Sentinel Total Return Bond Fund

Manager Insights

A | SATRX | 817270358 C | SCTRX | 817270341 I | SITRX | 817270333

as of 6/30/2015

Fund Management

Jason Doiron, FRM, PRM
Portfolio Manager
Industry: 2000
Sentinel: 2008

Performance Highlights

- The Sentinel Total Return Bond Fund produced a total return of -1.49%* for the second quarter of 2015. This compares to returns of -1.68% for the Barclays US Aggregate Bond Index and -1.50% for the Morningstar Intermediate-Term Bond category.
- For the year-to-date period, the Fund returned -0.13%*. This compares to returns of -0.10% for the Barclays US Aggregate Bond Index and +0.01% for the Morningstar Intermediate-Term Bond category.

Bond Market Review

Returns were negative for most fixed income categories in the second quarter of 2015, driven by rising rates and wider spreads. The yield on the U.S. 10-year Treasury climbed to 2.35% at quarter-end, up materially from 1.92% at the beginning of April. In general, longer duration bonds underperformed those with shorter maturities, while high yield corporates outperformed investment grade, as higher coupons helped offset rising rates. Supply remained robust, with over $100B in fixed rate investment grade corporate issuance in each month, and a total of $375B for the quarter, essentially unchanged from the first quarter. Supply was generally well-received, particularly in benchmark-sized deals, with typical concessions of just 5-10 basis-points to secondary market issues.

Recent commentary from the Federal Reserve continues to point towards a rate hike before the end of the year. The Federal Reserve saw expanded economic activity in most areas, generally improved employment, and modest inflation during the second quarter. Given recent economic growth, Chairwoman Janet Yellen appears to believe that a gradual path of rate increases would give the Federal Reserve the most flexibility, and a 25 basis-point rate increase in September remains possible.

Global monetary policy remains accommodative, and commodity prices stabilized somewhat during the second quarter. However, slow global growth, particularly in emerging markets, pushed up bond yields in many markets around the world. Market volatility appeared likely to remain elevated as the second quarter came to a close, with concerns about the weakening Chinese economy, uncertainty about the future direction of commodity prices, and ongoing debt crises in Greece and Puerto Rico influencing day-to-day price movements in fixed income and other securities.

Key Performance Attribution

The Fund out-performed the Barclays US Aggregate Index by 19 basis points for the quarter ended June 30, 2015. The Fund's exposure to the treasury yield curve relative to the benchmark, combined with a general increase in yields, contributed to the out-performance during the quarter. The Fund's duration was short relative to the benchmark and the 10-year US Treasury yield moved up 43 basis points from 2.17% at December 31, 2014 to 2.35% at June 30, 2015.

Security selection was also a positive with the biggest contribution coming from investment grade corporates. Within that category, our selections in oil field services, midstream, and cable and satellite, in particular, outperformed their industry subcategories. Security selection at the fund level also benefited from selections within the mortgage pass-through segment across several tenors and coupons.

Allocation effects were a small, net negative on the quarter principally because of our roughly 10% overweight in investment grade corporates; that segment underperformed relative to others in the benchmark on a spread return basis. Partially offsetting this, the overweight to high yield corporates, which averaged about 12% during the quarter, was a positive.

Portfolio Positioning and Outlook

Corporate bonds remained our largest exposure, with 35% of our assets in investment grade corporates and 9% in high yield corporates at June 30th. 33% of the portfolio was invested in Agency MBS and 1% was in collateralized mortgage obligations ("CMOs"). Finally, less than 1% was allocated to loans, municipals, and commercial mortgage-backed securities ("CMBS"). The cash balance was 21%, down from 25% at the end of March. The effective duration of the Fund stood at 4.35 years on June 30th.

As we head into the second half of 2015, we expect a continuation of the elevated volatility environment that was observed in June. As markets continue to digest the latest news out of the Eurozone surrounding Greece, an uncertain investment landscape in China, and the looming possibility of a September Fed rate hike, there remain multiple catalysts that could trigger a market disruption. While headwinds may certainly be on the horizon, we believe that this market will provide opportunities for investors who remain flexible and disciplined in their approach. With volatility comes opportunity, and Sentinel will continue to purchase assets in situations where we believe that they are underpriced. Regardless of what transpires, Sentinel will continue to search for opportunities for our shareholders and believes that flexibility will be critical to our success in navigating markets.

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.*

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.

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

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 in an index.

Source: BondEdge, Barclays POINT

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

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.

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Sentinel INVESTMENTS

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Sentinel Total Return Bond Fund Performance (as of 6/30/2015)

			Cumulative Return YTD (%)	Average Annual Total Returns (%)				
				1 Year	3 Years	5 Years	10 Years	Since Inception
Class A	SATRX	Without Sales Charge	-0.13	-2.13	3.34	—	—	4.74
		With 2.25% Sales Charge	-2.35	-4.32	2.57	—	—	4.22
Class C	SCTRX	Without CDSC	-0.55	-2.81	2.74	—	—	4.27
		With 1% CDSC	-1.54	-3.77	2.74	—	—	4.27
Class I[1]	SITRX	No Sales Charge	-0.04	-1.97	3.48	—	—	4.90
Barclays US Agg. Bond Index			*-0.10*	*1.86*	*1.83*	*3.35*	*4.44*	*3.68*

Fund inception date is 12/17/2010. Total annual operating expense ratio A: 0.96%, C: 1.75%, I: 0.80%.*

All class-specific data is for Class A shares as of June 30, 2015 unless otherwise noted. The composition of the Fund's holdings is subject to change.

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The Fund is subject to interest rate risks. Bond values will generally decrease when interest rates rise and will generally increase when interest rates fall. Mortgage-backed securities (MBS) are subject to pre-payment risk. These risks may result in greater share price volatility. Bonds with lower credit ratings are more speculative and likely to default than higher-quality bonds and tend to fluctuate more widely in value. 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.

1. Class I shares do not impose a sales charge. Only eligible investors may purchas Class I shares, as described in the prospectus.

The 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.

An investment cannot be made directly in an index.

*Expense ratio data is sourced from the Fund's most recent prospectus.

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