

Fund Management

Daniel Manion, CFA*
Portfolio Manager
 Industry: 1987
 Sentinel: 1993

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Portfolio Manager
 Industry: 2000
 Sentinel: 2008

Performance Highlights

- In the first quarter of 2017, the Sentinel Balanced Fund Class I shares returned 4.56%. This compares to the Standard & Poor's 500 Index which returned 6.07% during the first quarter, the Bloomberg Barclays US Aggregate Bond Index return of 0.82%, and a 3.84% return for the Morningstar Allocation – 50% to 70% Equity peer group average for the same time period.
- For the one-year period ending 3/31/17, the Fund's Class I shares return of 11.10% compared to the Morningstar Allocation – 50% to 70% Equity category average return of 10.53%. By comparison, the S&P 500 Index was up 17.17%, while the Bloomberg Barclays US Aggregate Bond Index was up 0.44% for the year.

Market Review

Risk assets continued to build on their strong performance from Q4 2016 as the calendar turned into 2017. Survey-based measures of

consumer and business confidence accelerated strongly, while the US unemployment rate declined to 4.5%. Financial markets continued to anticipate stronger US growth and material economic stimulus from the incoming Trump administration, while measures of global growth improved, with European Purchasing Managers' Index (PMIs) rising sharply during the quarter to their strongest levels in over five years. Higher readings for headline inflation globally were generally met with contained core measures, suggesting that most major global central banks would be slow and methodical in their removal of extraordinary levels of monetary accommodation. Market-based measures of inflation expectations continued to rise modestly during the quarter, even with a greater than 5% decline in oil markets to sub-\$50 level. The favorable global economic back-drop, easing of financial conditions, and progress towards their dual mandate gave the US Federal Reserve enough confidence to continue their normalization efforts and raise the Federal Funds Rate by 25 basis points (bps) to 1.00% at the March Federal Open Market Committee meeting. The Bloomberg Barclays US Corporate High Yield Index ended the quarter with a yield spread relative to the 10-Year US Treasury note 26 bps tighter from its Q4 2016 close, while the S&P 500 Index rose 6.07%.

US Treasury securities rebounded slightly in Q1 2017 after experiencing their second-worst quarterly total return since 1987 in Q4 2016, according to the BofA Merrill Lynch 10 Year

US Treasury Index. The US 10-year Treasury yield declined 6 bps to 2.38% from 2.44% at the end of Q4 2016. Despite a Federal Reserve interest rate increase, rising inflation, higher levels of breakeven inflation and stronger than expected survey based confidence measures, the intermediate and longer maturity portions of the treasury market struggled to push higher in yield. First quarter 2017 GDP tracking measures pushed decidedly lower throughout the quarter, with weakness in consumer discretionary sectors such as autos suggesting that confidence gains experienced since the presidential election were not translating into realized consumer and business spending. With markets having already priced in the potential for three interest rate increases by the Federal Reserve in 2017, along with some evidence surfacing of a disconnect in economic data, markets became increasingly cautious about pricing a faster pace of Federal Reserve interest rate increases as the quarter came to a close. The US 30-year Treasury yield slightly outperformed the 5-year US Treasury yield, flattening by 5 bps. Relative to developed global markets, US Treasury security and spread products continue to offer a superior yield advantage, which is particularly attractive to foreign and global investors.

Key Performance Attribution

For the first quarter of 2017, our stock selection in Consumer Staples, Industrials and Energy, together with our underweight stance in Real Estate, was additive to the Fund's

Under an agreement signed between Sentinel Asset Management, Inc., the Sentinel Funds' investment adviser ("Sentinel"), and Touchstone Advisors, Inc., Touchstone has agreed to acquire certain assets related to Sentinel's business of providing investment advisory services to the Sentinel Funds. Closing of the transaction is subject to customary closing conditions, including the approval of the shareholders of each applicable series of Sentinel Group Funds, Inc., and is expected to be completed later in 2017. More information can be obtained at sentinelinvestments.com

Data shown is historical performance for Class I shares unless noted and reflects reinvested distributions. Composition of holdings is subject to change. 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.

***Dan Manion has retired from Sentinel effective April 28, 2017 and no longer manages the Fund.**

Fixed Income securities are subject to credit and interest rate risks. Bond values will generally decrease when interest rates rise and will generally increase when interest rates fall.

