

BABSON CAPITAL CORPORATE INVESTORS
Form N-CSRS
September 04, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-2183

Babson Capital Corporate Investors

(Exact name of registrant as specified in charter)

1500 Main Street, P.O. Box 15189, Springfield, MA 01115-5189

(Address of principal executive offices) (Zip code)

Christopher A. DeFrancis
Vice President, Secretary and Chief Legal Officer
1500 Main Street, Suite 2800
P.O. Box 15189
Springfield, MA 01115-5189

(Name and address of agent for service)

Registrant's telephone number, including area code: 413-226-1000

Date of fiscal year end: 12/31

Date of reporting period: 06/30/15

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection and policymaking roles.

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A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORT TO STOCKHOLDERS.

Attached hereto is the semi-annual shareholder report transmitted to shareholders pursuant to Rule 30e-1 of the Investment Company Act of 1940, as amended.

Babson Capital
Corporate Investors

Report for the
Six Months Ended June 30, 2015

Adviser

Babson Capital Management LLC
1500 Main Street, P.O. Box 15189
Springfield, Massachusetts 01115-5189

Transfer Agent & Registrar

DST Systems, Inc.
P.O. Box 219086
Kansas City, Missouri 64121-9086
1-800-647-7374

Independent Registered Public Accounting Firm

KPMG LLP
Boston, Massachusetts 02110

Internet Website

www.babsoncapital.com/mci

Counsel to the Trust

Ropes & Gray LLP
Boston, Massachusetts 02110

Babson Capital Corporate Investors
c/o Babson Capital Management LLC
1500 Main Street, Suite 2200
Springfield, Massachusetts 01115
(413) 226-1516

Custodian

State Street Bank and Trust Company
Boston, Massachusetts 02116

Investment Objective and Policy

Babson Capital Corporate Investors (the “Trust”) is a closed-end management investment company, first offered to the public in 1971, whose shares are traded on the New York Stock Exchange under the trading symbol “MCI”. The Trust’s share price can be found in the financial section of most newspapers under either the New York Stock Exchange listings or Closed-End Fund Listings.

The Trust’s investment objective is to maintain a portfolio of securities providing a current yield and at the same time offering an opportunity for capital gains. The Trust’s principal investments are privately placed, below-investment grade, long-term debt obligations with equity features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt securities (including high yield securities) and marketable common stocks. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay principal.

Form N-Q

The Trust files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission (“SEC”) for the first and third quarters of each fiscal year on Form N-Q. This information is available (i) on the SEC’s website at <http://www.sec.gov>; and (ii) at the SEC’s Public Reference Room in Washington, DC (which information on their operation may be obtained by calling 1-800-SEC-0330). A complete schedule of portfolio holdings as of each quarter-end is available upon request by calling, toll-free, 866-399-1516.

Proxy Voting Policies & Procedures; Proxy Voting Record

The Trustees of the Trust have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Babson Capital. A description of Babson Capital’s proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 866-399-1516; (2) on the Trust’s website: <http://www.babsoncapital.com/mci>; and (3) on the SEC’s website at <http://www.sec.gov>. Information regarding how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (1) on the Trust’s website: <http://www.babsoncapital.com/mci>; and (2) on the SEC’s website at <http://www.sec.gov>.

Babson Capital Management LLC (“Babson Capital”) manages the Trust on a total return basis. The Trust distributes substantially all of its net income to shareholders each year. Accordingly, the Trust pays dividends to shareholders in January, May, August, and November. The Trust pays dividends to its shareholders in cash, unless the shareholder elects to participate in the Dividend Reinvestment and Share Purchase Plan.

Babson Capital Corporate Investors

TO OUR SHAREHOLDERS

July 31, 2015

We are pleased to present the June 30, 2015 Quarterly Report of Babson Capital Corporate Investors (the “Trust”).

The Board of Trustees declared a quarterly dividend of \$0.30 per share, payable on August 14, 2015 to shareholders of record on August 3, 2015. The Trust paid a \$0.30 per share dividend for the preceding quarter. The Trust earned \$0.28 per share of net investment income, including \$0.03 per share of non-recurring income, for the second quarter of 2015, compared to \$0.28 per share, including \$0.03 per share of non-recurring income, in the previous quarter.

During the second quarter, the net assets of the Trust increased to \$293,410,574 or \$14.97 per share compared to \$293,255,436 or \$14.99 per share on March 31, 2015. This translates into a 1.9% total return for the quarter, based on the change in the Trust’s net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 11.3%, 14.9%, 14.9%, 12.0%, and 13.9% for the 1, 3, 5, 10, and 25-year periods, respectively, based on the change in the Trust’s net assets assuming the reinvestment of all dividends.

The Trust’s share price increased 3.4% during the quarter, from \$15.54 per share as of March 31, 2015 to \$16.07 per share as of June 30, 2015. The Trust’s market price of \$16.07 per share equates to a 7.3% premium over the June 30, 2015 net asset value per share of \$14.97. The Trust’s average quarter-end premium for the 3, 5 and 10-year periods was 10.7%, 15.8% and 12.6%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 0.4% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, was flat for the quarter.

The Trust closed six new private placement investments, as well as one add-on investment in an existing portfolio company, during the second quarter. The six new investments were in BlueSpire Holding, Inc., FMH Holdings Corporation, GlynnDevins Acquisition Corporation, Master Cutlery LLC, Power Stop Holdings LLC and Randy’s Worldwide Automotive, while the add-on investment was in Hartland Controls Holding Corporation. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$18,533,000.

It was another active quarter for the Trust in terms of new investments. Middle market merger and acquisition activity, a key driver of deal flow for the Trust, has been strong in 2015. We expect deal flow to remain steady for the rest of the year, assuming no significant external shocks to the market, so we are optimistic about the level of new investment activity for the Trust through year end. The dark cloud on the horizon, however, continues to be the high purchase prices and leverage levels that are common in buyout transactions today. Average purchase price multiples for small companies continue to be at their highest levels in the past 15 years. Leverage multiples have also been elevated and are near their highs of the past 15 years. Though we are actively making new investments on behalf of the Trust in this market, we do so cautiously and with discipline, consistent with our longstanding investment philosophy of seeking to take prudent levels of risk and getting paid appropriately for the risk taken. We are not willing to provide financial leverage at levels that we believe are imprudent. This approach has served us well over the long term and through all kinds of market cycles.

