Sentinel International Equity Fund

A | SWRLX | 817270887 C | SWFCX | 817270689 I | SIIEX | 81728B775

Manager Insights

as of 9/30/2011

Fund Management

Katherine Schapiro, CFA
Portfolio Manager
· 6 years with Sentinel
· 30 years of investment experience

Stacey Ho, CFA
Portfolio Manager
· 1 year with Sentinel
· 22 years of investment experience

Lawrence Lee Jr., CFA
Equity Analyst
· 6 years with Sentinel
· 18 years of investment experience

For the third quarter ended September 30, 2011, the Sentinel International Equity Fund returned -21.09% trailing the -19.01% total return the Morgan Stanley Capital International Europe, Australasia and Far East Index (MSCI EAFE Index). The Fund's performance was similar to, albeit a bit below, the Morningstar Foreign Large Blend category's return of -20.90%.*

International (non-US) equities as measured by the MSCI All Country World Index Ex-U.S. experienced the worst market fall in the third quarter since the post-Lehman fourth quarter of 2008. All major global equity markets sold off as three separate but related issues affected investors' confidence: 1) the European sovereign debt crisis continued to mount as formal resolutions to restructure Greek sovereign debt were delayed and investors demanded increased interest rates for lending to other troubled countries, as well as major European banks; 2) haggling in the US Congress over raising the debt ceiling caused concern regarding US lawmakers' ability to help stimulate the feeble US economic recovery, thus increasing the risk of renewed recession, and finally; 3) with growth in the US and Europe faltering, questions arose over China's ability to engineer a "soft landing" from its rapid, inflation-ridden growth rate, and that a "hard landing" in one of the world's key growth engines was increasingly possible. Taken together, the three issues represented the fear that the world's economy was heading into recession, driven by too much debt in the major developed economies and not enough consumption in the emerging economies.

Not surprisingly, equity markets in the euro zone were some of the worst performers in the quarter, especially with respect to Financial Services related stocks. Germany, France and Italy all were down around -30% while Greece was off nearly -50% in US dollar terms. Japan, seen as resilient or dull, was the best performing major market, down just -6.5% in US dollar terms. The yen along with US Treasuries and gold were the winners in the third quarter as investors flocked to perceived safe haven assets. UK equities also outperformed, falling about -14%, similar to the performance of US equities. Developed markets in general outperformed emerging markets as China and India were down about -20% while Russia and Brazil were off around -30%, all in US dollar terms.

From a country allocation perspective, the Fund was a beneficiary of having little direct exposure to the troubled peripheral countries such as Greece, Portugal, Ireland, Spain and Italy. However, the Fund's underweight stance in the outperforming major markets of Japan and the UK negatively affected relative returns. But the biggest influence on relative performance in the quarter was the Fund's exposure to the underperforming BRIC markets, both directly and indirectly. Since the market decline in 2008, we have favored companies that benefit from the higher growth prospects of major emerging economies whether domiciled in those countries or in developed markets. Because of heightened global growth concerns, all of these stocks came under selling pressure, whether European or Asian, defensive or cyclical, financially strong and/or reasonably valued. The sell-off was particularly pronounced among Consumer Discretionary, Materials and Industrial stocks. In addition, relative performance was affected by disappointing stock selection within the Consumer Discretionary, Financials, Energy and Utilities sectors. On the positive side, relative performance was impacted favorably by Fund holdings in the Materials, Consumer Staples, Information Technology and Telecommunication Services sectors.

While valuation levels have decreased for global equity markets, with the near-term global economic outlook so clouded, investors are understandably wary of earnings-based measures such as price/earnings (P/E) ratios. However, we believe the Fund's high quality multi-national holdings are selling at attractive valuations and dividend yields on an historical basis, even assuming further downgrades to 2012 earning estimates. Thus, we believe attractive total returns can be achieved over the intermediate term. Nevertheless, short term volatility and further downside risk may seen. In the near term as we enter the fourth quarter of 2011, the key factor is the degree to which the

All class-specific data is for Class A shares as of September 30, 2011 unless otherwise noted. The composition of the Fund's holdings is subject to change.

Data shown is historical performance for each share class and reflects reinvested distributions. 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. For performance current to the most recent month-end, visit www.sentinelinvestments.com.*

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.

* Performance for Class A shares only at net asset value. Performance data shown does not include the effects of any sales charge. If it did, returns would be lower.

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. The Fund uses the net version of the Index, which reflects reinvested dividends which have been subject to the maximum non-U.S. tax rate applicable. An investment cannot be made directly in an index.

The return for the Morningstar category is an average of funds within the particular category as determined by Morningstar based on investment styles as measured by their underlying portfolio holdings.

