

# Sentinel Small Company Fund

A | SAGWX | 817270804 | | SIGWX | 81728B825 R6 | SSRRX | 817270283

Manager Insights

As of 3/31/2017

## Fund Management

**Jason Ronovech, CFA**  
Portfolio Manager  
Industry: 1998  
Sentinel: 2013

## Performance Highlights

- The Sentinel Small Company Fund's Class I shares returned 4.40% for the first quarter of 2017, which compares to a return of 2.47% for the Russell 2000 Index. The Morningstar Small Growth category posted an average return of 5.56% for the same period.
- For the one-year period ending 3/31/2017, the Fund's Class I Shares returned 22.86%, the Russell 2000 Index returned 26.22%, and the Morningstar Small Growth category posted an average return of 22.41%.

## Equity Market Review

US small cap equities delivered solid returns in the first quarter of 2017, with the Russell 2000 Index achieving an all-time high in March. We believe that the same factors that drove the fourth quarter rally in US small cap equities – the potential for accelerated growth, lower corporate taxes, and reduced regulations – continued to drive the market. However, the small cap rally paused as we enter the second quarter as there have been no tangible developments on the anticipated catalysts noted above.

## Sector Review

Consumer Discretionary was the top performing sector for the Sentinel Small Company Fund, with a return of 7% compared to 1% for the benchmark sector for the quarter. Our holdings in consumer durables and apparel, and consumer services were up 8%, while strong performance from our sole media holding positively contributed to the quarter.

Industrials were our second best performing sector with a return of 6% compared to 1% for the benchmark sector. Commercial & professional services were up 13%, and capital goods returned 5%, to help drive performance.

Materials and Energy were nominal detractors for the quarter. Our sole Materials holding was flat, while the benchmark sector returned 6%. In Energy, our two holdings declined a little over 20%, while the benchmark sector decreased 11%. Our combined exposure to Materials and energy is a modest 3% compared to 9% in the benchmark sectors.

## Holdings Review

Advisory Board Company (ABCO), a provider of research and consulting services to the health care and education industries, returned 41% for the quarter. This was one of more challenging positions in the fourth quarter 2016 as uncertainty around the future of the Affordable Care Act, was causing a disruption in their health care customer base. In response to changing market conditions, the company restructured their operations and announced the evaluation of further strategic alternatives, including the potential sale of the company, which sparked the rally.

Air Methods, the global leader in air medical transportation, returned 35%. The company agreed to be acquired by private equity firm American Securities for \$43.00 per share.

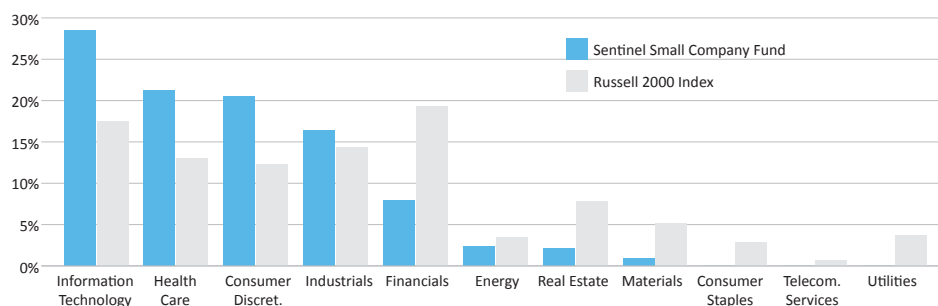
Tivity Health (TVTY), a leading provider of fitness and health improvement programs and our largest position, returned 28% in the first quarter. The company provided a positive outlook for 2017 that highlighted the attractiveness of their high visibility revenue growth, strong profit margins, and cash flow generation capability.

Carrizo Oil & Gas (CRZO), an oil & gas exploration and production company, declined 23% for the quarter. The stock was weak due to a combination of a weaker than expected commodity price environment, as well as their lack of exposure to the Permian Basin.

Gulfport Energy (GPOR), another oil & gas exploration and production company, was down 21%. The stock was negatively impacted by a weak natural gas pricing environment, and we believe an acquisition of additional natural gas assets was viewed unfavorably given the current price of natural gas.

GTT Communications (also GTT), a global provider of networking, Internet, managed services, and voice services, declined 24%. The shares had rallied on the heels of a highly accretive acquisition. However, recent organic growth trends were slightly lower than expected, sparking a correction in the stock.

## Sector diversification



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

Small company stocks can be more volatile than large 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.

The Russell 2000 Index is an unmanaged index that measures the performance of approximately 2000 small-cap companies within the US 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.

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



**Concluding Thoughts**

We will continue to focus on executing our fundamental stock selection and portfolio construction process. We believe that quality small cap companies poised to benefit from improvements in their business model, leadership team and industry positioning, coupled with disciplined valuation analysis to identify favorable entry and exit points, can drive shareholder returns over time.

As always, we appreciate your confidence in us and we will do our very best to help you achieve your investments goals.

Thank you for your continued support.

**Top 10 holdings**

Company	Industry	% Net assets
Corporate Office Properties Trust	Equity Real Estate Investment Trusts (Reits)	1.86
Nuance Communications, Inc.	Software	1.70
Globus Medical, Inc. Class A	Health Care Equipment & Supplies	1.59
Tivity Health, Inc.	Health Care Providers & Services	1.52
Glacier Bancorp, Inc.	Banks	1.45
Western Alliance Bancorporation	Banks	1.40
j2 Global, Inc.	Internet Software & Services	1.40
Webster Financial Corporation	Banks	1.35
GTT Communications, Inc.	Internet Software & Services	1.34
NICE Ltd Sponsored ADR	Software	1.33
<b>Total</b> (may not add due to rounding)		<b>14.95</b>

Sentinel Small Company Fund performance as of 03/31/2017 (%)			Cumulative return YTD	Average annual total return				
				1 year	3 years	5 years	10 years	Since inception
Class A <sup>1</sup>	SAGWX	without sales charge	4.33	22.42	8.47	11.91	8.39	11.27
		with 5% sales charge	-0.98	16.21	6.64	10.76	7.83	11.04
Class I <sup>2</sup>	SIGWX	no sales charge	4.40	22.86	8.82	12.30	8.80	11.45
Class R6 <sup>3</sup>	SSRRX	no sales charge	4.48	23.17	8.89	12.17	8.51	11.33
		<i>Russell 2000 Index</i>	<i>2.47</i>	<i>26.22</i>	<i>7.22</i>	<i>12.35</i>	<i>7.12</i>	<i>9.37</i>

Fund Incepted 3/1/1993. Total annual operating expenses (%) by prospectus A: 1.22, I: 0.90, R6: 1.00

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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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 A shares prior to March 30, 2016 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 Small Company Fund's 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 the inception date of the respective Fund. Only eligible investors may purchase Class I shares, as described in the prospectus.

3. Performance of the Sentinel Small Company Fund Class R6 shares prior to their inception on December 23, 2014 is based on the performance of the Fund's Class A shares, restated to reflect that Class R6 shares are not subject to a sales charge. The "since inception" performance data for Class R6 shares is calculated from the inception date of the Fund. Only eligible investors may purchase Class R6 shares, as described in the prospectus.

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An investment cannot be made directly in an index.

Source: FactSet, Morningstar

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