The condition of the Trust’s existing portfolio remained solid through the second quarter. We had significantly more credit upgrades than downgrades during the quarter. The number of companies on our watch list and in default

continues to be at or near the lowest level we have seen over the last five years. We exited four investments during the quarter, and benefited from a dividend associated with the recapitalization of one company. In three of these exits we realized gains, while our investment in MicroGoup, Inc. was realized at a loss. We continue to have a backlog of portfolio companies that are in the process of being sold, with a number of these expected to close this year. We had five portfolio companies fully or partially prepay their debt instruments held by the Trust during the quarter. This lower level of prepayment activity is welcome after the unprecedented levels of prepayments we experienced in 2013 and early 2014.

The Trust was able to maintain its \$0.30 per share quarterly dividend for the second quarter even though net investment income per share, excluding non-recurring income, was once again below the dividend rate. Net investment income per share from recurring sources has been below the dividend rate for every quarter since the third quarter of 2013. As we have discussed in prior reports, net investment income is down due principally to the considerable reduction in the number of private debt securities in the portfolio resulting from the high level of exit and prepayment activity that occurred in 2013 and 2014. We have been able to maintain the \$0.30 per share quarterly dividend with current income, non-recurring income and earnings carried forward from prior quarters. Over time, however, the Trust's dividend-paying ability tends to be correlated with its recurring earnings capacity. Absent non-recurring income, earnings available for the quarterly dividend would have been \$0.25 per share for the second quarter. This quarter, the Trust earned an additional \$0.03 per share of non-recurring income, and utilized \$0.02 per share of earnings carry-forwards to maintain the \$0.30 per share quarterly dividend. Despite several strong quarters of new investment activity, we have not been able to grow the portfolio. It is unlikely that we will be able to rebuild the portfolio back to its former size and net income-producing capability in the near term. We cannot rely on non-recurring income due to its unpredictable nature. The Trust does continue to have available earnings carry-forwards which should be available to supplement recurring income for at least the third quarter. As a result, it is likely that later in 2015 we will have to reduce the dividend from the current \$0.30 per share quarterly rate. As we move through the year, we and the Board of Trustees will continue to evaluate the current and future earnings capacity of the Trust and formulate a dividend strategy that is consistent with that earnings level.

Thank you for your continued interest in and support of Babson Capital Corporate Investors.

Sincerely,

Michael L. Klofas

President

* Based on market value of total investments (including cash)

Cautionary Notice: Certain statements contained in this report may be "forward looking" statements. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made and which reflect management's current estimates, projections, expectations or beliefs, and which are subject to risks and uncertainties that may cause actual results to differ materially. These statements are subject to change at any time based upon economic, market or other conditions and may not be relied upon as investment advice or an indication of the Trust's trading intent. References to specific securities are not recommendations of such securities, and may not be representative of the Trust's current or future investments. We undertake no obligation to publicly update forward looking statements, whether as a result of new information, future events, or otherwise.

Babson Capital Corporate Investors

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015

(Unaudited)

Assets:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$192,502,808)	\$ 200,189,002
Corporate restricted securities at market value (Cost - \$55,127,872)	55,048,604
Corporate public securities at market value (Cost - \$48,752,119)	48,952,972
Total investments (Cost - \$296,382,799)	304,190,578
Cash	19,314,754
Interest receivable	3,408,403
Receivable for investments sold	282,812
Other assets	3,627
Total assets	327,200,174

Liabilities:

Note payable	30,000,000
Deferred tax liability	1,682,824
Investment advisory fee payable	916,908
Tax payable	682,978
Interest payable	202,400
Accrued expenses	304,490
Total liabilities	33,789,600
Total net assets	\$ 293,410,574

Net Assets:

Common shares, par value \$1.00 per share	\$ 19,600,460
Additional paid-in capital	115,537,751
Retained net realized gain on investments, prior years	142,769,539
Undistributed net investment income	7,808,545
Accumulated net realized gain on investments	1,569,324
Net unrealized appreciation of investments	6,124,955
Total net assets	\$ 293,410,574
Common shares issued and outstanding (28,054,782 authorized)	19,600,460
Net asset value per share	\$ 14.97

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the six months ended June 30, 2015

(Unaudited)

Investment Income:	
Interest	\$13,345,670
Dividends	436,022
Other	153,382
Total investment income	13,935,074
Expenses:	
Investment advisory fees	1,833,331
Interest	792,000
Trustees' fees and expenses	165,000
Professional fees	126,003
Reports to shareholders	45,000
Custodian fees	18,476
Other	60,052
Total expenses	3,039,862
Investment income - net	10,895,212
Net realized and unrealized gain on investments:	
Net realized gain on investments before taxes	1,138,537
Income tax expense	(6,773)
Net realized gain on investments after taxes	1,131,764
Net change in unrealized appreciation of investments before taxes	6,629,434
Net change in deferred income tax expense	(527,994)
Net change in unrealized appreciation of investments after taxes	6,101,440
Net gain on investments	7,233,204
Net increase in net assets resulting from operations	\$18,128,416

See Notes to Consolidated Financial Statements

Babson Capital Corporate Investors

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2015

(Unaudited)

Net increase in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ 16,606,143
Purchases of portfolio securities	(53,671,581)
Proceeds from disposition of portfolio securities	49,247,757
Interest, dividends and other income received	12,036,862
Interest expense paid	(792,000)
Operating expenses paid	(2,196,391)
Income taxes paid	(3,666,913)
Net cash provided by operating activities	17,563,877

Cash flows from financing activities:

Cash dividends paid from net investment income	(11,730,225)
Receipts for shares issued on reinvestment of dividends	1,022,094
Net cash used for financing activities	(10,708,131)
Net increase in cash	6,855,746
Cash - beginning of year	12,459,008
Cash - end of period	\$ 19,314,754

Reconciliation of net increase in net assets to net cash provided by operating activities:

