Team Approach

Each portfolio manager brings his or her discipline and expertise to the table when determining asset allocation and security selection.

### Experience

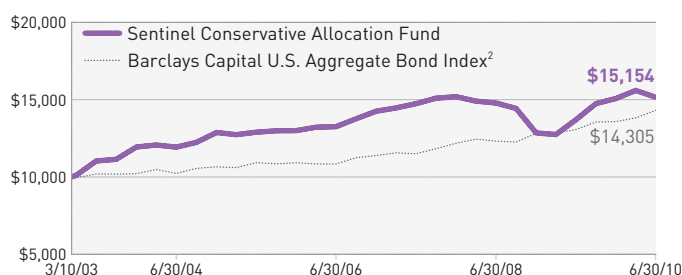
Dan Manion, David Brownlee, Kate Schapiro and Jason Doiron offer investors more than 80 years of combined investment experience.

## Performance (as of June 30, 2010)

|                              | Class A shares       |                       | Class C shares       |                       | Barclays Capital U.S. Aggregate Bond Index <sup>2</sup> | S&P 500 Index <sup>3</sup> |
|------------------------------|----------------------|-----------------------|----------------------|-----------------------|---|----------------------------|
|                              | Without Sales Charge | With Max Sales Charge | Without Sales Charge | With Max Sales Charge |   |                            |
| Cumulative YTD               | 0.52%                | -4.48%                | 0.09%                | -0.90%                | 5.33%   | -6.65%                     |
| Average Annual Total Returns |                      |                       |                      |                       |   |                            |
| 1 year                       | 10.66                | 5.11                  | 9.78                 | 8.78                  | 9.50  | 14.43                      |
| 3 years                      | 0.94                 | -0.78                 | 0.06                 | 0.06                  | 7.55  | -9.81                      |
| 5 years                      | 3.29                 | 2.23                  | 2.39                 | 2.39                  | 5.54  | -0.79                      |
| 10 years                     | —                    | —                     | —                    | —                     | 6.47  | -1.59                      |
| Since inception              | 5.85                 | 5.11                  | 5.01                 | 5.01                  | 5.02  | 5.48                       |
| Fund inception date 3/10/03  |                      |                       |                      |                       |   |                            |

## Growth of a \$10,000 Investment (Class A shares without sales charge)

March 10, 2003 - June 30, 2010



The graph is for illustrative purposes only and reflects the hypothetical growth of a \$10,000 investment with all distributions reinvested. Past performance does not predict future results. Performance shown in the graph and calendar year total returns reflects expenses and management fees, but does not reflect sales charges. If performance had included the appropriate sales charge, returns would be lower.

## Calendar-Year Total Returns

|   | 2000   | 2001  | 2002   | 2003  | 2004  | 2005  | 2006  | 2007  | 2008    | 2009   |
|---|--------|-------|--------|-------|-------|-------|-------|-------|---------|--------|
| Class A at NAV  | —      | —     | —      | —     | 7.86% | 0.96% | 9.64% | 6.60% | -15.43% | 17.34% |
| Barclays Capital U.S. Aggregate Bond Index <sup>2</sup> | 11.63% | 8.44% | 10.25% | 4.10% | 4.34  | 2.43  | 4.33  | 6.97  | 5.24    | 5.93   |

## Important Disclosure

Data shown is historical performance for each share class and reflects reinvested distributions. With Max Sales Charge performance data includes the maximum 5% sales charge for Class A shares and the 1% CDSC for Class C shares. Investment return and principal value will vary so that you may have a gain or loss when you sell shares. Past performance does not guarantee future results; current performance may be higher or lower than data quoted. International securities in the Fund's portfolio are subject to political influences, currency fluctuations and economic cycles that may be unrelated to those affecting domestic markets and may experience wider price fluctuations. High yield securities in the Fund's portfolio are subject to higher default risk than investment grade bonds. The fund is subject to interest rate risk. Bond values will generally decrease when interest rates rise and will generally increase when interest rates fall. Mortgage-backed securities (MBS) are subject to prepayment risk. These risks may result in greater share price volatility. Convertible securities are subject to the risks associated with both fixed income securities and common stocks. Large company stocks as a group could fall out of favor with the market and underperform investments that focus on small and mid-sized company stocks. Fund shares are not insured or guaranteed by the U.S. Government or its agencies. For performance current to the most recent month-end, visit [www.sentinelinvestments.com](http://www.sentinelinvestments.com).