Bonds with lower credit ratings are more speculative and likely to default than higher quality bonds and tend to fluctuate more widely in value. 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. Small and mid-sized company stocks can be more volatile than large company 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. 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 US domestic securities. Fund shares are not insured or guaranteed by the US Government or its agencies.

The Fund may use derivatives, which are financial contracts whose value depends upon or is derived from the value of an underlying asset, reference rate, or index. The Fund may use derivatives as part of a strategy designed to reduce exposure to certain risks, such as risks associated with changes in interest rates, or currency or credit risk ("hedging"). The use of derivatives may reduce the Fund's return and increase the volatility in movements in the Fund's net asset value. For additional information regarding the use of derivatives, please see the Fund's current prospectus.

European Purchasing Managers' Index measures the performance of the manufacturing sector and is derived from a survey of 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece.

The Standard & Poor's 500 Index is an unmanaged index of approximately 500 widely held US equity securities chosen for market size, liquidity, and industry group representation.

The Bloomberg Barclays US Aggregate Bond Index is an unmanaged index of the US investment grade fixed-rate bond market, with components for government and corporate securities, mortgage pass-through securities and asset-backed securities.

The Bloomberg Barclays US Corporate High Yield Index is an unmanaged index of US dollar-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt.

The Bloomberg Barclays US Corporate Index (Investment Grade) is a broad-based benchmark that measures the investment grade, US dollar-dominated fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility, and financial issuers that meet specified maturity, liquidity, and quality requirements.

BofA Merrill Lynch 10 Year US Treasury Index measures the performance of Treasuries with at least ten years remaining until maturity.

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.

An investment cannot be made directly into an index.

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Before investing, carefully consider a fund's objectives, risks, charges and expenses. Summary and full prospectuses containing this and other information are available from sentinelinvestments.com. Please read them carefully.

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, 800-282-FUND, www.sentinelinvestments.com.



performance. In particular, our holdings Unilever, Philip Morris International and S&P Global were especially strong contributors to the Fund's performance. Additionally, within the Industrials sector, in the capital goods industry group, we benefitted by our lack of General Electric exposure, a significant underperformer in the space, while our holdings in Boeing and General Dynamics contributed positively to the Fund. Within Energy, we benefitted from both stock selection and our underweight sector exposure. On the other hand, our holdings in the Information Technology and Health Care sectors were slight offsets to performance. Our modest underweight in technology hardware worked against us, as well as stock selection within software and services. Within Health Care, our equipment and services holdings worked against us as volatility within the sector favored some cheaper, lower quality holdings.

The fixed income portion of the Sentinel Balanced Fund returned 0.43% during the 1st quarter, underperforming the Bloomberg Barclays US Aggregate Index by 0.38%. During the quarter, the yield on the 10 year US Treasury fell by 6 bps to 2.39% from 2.45%, while the Fund was, on average, underweight duration vs. the Bloomberg Barclays US Aggregate Index benchmark by 2.59 years. The Fund's short duration position resulted in 27 basis points of underperformance vs. the Bloomberg Barclays US Aggregate Index benchmark. Risk assets performed quite well during the quarter, with the option adjusted spread (OAS) on the Bloomberg Barclays US Corporate Index tightening by 5 bps, and the OAS on the Bloomberg Barclays US Corporate High Yield Index tightening by 26 bps. During the quarter, the Fund's asset allocation call resulted in 8 bps of underperformance vs the Bloomberg Barclays US Aggregate Index, with the majority of the underperformance coming from both the Fund's overweight allocation to cash, as well as the Fund's underweight allocation to Investment Grade Corporates. This was partially offset by the Fund's underweight to US Treasuries, which resulted in 13 bps of outperformance vs. the Bloomberg Barclays US Aggregate Index. Security selection resulted in 6 bps of outperformance, with the majority of the outperformance coming from the Fund's Agency Mortgage Backed Securities portfolio.