Net increase in net assets resulting from operations	\$ 18,128,416
Decrease in investments	3,152,857
Increase in interest receivable	(567,621)
Increase in receivable for investments sold	(103,100)
Decrease in other assets	34,000
Increase in deferred tax liability	527,994
Increase in investment advisory fee payable	41,501
Decrease in tax payable	(3,660,140)
Increase in accrued expenses	9,970
Total adjustments to net assets from operations	(564,539)
Net cash provided by operating activities	\$ 17,563,877

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the six months ended 06/30/2015 (Unaudited)	For the year ended 12/31/2014
Increase in net assets:		
Operations:		
Investment income - net	\$10,895,212	\$23,984,946
Net realized gain on investments after taxes	1,131,764	8,854,438
Net change in unrealized appreciation of investments after taxes	6,101,440	(84,222)
Net increase in net assets resulting from operations	18,128,416	32,755,162
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2015 - 67,044; 2014 - 139,761)	1,022,094	2,065,868
Dividends to shareholders from:		
Net investment income (2015 - \$0.30 per share; 2014 - \$1.20 per share)	(5,870,200)	(23,378,280)
Total increase in net assets	13,280,310	11,442,750
Net assets, beginning of year	280,130,264	268,687,514
Net assets, end of period/year (including undistributed net investment income of \$7,808,545 and \$2,783,533, respectively)	\$293,410,574	\$280,130,264

See Notes to Consolidated Financial Statements

Babson Capital Corporate Investors

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

	For the six months ended 06/30/2015 (Unaudited)	2014	2013	For the years ended December 31, 2012 2011 (a)	
Net asset value:					
Beginning of year	\$ 14.34	\$ 13.85	\$ 13.38	\$ 12.69	\$ 12.56
Net investment income (b)	0.56	1.23	1.18	1.28	1.29
Net realized and unrealized gain (loss) on investments	0.37	0.45	0.48	0.69	0.17
Total from investment operations	0.93	1.68	1.66	1.97	1.46
Dividends from net investment income to common shareholders	(0.30)	(1.20)	(1.20)	(1.25)	(1.34)
Dividends from realized gain on investments to common shareholders	—	—	—	(0.05)	(0.01)
Increase from dividends reinvested	0.00(c)	0.01	0.01	0.02	0.02
Total dividends	(0.30)	(1.19)	(1.19)	(1.28)	(1.33)
Net asset value: End of period/year	\$ 14.97	\$ 14.34	\$ 13.85	\$ 13.38	\$ 12.69
Per share market value: End of period/year	\$ 16.07	\$ 15.89	\$ 14.93	\$ 15.28	\$ 17.99
Total investment return					
Net asset value (d)	6.50%	13.78%	12.76%	17.07%	12.00%
Market value (d)	3.12%	16.53%	5.93%	(7.11)%	27.92%
Net assets (in millions):					
End of period/year	\$ 293.41	\$ 280.13	\$ 268.69	\$ 257.38	\$ 241.94
Ratio of total expenses to average net assets	2.13% (f)	3.66%	2.42%	3.17%	2.42%
Ratio of operating expenses to average net assets	1.57% (f) 0.55% (f)	1.65% 0.57%	1.64% 0.59%	1.66% 0.63%	1.62% 0.64%

Ratio of interest expense to average net assets					
Ratio of income tax expense to average net assets (e)	0.01% (f)	1.44%	0.19%	0.88%	0.16%
Ratio of net investment income to average net assets	7.62% (f)	8.57%	8.50%	9.78%	9.91%
Portfolio turnover	16%	38%	34%	34%	21%

- (a) Per share amounts were adjusted to reflect a 2:1 stock split effective February 18, 2011.
- (b) Calculated using average shares.
- (c) Rounds to less than \$0.01 per share.
- (d) Net asset value return represents portfolio returns based on change in the Trust's net asset value assuming the reinvestment of all dividends and distributions which differs from the total investment return based on the Trust's market value due to the difference between the Trust's net asset value and the market value of its shares outstanding; past performance is no guarantee of future results.
- (e) As additional information, this ratio is included to reflect the taxes paid on retained long-term gains. These taxes paid are netted against realized capital gains in the Statement of Operations. The taxes paid are treated as deemed distributions and a credit for the taxes paid is passed on to the shareholders.
- (f) Annualized.

Senior borrowings:

Total principal amount (in millions) \$	30	\$ 30	\$ 30	\$ 30	\$ 30
Asset coverage per \$1,000 of indebtedness	\$ 10,780	\$ 10,338	\$ 9,956	\$ 9,579	\$ 9,065

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2015

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 86.99%: (A)				
Private Placement Investments - 68.23%: (C)				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated Note due 10/17/2019	\$ 1,642,275	10/17/12	\$ 1,619,070	\$ 1,637,567
Limited Liability Company Unit Class A Common (B)	27,273 uts.	10/17/12	27,273	—
Limited Liability Company Unit Class A Preferred (B)	245 uts.	10/17/12	245,450	210,031
			1,891,793	1,847,598
A S C Group, Inc.				
A designer and manufacturer of high reliability encryption equipment, communications products, computing systems and electronic components primarily for the military and aerospace sectors.				
14% Senior Subordinated Note due 12/21/2020	\$ 1,991,846	12/20/13	1,958,720	2,011,764
Limited Liability Company Unit Class A (B)	5,843 uts.	*	290,317	735,480
Limited Liability Company Unit Class B (B)	2,793 uts.	10/09/09	100,114	351,565
* 10/09/09 and 12/20/13.			2,349,151	3,098,809
A W X Holdings Corporation				
A provider of aerial equipment rental, sales and repair services to non-residential construction and maintenance contractors operating in the State of Indiana.				
10.5% Senior Secured Term Note due 12/20/2016 (D)	\$ 735,000	05/15/08	724,402	367,500
13% Senior Subordinated Note due 12/20/2016 (D)	\$ 735,000	05/15/08	673,096	—
Common Stock (B)	105,000 shs.	05/15/08	105,000	—
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	36,923 shs.	05/15/08	62,395	—
			1,564,893	367,500
ABC Industries, Inc.				

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A manufacturer of mine and tunneling ventilation products
in the U.S.