The following are total annual operating expense ratios for Sentinel Conservative Allocation Fund Class A & C shares; A - 1.16%, C - 2.02%. Expense ratio data is sourced from the prospectus dated March 30, 2010.

Sentinel Conservative Allocation Fund was called Sentinel Capital Markets Income Fund prior to 11/1/06.

1. The Morningstar style box provides a graphical representation of the investment style of stocks and mutual funds.
2. The Barclays Capital U.S. Aggregate Bond Index is an unmanaged index that measures the U.S. investment grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. An investment cannot be made directly in an index.
3. The Standard & Poor's 500 Index is an unmanaged index of 500 widely held U.S. equity securities chosen for market size, liquidity, and industry group representation. An investment cannot be made directly in an index.

## Fund Facts (Class A shares)

|  |          |
|--|----------|
| Inception                                    | 3/10/03  |
| Total net assets (millions) <sup>1</sup>     | \$103.30 |
| Min. initial investment                      | \$5,000  |
| Number of holdings                           | 165      |
| Wtd median mkt cap (millions)                | \$30,915 |
| Total annual operating expenses <sup>2</sup> | 1.16%    |
| Total annual turnover <sup>3</sup>           | 149%     |
| Weighted average life (years)                | 4.7      |
| Effective duration (years)                   | 3.08     |
| Cash and equivalents                         | 6.40%    |

## Key Statistics (Class A Shares)

Based on a trailing 3-year period

|                                 |         |
|---------------------------------|---------|
| Alpha <sup>4</sup>              | -5.50%  |
| Benchmark <sup>5</sup>          | 0.00%   |
| Standard deviation <sup>6</sup> | 8.93%   |
| Benchmark <sup>5</sup>          | 4.12%   |
| Sharpe ratio <sup>7</sup>       | 0.01    |
| Benchmark <sup>5</sup>          | 1.48    |
| R-squared <sup>8</sup>          | 17.59%  |
| Benchmark <sup>5</sup>          | 100.00% |

## About the Management Team

### Daniel J. Manion, CFA

Lead Portfolio Manager, Domestic Equities  
 · 17 years with Sentinel  
 · 23 years of investment experience

### David M. Brownlee, CFA

Portfolio Manager, Investment-grade bonds  
 · 17 years with Sentinel  
 · 29 years of investment experience

### Katherine Schapiro, CFA

Portfolio Manager, International equities  
 · 4 years with Sentinel  
 · 29 years of investment experience

### Jason Doiron, FRM, PRM

Portfolio Manager, High-yield bonds  
 · 2 years with Sentinel  
 · 10 years of investment experience

**NOT FDIC INSURED**

**MAY LOSE VALUE**

**NO BANK GUARANTEE**

**Consider a fund's objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the Fund and is available from your financial advisor or Sentinel. Please read the prospectus carefully before you invest.**

Sentinel Investments is the unifying brand name for Sentinel Financial Services Company, Sentinel Asset Management, Inc., and Sentinel Administrative Services, Inc.

Sentinel Funds are distributed by Sentinel Financial Services Company, One National Life Drive, Montpelier, VT 05604, 800.233.4332, sentinelinvestments.com.