Portfolio Positioning and Outlook

The Sentinel Balanced Fund's asset allocation as of March 31, 2017 was 65% stocks, 20% bonds and 15% cash and cash equivalents. We have maintained our overweight positioning in the Financials and Consumer Staples sectors. We also trimmed choice positions that we felt were fully priced in the current market environment, in favor of funding some smaller holdings which reflected a better risk/return profile. We eliminated a few holdings where our conviction levels on the companies' fundamentals had waned.

Looking ahead into Q2 2017, there are a number of events that are likely to impact the direction of financial markets, including, but not limited to: the outcome of the French Presidential election; the ability of the Trump administration to navigate a US debt ceiling and execute its policy agenda; an OPEC/non-OPEC oil production cut extension; the expectation of greater clarity from the Federal Reserve regarding the timing, size and scope of the anticipated balance sheet unwind as well as further color on interest rate increases; and, finally, whether the US economy can rebound from what was expected to be a soft quarter of realized growth in Q1.

Should the economic recovery begin to underwhelm due in part to a subdued pace of nominal income growth, or if evidence surfaces that inflation globally has begun to peak, or the Federal Reserve move more aggressively on the balance sheet/interest rates, and/or the Trump administration fail to deliver on its policy agenda, financial markets may begin to re-rate optimistic growth and inflation expectations leading to a period of price discovery, particularly given the very low levels of realized equity and fixed income volatility. Investment strategies that remain flexible in anticipation of this potential increase in volatility associated with these unknowns are likely to continue to be favored in this environment.

We believe the Sentinel Balanced Fund is well positioned to take advantage of the current market dynamics. We intend to maintain our focus on finding attractive opportunities for total long-term returns and modest levels of risk in high quality, large cap stocks. We plan to maintain a sizeable commitment to fixed income securities in the Fund as a means of generating income and reducing risk.

Top 5 equity holdings

Company	Industry	% Net assets
Microsoft Corp.	Software	2.42
Apple, Inc.	Technology Hardware Storage & Peripherals	2.03
Visa, Inc.	IT Services	1.96
Texas Instruments, Inc.	Semiconductors & Semiconductor Equipment	1.54
Alphabet, Inc.	Internet Software & Services	1.46
Total (may not add due to rounding)		9.41

Top 5 fixed income holdings

Holding	Coupon (%)	Maturity	% Net assets
iShares iBoxx \$ Investment Grade Corporate Bond ETF	-	-	7.31
FHLMC Q29056	4.000	10/1/2044	1.56
FNMA TBA 15 YR 2.5	2.500	4/18/2032	1.45
FNMA AT2016	3.000	4/1/2043	1.22
FHLMC Q02664	4.500	8/1/2041	1.06
Total (may not add due to rounding)			12.60

Sentinel Balanced Fund			Cumulative		Average annual total return			
performance as of 03/31/2017 (%)			return YTD	1 year	3 years	5 years	10 years	Since inception
Class A ¹	SEBLX	without sales charge	4.46	10.87	5.87	7.95	6.26	8.56
		with 5% sales charge	-0.77	5.34	4.08	6.84	5.72	8.49
Class I ²	SIBLX	no sales charge	4.56	11.10	6.09	8.17	6.35	8.57
	S&P 500 Index		6.07	17.17	10.37	13.30	7.51	-
	Bloomberg Barclays US Agg. Index		0.82	0.44	2.68	2.34	4.27	-

Fund Incepted 11/15/1938. Total annual operating expenses (%) by prospectus A: 1.03, I: 0.83

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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Duration is a measure of the sensitivity of a bond's price to changes in interest rates. The shorter (longer) the duration, the lower (higher) the interest rate risk and price volatility. TBA: to be announced. The actual mortgage-backed security that will be delivered is not designated until 48 hours prior to the established trade settlement date with the broker.

1. Performance of the Sentinel Balanced Fund's Class A shares prior to June 30, 2012 has not been adjusted to reflect the decrease in the maximum 12b-1 fee from 0.30% to 0.25%. If it had, those returns would be higher.

2. Performance of the Sentinel Balanced Fund's 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 the inception date of the respective Fund. Only eligible investors may purchase Class I shares, as described in the prospectus.

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Sources: FactSet, Morningstar, Barclays POINT

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Before investing, carefully consider a fund's objectives, risks, charges and expenses. Summary and full prospectuses containing this and other information are available from sentinelinvestments.com. Please read them carefully.