13% Senior Subordinated Note due 07/31/2019	\$	436,364	08/01/12	404,074	440,727
Preferred Stock Series A (B) Warrant, exercisable until 2022, to purchase common stock at \$.02 per share (B)		300,000 shs. 53,794 shs.	08/01/12 08/01/12	300,000 101,870 805,944	571,651 97,142 1,109,520

ACP Cascade Holdings LLC

A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern
United States.

Limited Liability Company

Unit Class B (B) Advanced Manufacturing Enterprises LLC		64 uts.	11/09/12	—	—
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A designer and manufacturer of large, custom gearing products for a number of critical customer
applications.

Limited Liability Company

Unit (B)		4,669 uts.	*	498,983	599,105
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* 12/07/12 and 07/11/13.

Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Date	Cost	Fair Value
Advanced Technologies Holdings				
A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	626 shs.	12/27/07	\$ 309,806	\$ 1,031,612
Convertible Preferred Stock Series B (B)	52 shs.	01/04/11	40,800	86,493
			350,606	1,118,105

AFC - Dell Holding Corporation

A distributor and provider of inventory management services for "C-Parts" used by OEMs in their manufacturing and production facilities.

12.5% Senior Subordinated

Note due 09/27/2020	\$ 2,405,234	03/27/15	2,358,905	2,432,907
Preferred Stock (B)	2,276 shs.	03/27/15	227,558	216,180
Common Stock (B)	703 shs.	03/27/15	703	668
			2,587,166	2,649,755

Airxcel Holdings

A leading manufacturer of a broad range of climate control solutions, including air-conditioners, heat pumps, cooking appliances, furnaces, powered vents, and water heaters.

12.5% Senior Subordinated

Note due 11/18/2020	\$ 2,944,184	11/18/14	2,890,035	2,909,043
Limited Liability Company Unit	583 uts.	11/18/14	583,000	507,862
			3,473,035	3,416,905

American Hospice Management Holding LLC

A for-profit hospice care provider in the United States.

12% Senior Subordinated Note

due 03/31/2020 (D)	\$ 2,337,496	*	2,337,229	2,298,560
Preferred Class A Unit (B)	3,223 uts.	**	322,300	—
Preferred Class B Unit (B)	1,526 uts.	06/09/08	152,626	121,100
Common Class B Unit (B)	30,420 uts.	01/22/04	1	—
Common Class D Unit (B)	6,980 uts.	09/12/06	1	—

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* 01/22/04 and 06/09/08.			2,812,157	2,419,660
** 01/22/04 and 09/16/06.				

AMS Holding LLC

A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.

Limited Liability Company Unit	273 uts.			
Class A Preferred (B)		10/04/12	272,727	780,919

Animal Supply Company

A distributor of pet products to independent pet stores, veterinary clients and other pet specialty retailers.

9.5% Second Lien Term Loan	\$ 3,500,000			
due 09/17/2019		03/30/15	3,450,499	3,441,787

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Arch Global Precision LLC				
A leading manufacturer of high tolerance precision components and consumable tools.				
Limited Liability Company Unit Class B (B)	60 uts.	12/21/11	\$ 85,250	\$ 401,723
Limited Liability Company Unit Class C (B)	690 uts.	12/21/11	664,750	3,798,784
			750,000	4,200,507
ARI Holding Corporation				
A leading national supplier of products used primarily by specialty contractors.				
11.5% Senior Subordinated Note due 02/01/2020	\$ 3,400,640	*	3,353,705	3,410,048
Limited Partnership Interest * 05/21/13 and 08/01/14.	1,048 uts.	08/01/14	1,047,900	901,060
			4,401,605	4,311,108
Arrow Tru-Line Holdings, Inc.				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
Preferred Stock (B)	51 shs.	10/16/09	50,670	213,415
Common Stock (B)	402 shs.	05/18/05	401,555	105,380
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	105 shs.	05/18/05	90,532	27,626
			542,757	346,421
Avantech Testing Services LLC				
A manufacturer of custom Non-Destructive Testing ("NDT") systems and provider of NDT and inspections services primarily to the oil country tubular goods market.				
15% Senior Subordinated Note due 07/31/2021	\$ 1,103,851	07/31/14	1,086,149	551,926
Limited Liability Company Unit	75,000 uts.	07/31/14	750,000	502,276
			1,836,149	1,054,202
Blue Wave Products, Inc.				
A distributor of pool supplies.				
10% Senior Secured Term Note due 09/30/2018	\$ 580,851	10/12/12	573,676	580,851
13% Senior Subordinated Note due 09/30/2019	\$ 734,597	10/12/12	696,404	749,289
Common Stock (B)	114,894 shs.	10/12/12	114,894	264,783

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Warrant, exercisable until 2022, to purchase

common stock at \$.01 per share (B)	45,486 shs.	10/12/12	45,486	104,826
			1,430,460	1,699,749

BlueSpire Holding, Inc.

A marketing services firm that integrates strategy, technology, and content to deliver customized marketing solutions for clients in the senior living, financial services and healthcare end markets.

12.5% Senior Subordinated Note due

06/30/2021	\$ 3,181,800	6/30/15	3,118,184	3,181,800
Common Stock (B)	2,876 shs.	6/30/15	318,200	302,345
			3,436,384	3,484,145

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Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
BP SCI LLC				
A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.				
Limited Liability Company Unit Class A (B)	1,000 uts.	10/17/12	\$ 100,000	\$ 624,842
Limited Liability Company Unit Class B (B)	400 uts.	10/17/12	400,000 500,000	536,691 1,161,533
CG Holdings Manufacturing Company				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note 11/01/2019	\$ 3,390,252	*	3,238,069	3,424,155
Preferred Stock (B)	3,241 shs.	*	324,054	362,680
Preferred Stock (B)	1,174 shs.	*	116,929	131,403
Common Stock (B)	337 shs.	*	35,673	173,150
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B) * 05/09/13 and 11/01/13.	137 shs.	*	13,033 3,727,758	70,447 4,161,835
CHG Alternative Education Holding Company				
A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at therapeutic day schools and "at risk" youth through alternative education programs.				
13.5% Senior Subordinated Note due 01/19/2018	\$ 2,286,757	01/19/11	2,224,563	2,286,757
14% Senior Subordinated Note due 08/03/2019	\$ 596,566	08/03/12	588,716	602,532
Common Stock (B)	1,125 shs.	01/19/11	112,500	161,932
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750 3,013,529	127,288 3,178,509
Church Services Holding Company				
A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
	\$ 1,280,667	03/26/12	1,257,406	1,271,574

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14.5% Senior Subordinated Note due
03/26/2018

10% Senior Subordinated Note due
09/12/2015

Common Stock (B)	\$	20,546	09/15/14	20,546	20,534
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)		3,981 shs.	*	398,100	232,615
* 03/26/12, 05/25/12 and 06/19/12.		172 shs.	03/26/12	17,220	10,050
				1,693,272	1,534,773

Clarion Brands Holding Corp.