## Top 5 Equity Holdings

(% of the total net assets as of June 30, 2010)

| Company                                 | Industry                    | % of Fund   |
|---|-----------------------------|-------------|
| ExxonMobil Corp.                        | Oil, Gas & Consumable Fuels | 0.8%        |
| Comcast Corp. (Cl A Special Non-Voting) | Media                       | 0.6         |
| Merck & Co., Inc.                       | Pharmaceuticals             | 0.6         |
| International Business Machines Corp.   | IT Services                 | 0.6         |
| PepsiCo, Inc.                           | Beverages                   | 0.6         |
| <b>Total</b>                            |                             | <b>3.2%</b> |

## Top 5 Fixed Income Holdings

(% of the total net assets as of June 30, 2010)

| Description                         | % of Fund    |
|-------------------------------------|--------------|
| FNMA Pool - AD4758, 4.5, 04/01/2025 | 5.1%         |
| FNMA Pool - 735893, 5.0, 10/01/2035 | 4.7          |
| FNMA Pool - 745093, 5.5, 12/01/2035 | 4.3          |
| GNMA Pool - 701943, 5.0, 06/15/2039 | 4.0          |
| FNMA Pool - 745336, 5.0, 03/01/2036 | 2.3          |
| <b>Total</b>                        | <b>20.4%</b> |

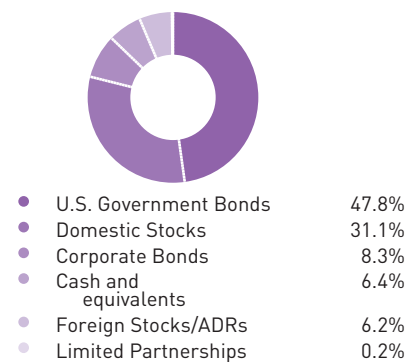
## Equity Sector Allocation\*

|                            | Sentinel Conservative Allocation Fund | S&P 500 Index |
|----------------------------|---------------------------------------|---------------|
| Health Care                | 15.3%                                 | 12.1%         |
| Industrials                | 15.2                                  | 10.4          |
| Consumer Staples           | 13.7                                  | 11.5          |
| Information Technology     | 12.6                                  | 18.7          |
| Energy                     | 12.6                                  | 10.7          |
| Financials                 | 11.7                                  | 16.3          |
| Consumer Discretionary     | 8.2                                   | 10.1          |
| Telecommunication Services | 4.5                                   | 3.0           |
| Materials                  | 4.3                                   | 3.4           |
| Utilities                  | 1.9                                   | 3.8           |

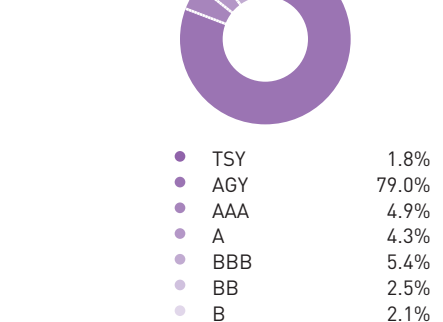
## Fixed Income Sector Allocation\*

|                            | Sentinel Conservative Allocation Fund | Barclays Capital U.S. Aggregate Bond Index |
|----------------------------|---------------------------------------|--|
| U.S. Government Agency MBS | 83.3%                                 | 34.1%                                      |
| Corporate Finance          | 14.9                                  | 18.2                                       |
| Industrial                 | 4.6                                   | 6.4  |
| Utility                    | 10.3                                  | 9.7  |
| Treasury                   | 0.0                                   | 2.1  |
| Agency CMBS                | 1.8                                   | 32.1                                       |
| Agency                     | 0.0                                   | 12.2                                       |
| CMBS                       | 0.0                                   | 3.1  |
| ABS                        | 0.0                                   | 0.3  |

## Asset Mix\*



## Quality Breakdown\*



Source: Standard & Poor's

\*Due to rounding, values may not total 100%.

## Important Disclosure

All data as of June 30, 2010 unless otherwise noted. The composition of the Fund's holdings is subject to change.

- Total net assets of all share classes.
- Expense ratio before custodian credits and reimbursements. Source: Prospectus dated March 30, 2010.
- Total annual turnover quoted from November 30, 2009 annual report.
- Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk (as measured by beta).
- Benchmark index used is Barclays Capital U.S. Aggregate Bond Index.
- Standard deviation is a statistical measure of the volatility of the fund's returns.
- Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk.
- R-squared measures the degree to which a fund's behavior is related to an external benchmark index.

Sources: FactSet, Morningstar, BondEdge

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