

Sentinel Perspectives

May 7, 2010



Katherine Schapiro, CFA

Portfolio Manager

· 4 years with Sentinel

· 29 years of experience

“The Fund tends to be broadly diversified by geographical region; however we are underweight Europe, relative to the benchmark, and are very underweight European financials.”

Sentinel International Equity Fund in this Environment

A few quick comments about international markets and our Sentinel International Equity Fund in this environment:

- Euro weakness is obviously a negative for Euro-denominated stocks. However, SWRLX is underweight Euro stocks relative to the EAFE benchmark¹.
- Euro weakness is a benefit for European-based multinationals, especially those doing significant business in emerging markets. Some of the stocks we own that fit that description: ABB, Danone, Lafarge Copper, Swatch, Nestle, Nokia and Unilever.
- The Fund holds no Greek, Portuguese nor Irish stocks. It holds one Italian oil service company. Our greatest exposure to the current “PIIGS” (Portugal, Italy, Ireland, Greece, Spain) risks is through Spanish holdings, primarily Banco Santander, which was 1.0% of the Fund on 3/31/2010.
- Relative to the benchmark, we are very underweight European Financials in general, which many believe have the major exposure to PIIGS’ sovereign debt.
- Lost in the Euro panic is what is going on in China. Monetary tightening has turned more aggressive than many thought it would and is having a definite impact on property prices. This could cause a growth scare, most likely to hit commodities related stocks and markets (e.g. Australia and Brazil). That said, Chinese stocks have been in correction mode since last Fall. The Chinese government could reconsider its tightening stance if global growth indicators (U.S. and European, in particular) signal a potential “double-dip.” This would likely result in China stocks leading on the upside, again, as they did at the end of 2008.

International securities are subject to political influences, currency fluctuations and economic cycles that may be unrelated to those affecting the domestic financial markets and may experience wider price fluctuations than the securities held by other Sentinel funds.

Certain Sentinel Funds have adopted a redemption fee. For the International Equity Fund, a fee of 2% will be assessed on the redemption of shares held for 30 calendar days or less.

The following are total annual operating expense ratios for Sentinel International Equity Fund Class A shares: 1.60%. Expense ratio data is sourced from the Prospectus dated March 30, 2010.

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1. The Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East (EAFE) Index is an unmanaged, free float-adjusted, market capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. An investment cannot be made directly in an index.

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 www.sentinelinvestments.com. Please read the prospectus carefully before you invest.

All funds referenced may not be on all platforms.

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