A portfolio of six over-the-counter (OTC) pharmaceutical brands whose products are used to treat tinnitus or ringing of the ear, excessive sweating, urinary tract infections, muscle pain, and skin conditions.

12.5% Senior Subordinated Note
due 09/30/2021

Common Stock (B)	\$	3,217,748	10/01/14	3,158,563	3,226,905
		3,182 shs.	10/01/14	318,182	253,269
				3,476,745	3,480,174

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Clough, Harbour and Associates An engineering service firm that is located in Albany, NY.				
Preferred Stock (B)	277 shs.	12/02/08	\$ 276,900	\$ 705,102
Compass Chemical International LLC A manufacturer and supplier of standard and specialty formulated chemicals, primarily phosphoric acid derivatives called phosphonates.				
13% Senior Subordinated Note due 10/4/2020	\$ 3,052,870	03/04/15	2,993,941	2,991,552
Limited Liability Company Unit (B)	467 uts.	03/04/15	466,700	439,530
			3,460,641	3,431,082
Connecticut Electric, Inc. A supplier and distributor of electrical products sold into the retail and wholesale markets.				
Limited Liability Company Unit Class A (B)	156,046 uts.	01/12/07	156,046	149,106
Limited Liability Company Unit Class C (B)	112,873 uts.	01/12/07	112,873	115,791
Limited Liability Company Unit Class D (B)	1,268,437 uts.	05/03/10	—	1,458,909
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	—	4,850
			268,919	1,728,656
CTM Holding, Inc. A leading owner and operator of coin-operated children's rides, penny presses and candy kiosks in the U.S.				
15% Senior Subordinated Note due 11/22/2019	\$ 2,480,048	11/22/13	2,441,582	2,508,639
Common Stock (B)	155 shs.	11/22/13	886,364	750,523
			3,327,946	3,259,162
Custom Engineered Wheels, Inc. A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used primarily for lawn and garden products and wheelchairs.				
Preferred Stock PIK (B)	296 shs.	10/26/09	295,550	435,827
Preferred Stock Series A (B)	216 shs.	10/27/09	197,152	318,432
Common Stock (B)	72 shs.	10/26/09	72,238	—
Warrant, exercisable until 2016, to purchase				

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common stock at \$.01 per share (B)	53 shs.	10/27/09	48,608	—
			613,548	754,259

DPL Holding Corporation

A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.

14% Senior Subordinated Note due

05/04/2019	\$	3,270,165	05/04/12	3,229,060	3,270,165
Preferred Stock (B)		61 shs.	05/04/12	605,841	734,507
Common Stock (B)		61 shs.	05/04/12	67,316	306,030
				3,902,217	4,310,702

Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Dunn Paper				
A provider of specialty paper for niche product applications.				
11.25% Senior Subordinated Note due 06/30/2020	\$ 2,969,697	12/30/14	\$ 2,914,323	\$ 3,001,373
Preferred Stock (B)	530 shs.	12/30/14	530,303	718,377
			3,444,626	3,719,750
E S P Holdco, Inc.				
A manufacturer of power protection technology for commercial office equipment, primarily supplying the office equipment dealer network.				
Common Stock (B)	660 shs.	01/08/08	329,990	659,726
Eatem Holding Company				
A developer and manufacturer of savory flavor systems for soups, sauces, gravies, and other products produced by food manufacturers for retail and foodservice end products.				
Common Stock (B)	150 shs.	02/01/10	150,000	277,331
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	358 shs.	02/01/10	321,300	661,249
			471,300	938,580
ECG Consulting Group				
A healthcare management consulting company who provides strategic, financial, operational, and technology related consulting services to healthcare providers.				
11.75% Senior Subordinated Note due 11/21/2020	\$ 2,636,994	11/21/14	2,581,527	2,652,703
Limited Liability Company Unit (B)	467 uts.	11/19/14	145,833	145,405
			2,727,360	2,798,108
EPM Holding Company				
A provider of non-discretionary regulatory driven engineering services that support mission critical safety and operational aspects of nuclear power plants.				
14.5% Senior Subordinated Note due 07/26/2019	\$ 580,629	07/26/13	571,767	592,242
Common Stock (B)	3,069 shs.	07/26/13	306,947	788,846
			878,714	1,381,088

ERG Holding Company LLC

A provider of inpatient and outpatient clinical trial services to pharmaceutical companies and contract research organizations.

13.5% Senior Subordinated Note

due 10/04/2019	\$	1,923,110	04/04/14	1,891,565	1,914,518
Common Stock (B)		63 shs.	04/04/14	157,314	157,325
				2,048,879	2,071,843

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
F F C Holding Corporation				
A leading U.S. manufacturer of private label frozen novelty and ice cream products.				
Limited Liability Company Unit Preferred (B)	512 uts.	09/27/10	\$ 175,035	\$ 209,867
Limited Liability Company Unit Common (B)	512 uts.	09/27/10	51,220 226,255	362,327 572,194
F G I Equity LLC				
A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.				
Limited Liability Company Unit Preferred (B)	483,355 uts.	04/15/14	—	483,355
Limited Liability Company Unit Class B-1 (B)	394,737 uts.	12/15/10	394,737	749,226
Limited Liability Company Unit Class B-2 (B)	49,488 uts.	12/15/10	49,488	93,930
Limited Liability Company Unit Class B-3 (B)	39,130 uts.	08/30/12	90,000	83,936
Limited Liability Company Unit Class C (B)	9,449 uts.	12/20/10	96,056 630,281	151,797 1,562,244
FMH Holdings Corporation				
A designer and manufacturer of highly engineered components for the aerospace, defense and space industries.				
11.5% Senior Subordinated Note due 11/01/2020	\$ 2,929,728	05/01/15	2,872,085	2,942,490
Common Stock (B)	300 shs.	05/01/15	300,485 3,172,570	285,466 3,227,956
G C Holdings				
A leading manufacturer of gaming tickets, industrial recording charts, security-enabled point-of sale receipts, and medical charts and supplies.				
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	594 shs.	10/19/10	140,875	383,812
GD Dental Services LLC				

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A provider of convenient “onestop” general, specialty, and cosmetic dental services with 21 offices located throughout South and Central Florida.

