

# Sentinel Mid Cap Fund

A | SNTNX | 817270507 C | SMGCX | 817270598 I | SIMGX | 81728B767

## Manager Insights

as of 12/31/2011

### Fund Management

**Betsy G. Pecor, CFA**

Portfolio Manager

- 11 years with Sentinel
- 15 years of investment experience

**Charles C. Schwartz, CFA**

Portfolio Manager

- 15 years with Sentinel
- 20 years of investment experience

**Matthew J. McGeary, CFA**

Portfolio Manager

- 6 years with Sentinel
- 12 years of investment experience

**Carole M. Hersam, CFA**

Equity Analyst

- 10 years with Sentinel
- 15 years of investment experience

**Matthew R. Spitznagle, CFA**

Equity Analyst

- 6 years with Sentinel
- 16 years of investment experience

For the fourth quarter of 2011, the Sentinel Mid Cap Fund was up a solid 11.7% yet slightly underperformed both the Russell Midcap Index and the S&P MidCap 400 Index which returned 12.3% and 13.0%, respectively. However, the Fund did outperform the Morningstar Mid-Cap Growth category which was up 10.4% in the quarter. For full year 2011 the Fund's positive 2.8% return handily outpaced the Russell Midcap Index return of -1.6%, the S&P 400 Index of -1.7% and the Morningstar Midcap Growth category of -4.0%. While the mid cap team was pleased to outperform all relevant benchmarks for 2011, we were particularly gratified to generate positive returns for our shareholders while the majority of our peers lost capital for theirs.\*

The final returns tally for 2011 may lead the casual observer to conclude that mid cap stocks had a fairly uneventful, if not somewhat disappointing, year. For the professional investor, however, 2011 was anything but uneventful. While the year began in routine fashion, the back half of 2011 brought with it extreme market volatility driven by jarring headlines from nearly every corner of the globe. Fierce federal debt debates and governmental gridlock in the US, the violent Arab Spring in the Middle East and multiple threats to the very existence of the Eurozone. Despite this volatility and global economic uncertainty, the mid cap team remained disciplined to our process and focused on individual security selection. We took advantage of the valuation opportunity afforded to us by the severe market downturn in mid summer to build positions in our favorite names and add new ideas that we had been waiting for a chance to buy. The Mid Cap Fund was well positioned to participate in the fourth quarter rally and remains poised for a solid 2012.

In the December quarter, the Fund's Technology, Industrials and Consumer Staples sectors performed the best relative to the corresponding sectors in the Russell Midcap Index. Technology's outperformance was due to the performance of F5 Networks Inc. (up 49.4%) and NeuStar Inc. (up 35.9%). In Industrials, both Flowserve Corp. and Ametek Inc. were solid performers. The two sectors that contributed negatively were Health Care and Consumer Discretionary.

For full year 2011, Industrials, Technology and Consumer Staples were our outperforming sectors compared to the Russell Midcap Index. The strong performance in the Industrials sector was driven by excellent performance in the Commercial and Professional Services industry. Standout performers included Copart Inc. (up 28.2%), Waste Connections Inc. (up 21.6%) and MSC Industrial Direct Corp. (up 17.9%). The Technology sector benefited from solid performance in Nuance Communications Inc. (up 38.4%) and Neustar Inc. (up 31.1%). For the full year, our results in both Health Care and Financials lagged the benchmark due to stock selection.

We believe our approach of maintaining a well-balanced portfolio of high quality mid cap companies with strong fundamentals has the potential to deliver solid risk-adjusted returns over the intermediate and long term. We will continue to maintain our focus on valuation which enables us to make appropriate trading decisions even in times of heightened market volatility and uncertainty. We continue to work hard to ensure we are rigorously implementing our process and aligning the Fund for long-term success.

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](http://www.sentinelinvestments.com).

Mid-sized company stocks can be more volatile than large company stocks.

\* 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 Russell Midcap Index is an unmanaged index that measures the performance of the mid-cap segment of the U.S. equity universe. An investment cannot be made directly in an index.

The Standard & Poor's MidCap 400 Index is an unmanaged index that measures the performance of the mid-size company segment of the U.S. stock market. The market value-weighted index is based on 400 stocks chosen on the basis of market capitalization, liquidity and industry group representation. 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.

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**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](http://sentinelinvestments.com).



## Top 10 Holdings

Company	Industry	% Fund
LKQ Corp.	Distributors	1.7
NICE Systems Ltd. ADR	Software	1.5
Nu Skin Enterprises, Inc.	Personal Products	1.5
HCC Insurance Holdings, Inc.	Insurance	1.5
Plains Exploration & Production Co.	Oil, Gas & Consumable Fuels	1.5
Resmed, Inc.	Health Care Equipment & Supplies	1.4
Church & Dwight Co., Inc.	Household Products	1.4
AptarGroup, Inc.	Containers & Packaging	1.4
Copart, Inc.	Commercial Services & Supplies	1.3
Superior Energy Services, Inc.	Energy Equipment & Services	1.3
<b>Total</b>		<b>14.6</b>

Sentinel Mid Cap Fund  
Performance (as of 12/31/2011)

		Cumulative Return YTD (%)	Average Annual Total Returns (%)					
			1 Year	3 Years	5 Years	10 Years	Since Inception	
Class A	SNTNX	Without Sales Charge	2.78	2.78	17.62	1.28	3.25	8.42
		With 5% Sales Charge	-2.37	-2.37	15.64	0.24	2.72	8.29
Class C <sup>1</sup>	SMGCX	Without CDSC	1.34	1.34	15.77	-0.17	1.83	7.50
		With 1% CDSC	0.34	0.34	15.77	-0.17	1.83	7.50
Class I <sup>2</sup>	SIMGX	No Sales Charge	3.15	3.15	18.02	1.60	3.41	8.46
		Russell Midcap Index	-1.55	-1.55	20.17	1.41	6.99	—
		S&P MidCap 400 Index	-1.73	-1.73	19.57	3.32	7.04	—

Fund inception date is 9/15/1969. Total annual operating expense ratios are A: 1.50%, C: 3.07%, I: 1.10%.\*

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](http://www.sentinelinvestments.com).

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- Performance of the Class C shares prior to their inception on March 30, 2000 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 for higher ongoing expenses. The "since inception" performance data for Class C shares is calculated from September 15, 1969, which was the inception date of the Fund.
- 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 September 15, 1969, which was the inception date of the Fund. Only eligible investors may purchase Class I shares, as described in the prospectus.

The Russell Midcap Index is an unmanaged index that measures the performance of the mid-cap segment of the U.S. equity universe. An investment cannot be made directly in an index.

The Standard & Poor's MidCap 400 Index is an unmanaged index that measures the performance of the mid-size company segment of the U.S. stock market. The market value-weighted index is based on 400 stocks chosen on the basis of market capitalization, liquidity and industry group representation. An investment cannot be made directly in an index.

Source: FactSet

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

Only eligible investors may purchase Class I shares, as described in the prospectus.

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