The MSCI All Country World Index Ex-U.S. is an unmanaged market-capitalization-weighted index which is designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies, and includes both developed and emerging markets. An investment cannot be made directly in an index.

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European sovereign debt crisis dominates the headlines. While a full resolution is unlikely in the near term, in our opinion, any orderly debt restructuring and credible measures to contain the damage to bank balance sheets would be positive for sentiment. On the other hand, a disorderly Greek debt default would have negative implications for the financing needs of other major sovereign credits, such as Italy, with negative knock on effects not just for equity markets, but for further contagion to the global economy. As the stakes are so high, we believe eventual coordination between European leaders and bankers will be reached.

As always, the US and China remain crucial to the outlook for the world economy. While risks of a recession and hard-landing, respectively, increased over the summer, a serious downturn in both these economies can still be avoided in our opinion. In the US, the private sector is growing, albeit at slow levels, and unemployment figures appear to be leveling off, if not clearly improving. The Federal Reserve's commitment to a very low interest rate environment is less stimulative in a de-leveraging environment, requiring some help from fiscal policies which have been hard to come by in the highly divided Congress. Thus some cooperation must be achieved between the disparate political factions in order to avoid slipping back into negative US GDP changes.

In China, there are certainly a number of challenges, but its relatively healthy overall balance sheet, massive reserves and strong track record of proactive policies and quick implementation are perceived strengths relative to the politically divided and over leveraged economies in this uncertain global setting. While a hard landing is a low probability, in our estimation, sustainability of a healthy expansion in China, and emerging equities in general, will require clear market-friendly and supportive policies. One necessary condition for such policies to be enacted is likely further confirmation that inflationary pressures have peaked and are subsiding.

For global investors, the last several months, and indeed the last several years have been a difficult period marked by high market volatility, credit disruption, economic uncertainty and political divisiveness. Without some form of coordination by the world's political and financial leaders, as was seen in the Autumn of 2008, we are likely to continue on this volatile path in the near term. However, we do not want to lose sight of major positive changes that create excellent investment opportunities for the longer term. Specifically, we refer to the emergence of a new generation of global consumers, rising from poverty levels. From Asia to Africa, the Middle East to South America, nearly a billion people are enjoying the benefits of improved infrastructure, new technologies, greater operational efficiencies and better agricultural yields. These new consumers have helped resurrect mature industries whether consumer or business related. Industries such as autos, construction equipment, metals and mining, entertainment and travel have reaped the benefits in the last few years. This major shift in buying power is far from over, although it is not without its ups and downs. For the near term, we expect a backdrop of lower global economic growth, and investors must be sensitive to reasonable expectations and valuation considerations. Nevertheless, we believe our focus on companies with high quality management teams, reasonable valuations, attractive growth prospects and sustainable operational models will enable us to achieve solid long-term investment returns for our shareholders, regardless of the short term market volatility.

Sentinel International Equity Fund Performance (as of 9/30/2011)

			Cumulative Return YTD (%)	Average Annual Total Returns (%) 1 Year	3 Years	5 Years	10 Years	Since Inception
Class A	SWRLX	Without Sales Charge	-18.54	-13.51	-0.73	-2.87	4.80	6.37
		With 5% Sales Charge	-22.63	-17.83	-2.40	-3.86	4.27	6.08
Class C[1]	SWFCX	Without CDSC	-19.40	-14.66	-2.13	-4.07	3.43	5.11
		With 1% CDSC	-20.21	-15.50	-2.13	-4.07	3.43	5.11
Class I[2]	SIIEX	No Sales Charge	-18.36	-13.22	-0.42	-2.60	4.94	6.45
MSCI EAFE Index			*-14.98*	*-9.36*	*-1.13*	*-3.46*	*5.03*	*5.30*

Fund inception date is 3/1/1993. Total annual operating expense ratios are A: 1.45%, C: 2.89%, I: 1.08%.*

All class-specific data is for Class A shares as of September 30, 2011 unless otherwise noted. The composition of the Fund's holdings is subject to change.

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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.

1. Performance of the Class C shares prior to their inception on May 4, 1998 is based on the performance of the Fund's Class A shares, adjusted to reflect that Class C shares do not charge a front-end sales charge but may be subject to a CDSC, and adjusted for Class C's higher expenses. The "since inception" performance data for Class C shares is calculated from March 1, 1993, which was the inception date of the Fund.
2. Performance of the Class I shares prior to their inception on August 27, 2007 is based on the performance of the Fund's Class A shares, restated to reflect that Class I shares are not subject to a sales charge. The"since inception" performance data for Class I shares is calculated from March 1, 1993, which was the inception date of the Fund. Only eligible investors may purchase Class I shares, as described in the prospectus.

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Source: FactSet

* Expense ratio data is sourced from the prospectus dated March 30, 2011.