Limited Liability Company Unit Common (B)	1,840 uts.	10/05/12	1,840	110,312
Limited Liability Company Unit Preferred (B)	182 uts.	10/05/12	182,209 184,049	214,794 325,106

GenNx Novel Holding, Inc.

A manufacturer and distributor of
nutraceutical ingredients.

13% Senior Subordinated Note due 03/27/2020	\$ 3,217,930	03/27/14	3,163,904	3,141,429
Common Stock (B)	31,500 shs.	03/27/14	315,000 3,478,904	362,976 3,504,405

Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
gloProfessional Holdings, Inc.				
A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician's office channels.				
14% Senior Subordinated Note due 03/27/2019	\$ 2,841,724	03/27/13	\$ 2,802,694	\$ 2,841,724
Common Stock (B)	2,835 shs.	03/27/13	283,465	391,231
			3,086,159	3,232,955
GlynnDevins Acquisition Corporation				
A marketing communications agency that service senior living facilities.				
13% Senior Subordinated Note due 12/19/2020	\$ 1,600,610	6/19/15	1,568,786	1,595,024
Preferred Stock Series A (B)	695 shs.	6/19/15	143,414	143,415
Common Stock (B)	695 shs.	6/19/15	5,976	5,677
			1,718,176	1,744,116
Golden County Foods Holding, Inc.				
A manufacturer of frozen appetizers and snacks.				
14% Senior Subordinated Note due 11/13/2019 (D)	\$ 73,550	11/13/13	436,682	—
Preferred Stock (B)	287,658 shs.	11/13/13	146,658	—
Preferred Stock Series F (B)	294,200 shs.	11/13/13	1,746,726	—
			2,330,066	—
Grakon Parent				
The leading designer and manufacturer of highly-engineered and customized LED and incandescent lighting systems for transportation-based markets.				
12% Senior Subordinated Note due 04/30/2021	\$ 3,145,270	10/31/14	3,086,792	3,157,047
Common Stock (B)	355 shs.	10/31/14	354,730	396,772
			3,441,522	3,553,819

GTI Holding Company

A designer, developer, and marketer of precision specialty hand tools and handheld test instruments.

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12% Senior Subordinated Note due 02/05/2020	\$ 1,455,729	02/05/14	1,370,101	1,432,549
Common Stock (B)	1,693 shs.	02/05/14	169,271	168,015
Warrant, exercisable until 2024, to purchase common stock at \$.01 per share (B)	795 shs.	02/05/14	73,633 1,613,005	78,897 1,679,461

Handi Quilter Holding Company

A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.

12% Senior Subordinated Note due 06/19/2021	\$ 2,916,667	12/19/14	2,861,545	2,859,550
Limited Liability Company Unit Preferred (B)	583 uts.	12/19/14	583,336	562,219
Limited Liability Company Unit Common (B)	5,833 uts.	12/19/14	— 3,444,881	— 3,421,769

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Hartland Controls Holding Corporation				
A manufacturer and distributor of electronic and electromechanical components.				
14% Senior Subordinated Note due 08/14/2019	\$ 2,211,488	02/14/14	\$ 2,175,304	\$ 2,255,718
12% Senior Subordinated Note due 08/14/2019	\$ 875,000	06/22/15	866,291	875,283
Preferred Stock Series A (B)	5,169 shs.	02/14/14	245,217	251,660
Common Stock (B)	1,666 shs.	02/14/14	1,667	311,007
			3,288,479	3,693,668
Healthcare Direct Holding Company				
A direct-to-consumer marketer of discount dental plans.				
Common Stock (B)	1,552 shs.	03/09/12	155,172	230,931
HHI Group, LLC				
A developer, marketer, and distributor of hobby-grade radio control products.				
14% Senior Subordinated Note due 01/17/2020	\$ 3,136,655	01/17/14	3,086,094	3,199,388
Limited Liability Company Unit (B)	203 uts.	01/17/14	203,125	190,825
			3,289,219	3,390,213
Hi-Rel Group LLC				
A manufacturer and distributor of precision metal piece parts for the microelectronic packaging industry, serving the aerospace/defense, telecommunications, and medical end markets.				
12% Senior Subordinated Note due 03/15/2018	\$ 1,687,500	04/15/13	1,616,257	1,666,454
Limited Liability Company Unit (B)	563 uts.	04/15/13	562,500	487,199
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	89,224 shs.	04/15/13	77,625	73,413
			2,256,382	2,227,066
HOP Entertainment LLC				
A provider of post production equipment and services to producers of television shows and motion pictures.				
Limited Liability Company Unit Class F (B)	89 uts.	10/14/11	—	—
Limited Liability Company Unit Class G (B)	215 uts.	10/14/11	—	—
	89 uts.	10/14/11	—	—

Limited Liability Company Unit Class H (B)					
Limited Liability Company Unit Class I (B)	89 uts.	10/14/11	—	—	—
			—		—
Hospitality Mints Holding Company					
A manufacturer of individually-wrapped imprinted promotional mints.					
12% Senior Subordinated Note due 08/19/2016	\$ 2,075,581	08/19/08	2,039,280	2,061,465	
Common Stock (B)	474 shs.	08/19/08	474,419	121,584	
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	123 shs.	08/19/08	113,773	31,425	
			2,627,472	2,214,474	

Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
HVAC Holdings, Inc.				
A provider of integrated energy efficiency services and maintenance programs for HVAC systems.				
12.5% Senior Subordinated Note due 09/27/2019	\$ 2,864,157	09/27/12	\$ 2,824,539	\$ 2,847,448
Limited Liability Company Unit Class A Common (B)	2,185 uts.	09/27/12	2,185	74,183
Limited Liability Company Unit Class A Preferred (B)	2,705 uts.	09/27/12	270,542	349,852
			3,097,266	3,271,483
Ideal Tridon Holdings, Inc.				
A designer and manufacturer of clamps and couplings used in automotive and industrial end markets.				
Common Stock (B)	279 shs.	10/27/11	278,561	565,908
Impact Confections				
An independent manufacturer and marketer of confectionery products including Warheads® brand sour candies, Melster® brand classic candies, and co-manufactured/private label classic candies.				
13% Senior Subordinated Note due 11/04/2020	\$ 2,172,211	11/10/14	2,132,211	2,163,928
Common Stock (B)	4,667 shs.	11/10/14	466,667	354,684
			2,598,878	2,518,612
Insurance Claims Management, Inc.				
A third party administrator providing auto and property claim administration services for insurance companies.				
Common Stock (B)	89 shs.	02/27/07	2,689	355,196
J A C Holding Enterprises, Inc.				
A supplier of luggage racks and accessories to the original equipment manufacturers.				
Preferred Stock A (B)	495 shs.	12/20/10	495,000	522,215
Preferred Stock B (B)	0.17 shs.	12/20/10	—	176
Common Stock	100 shs.	12/20/10	5,000	—
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share	36 shs.	12/20/10	316,930	149,310
			816,930	671,701

Janus Group Holdings LLC

A manufacturer of roll-up doors and hallway systems that are primarily used in self-storage facilities.

13.5% Senior Subordinated Note due 06/11/2019	\$ 2,684,783	12/11/13	2,642,392	2,738,479
Limited Liability Company Unit Class A (B)	565 uts.	12/11/13	278,515 2,920,907	984,410 3,722,889

JMH Investors LLC

A developer and manufacturer of custom formulations for a wide variety of foods.

14.25% Senior Subordinated Note due 12/05/2019	\$ 2,625,505	12/05/12	2,588,657	2,362,494
Limited Liability Company Unit (B)	2,493,253 uts.	12/05/12	557,301 3,145,958	24,933 2,387,427

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
K & N Parent, Inc.				
A manufacturer and supplier of automotive aftermarket performance air filters and intake systems.				
Preferred Stock Series A	305 shs.	12/23/11	\$ —	\$ —
Preferred Stock Series B	86 shs.	12/23/11	—	—
Common Stock	489 shs.	*	19,565	294,874
* 12/23/11 and 06/30/14.			19,565	294,874
K N B Holdings Corporation				
A designer, manufacturer and marketer of products for the custom framing market.				
Common Stock (B)	134,210 shs.	05/24/06	134,210	140,079
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	82,357 shs.	05/25/06	71,534 205,744	85,959 226,038
K P I Holdings, Inc.				
The largest player in the U.S. non-automotive, non-ferrous die casting segment.				
Limited Liability Company Unit				
Class C Preferred (B)	75 uts.	06/30/15	—	80,312
Common Stock (B)	667 shs.	07/15/08	539,502 539,502	714,351 794,663
Mail Communications Group, Inc.				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				
Limited Liability Company Unit	24,109 uts.	*	314,464	633,365
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)	3,375 shs.	05/04/07	43,031 357,495	88,665 722,030
* 05/04/07 and 01/02/08.				
Manhattan Beachwear Holding Company				
A designer and distributor of women's swimwear.				
12.5% Senior Subordinated Note due 01/15/2018	\$ 1,259,914	01/15/10	1,187,237	1,258,828
15% Senior Subordinated Note due 01/15/2018	\$ 345,759	10/05/10	342,759	328,144
Common Stock (B)	106 shs.	10/05/10	106,200	130,990

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Common Stock Class B (B)	353 shs.	01/15/10	352,941	435,326
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	312 shs.	10/05/10	283,738 2,272,875	385,261 2,538,549

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Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Master Cutlery LLC				
A designer and marketer of a wide assortment of knives and swords.				
13% Senior Subordinated Note due 04/17/2020	\$ 1,771,729	04/17/15	\$ 1,750,107	\$ 1,756,181
Limited Liability Company Unit (B)	9 uts.	04/17/15	1,356,658	1,373,597
			3,106,765	3,129,778
MedSystems Holdings LLC				
A manufacturer of enteral feeding products, such as feeding tubes and other products related to assisted feeding.				
Preferred Unit (B)	126 uts.	08/29/08	87,177	168,033
Common Unit Class A (B)	1,268 uts.	08/29/08	1,268	258,725
Common Unit Class B (B)	497 uts.	08/29/08	120,064	101,496
			208,509	528,254
Merex Holding Corporation				
A provider of after-market spare parts and components, as well as Maintenance, Repair and Overhaul services for “out of production” or “legacy” aerospace and defense systems that are no longer effectively supported by the original equipment manufacturers.				
14% Senior Subordinated Note due 10/30/2019	\$ 1,362,886	09/22/11	1,347,629	1,305,458
Limited Liability Company Unit Series A	684 uts.	05/07/14	44,281	7,751
Limited Liability Company Unit Series B (B)	467,833 uts.	09/22/11	467,833	107,037
			1,859,743	1,420,246
MES Partners, Inc.				
An industrial service business offering an array of cleaning and environmental services to the Gulf Coast region of the U.S.				
12% Senior Subordinated Note due 09/30/2021	\$ 2,211,962	09/30/14	2,171,188	2,223,556
Common Stock Class B (B)	445,455 shs.	09/30/14	445,455	620,105
			2,616,643	2,843,661
MNX Holding Company				
An international third party logistics company providing customized logistics services to customers across the globe.				
	\$ 3,050,765	11/02/12	3,008,582	2,992,677

14% Senior Subordinated Note due
11/02/2019

Common Stock (B)	107 shs.	11/02/12	107,143 3,115,725	57,954 3,050,631
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Money Mailer

A leading provider of hyperlocal shared direct mail advertising as well as interactive and online advertising solutions through its nationwide production and distribution network.

