

Sentinel Small Company Fund

Manager Insights

A | SAGWX | 817270804 C | SSCOX | 817270572 I | SIGWX | 81728B825

as of 12/31/2011

Fund Management

Charles C. Schwartz, CFA

Portfolio Manager

- 15 years with Sentinel
- 20 years of investment experience

Betsy G. Pecor, CFA

Portfolio Manager

- 11 years with Sentinel
- 15 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 Small Company Fund returned 12.25%, which compares to the 15.47% return for the Russell 2000 Index, the 17.17% return for the S&P 600 Index, and the 13.56% return for the Morningstar Small Cap Growth category. For the full year 2011, the Fund returned 2.84%, which compares favorably with the -4.18% return for the Russell 2000 Index, the 1.02% return for the S&P 600 Index, and the -3.55% return for the Morningstar Small Cap Growth category.*

Over the past several years, the market has rebounded nicely from the painful declines of late 2008 and early 2009, with the first quarter of 2011 being an extension of that market recovery. During the second quarter, small cap stocks slowed meaningfully from the fast pace that marked the start of the year, followed by a steep drop in the third quarter as global economic concerns sparked investors to take money off the table. A combination of a softening of these concerns and oversold conditions resulted in a sharp market rally from the early October lows with the year ending on a strong note. Unlike much of the market advance off the lows of early 2009, there was more of a higher quality / valuation sensitive nature to the movement in small caps in 2011, which played well with our investment style. In this market, the Fund behaved entirely consistent with our conservative growth investment discipline, which tends to lag in speculative based market rallies and outperform when quality and valuation are weighed more heavily by investors.

During the fourth quarter, the Fund's holdings in Financials and Consumer Staples did well compared to the corresponding sectors in the Russell 2000 Index. Within Financials, our stock selection in the Insurance and Diversified groups was beneficial to returns. Our stock selection in the Food & Beverage and Household & Personal Products groups within the Consumer Staples sector helped our relative performance during the quarter. However, our results in Health Care and Industrials lagged the Russell 2000 Index for the period.

For the full year, the Fund's holdings in Consumer Discretionary, Industrials and Materials did well compared to the corresponding sectors in the Russell 2000 Index. Our stock selection in the Consumer Services and Retailing groups within the Consumer Discretionary sector helped our relative performance for the year. The Industrial sector benefited from strong performance in our Capital Goods and Services holdings, while good stock selection in the Chemicals group within Materials sector was also beneficial to returns. However, our results in the Health Care and Utilities sectors modestly lagged the Russell 2000 Index in the period.

We believe our focus on building a well-balanced portfolio of high quality small companies that exhibit solid financial characteristics while maintaining a critical eye on valuation will continue to deliver solid risk-adjusted returns. A disciplined execution of our conservative growth style has served our shareholders well in the past and we are taking prudent measures toward aligning the Fund for continued long-term success. As always, we appreciate your confidence in us and we will do our very best to help you achieve your investment goals.

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.

Small company stocks can be more volatile than large company stocks.

Class A shares and Class C shares of the Small Company Fund are closed to new investors as of January 29, 2010, subject to certain exceptions. Existing shareholders may continue to purchase shares and reinvest dividends and capital gains. Please see the Prospectus dated March 30, 2011 for more information.

* 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 2000 Index is an unmanaged index that measures the performance of 2000 small-cap companies within the U.S. equity universe. An investment cannot be made directly in an index.

The Standard & Poor's SmallCap 600 Index is an unmanaged index that measures the performance of 600 small-cap companies within the U.S. equity universe. 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.

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 10 Holdings

Company	Industry	% Fund
iShares S&P SmallCap 600 Index Fund	Equity Funds	4.0
NICE Systems Ltd. ADR	Software	1.7
Buffalo Wild Wings, Inc.	Hotels, Restaurants & Leisure	1.7
Hain Celestial Group, Inc.	Food Products	1.6
Ascena Retail Group, Inc.	Specialty Retail	1.5
Diodes, Inc.	Semiconductors & Semiconductor Equipment	1.5
Open Text Corp.	Internet Software & Services	1.5
Plantronics, Inc.	Communications Equipment	1.4
Texas Roadhouse, Inc.	Hotels, Restaurants & Leisure	1.4
Delphi Financial Group, Inc.	Insurance	1.4
Total		17.9

Sentinel Small Company 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 SAGWX	Without Sales Charge	2.84	2.84	17.21	3.38	7.29	10.65
	With 5% Sales Charge	-2.33	-2.33	15.22	2.31	6.74	10.35
Class C ¹ SSCOX	Without CDSC	2.00	2.00	16.32	2.53	6.42	9.53
	With 1% CDSC	1.08	1.08	16.32	2.53	6.42	9.53
Class I ² SIGWX	No Sales Charge	3.31	3.31	17.80	3.81	7.52	10.77
<i>Russell 2000 Index</i>		-4.18	-4.18	15.63	0.15	5.62	8.04
<i>S&P SmallCap 600 Index</i>		1.02	1.02	17.01	1.94	7.09	9.86

Fund inception date is 3/1/1993. Total annual operating expense ratios are A: 1.17%, C: 1.93%, I: 0.72%.*

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.

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Certain Sentinel Funds have adopted a redemption fee. For the Small Company 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 July 9, 2001 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 March 1, 1993, which was the inception date of the Fund.

2. Performance of the Class I shares prior to their inception on May 4, 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.

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.

The Global Industry Classification Standard ("GICS") is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Sentinel Investments. Neither MSCI, S&P nor any third party involved in making or compiling the GICS makes any express or implied warranties or representations and shall have no liability whatsoever with respect to GICS or the results to be obtained by the use thereof.

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