Preferred Stock	2,704,364 shs.	12/10/14	2,663,799	2,704,364
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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Motion Controls Holdings				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% Senior Subordinated Note due 08/15/2020	\$ 2,948,715	11/30/10	\$ 2,920,701	\$ 2,948,715
Limited Liability Company Unit Class B-1 (B)	225,000 uts.	11/30/10	—	238,950
Limited Liability Company Unit Class B-2 (B)	20,403 uts.	11/30/10	—	21,668
			2,920,701	3,209,333
NABCO, Inc.				
A producer of explosive containment vessels in the United States.				
Common Stock (B)	809 shs.	12/20/12	578,174	382,987
NetShape Technologies, Inc.				
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.				
12% Senior Subordinated Note due 06/10/2020	\$ 1,530,000	02/02/07	1,528,662	1,503,734
Limited Partnership Interest of Saw Mill PCG Partners LLC (B)	2.73% int.	02/01/07	1,110,810	—
Limited Liability Company Unit Class D of Saw Mill PCG Partners LLC (B)	17 uts.	*	16,759	—
Limited Liability Company Unit Class D-1 of Saw Mill PCG Partners LLC (B)	229 uts.	09/30/09	228,858	—
Limited Liability Company Unit Class D-2 of Saw Mill PCG Partners LLC (B)	128 uts.	04/29/11	65,256	251,006
Limited Liability Company Unit Class D-3 of Saw Mill PCG Partners LLC (B)	196 uts.	12/10/14	196,263	207,251
* 12/18/08 and 09/30/09.			3,146,608	1,961,991
Northwest Mailing Services, Inc.				

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A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs.

Limited Partnership Interest (B)	3,287 uts.	*	328,679	261,989
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	4,920 shs.	*	492,016	392,184
* 07/09/09 and 08/09/10.			820,695	654,173

O E C Holding Corporation

A provider of elevator maintenance, repair and modernization services.

13% Senior Subordinated Note due 08/23/2018	\$ 1,333,333	06/04/10	1,277,535	1,333,333
Preferred Stock Series A (B)	1,661 shs.	06/04/10	166,062	257,866
Preferred Stock Series B (B)	934 shs.	06/04/10	93,376	—
Common Stock (B)	1,032 shs.	06/04/10	1,032	—
			1,538,005	1,591,199

Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Pearlman Enterprises, Inc.				
A developer and distributor of tools, equipment, and supplies to the natural and engineered stone industry.				
Preferred Stock Series A (B)	2,334 shs.	05/22/09	\$ 111,508	\$ 3,661,657
Preferred Stock Series B (B)	13,334 shs.	05/22/09	547,872	215,492
Common Stock (B)	40,540 shs.	05/22/09	1,877,208	—
			2,536,588	3,877,149
Petroplex Inv Holdings LLC				
A leading provider of acidizing services to E&P customers in the Permian Basin.				
Limited Liability Company				
Unit	375,000 uts.	11/29/12	375,000	466,032
Polytex Holdings LLC				
A manufacturer of water based inks and related products serving primarily the wall covering market.				
13% Senior Subordinated				
Note due 01/31/2020	\$ 2,122,741	07/31/14	2,085,760	2,093,978
Limited Liability Company				
Unit	300,485 uts.	07/31/14	300,485	305,928
			2,386,245	2,399,906
Power Stop Holdings LLC				
A supplier of performance upgrade aftermarket brake products.				
11% Senior Subordinated				
Note due 05/29/2022	\$ 3,266,800	5/29/15	3,202,291	3,293,809
Limited Liability Company				
Unit Common (B)	2,332 uts.	5/29/15	—	—
Limited Liability Company				
Unit Preferred (B)	2,332 uts.	5/29/15	233,200	233,200
			3,435,491	3,527,009
PPC Event Services				
A special event equipment rental business.				
14% Senior Subordinated				
Note due 05/20/2020	\$ 2,297,807	11/20/14	2,254,782	2,314,767
Limited Liability Company				
Unit (B)	7,000 uts.	11/20/14	350,000	334,695

				2,604,782	2,649,462
R A J Manufacturing Holdings LLC					
A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.					
8% Senior Subordinated Note due 01/02/2017	\$	94,270	01/02/14	410,667	94,429
Limited Liability Company Unit (B)		2,828 uts.	12/15/06	282,810	—
Limited Liability Company Unit Class B Common (B)		10 uts.	01/02/14	414,787	—
Limited Liability Company Unit Class B-1 Preferred (B)		18 uts.	01/02/14	707,024	707,022
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)		3 shs.	12/15/06	131,483	—
				1,946,771	801,451

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Randy's Worldwide Automotive				
A designer and distributor of automotive aftermarket parts.				
11.5% Senior Subordinated Note due 05/12/2021	\$ 2,304,719	5/12/15	\$ 2,259,655	\$ 2,283,416
Common Stock (B)	240 shs.	5/12/15	240,388	228,371
			2,500,043	2,511,787
REVSpring, Inc.				
A provider of accounts receivable management and revenue cycle management services to customers in the healthcare, financial and utility industries.				
Limited Liability Company				
Unit Class A (B)	40,643 uts.	*	406,432	650,158
* 10/21/11 and 08/03/12.				
Safety Infrastructure Solutions				
A provider of trench safety equipment to a diverse customer base across multiple end markets in Texas and the Southwestern United States.				
Preferred Stock (B)	6,294 shs.	03/30/12	251,758	330,821
Common Stock (B)	2,949 shs.	03/30/12	29,492	258,957
			281,250	589,778
Signature Systems Holdings Company				
A seller and installer of a variety of modular surfaces, industrial matting and related products used for ground protection.				
Common Stock (B)	181 shs.	03/15/13	181,221	610,859
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	74 shs.	03/15/13	67,958	249,541
			249,179	860,400
Smart Source Holdings LLC				
A short-term computer rental company.				
Limited Liability Company				
Unit (B)	619 uts.	*	493,496	560,606

Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	157 shs.	*	127,437	142,020
* 08/31/07 and 03/06/08.			620,933	702,626

SMB Machinery Holdings,
Inc.

A reseller of used, rebuilt and refurbished packaging and processing equipment, primarily serving the bottling and food manufacturing industries.

14% Senior Subordinated Note due 10/18/2019	\$	1,507,159	10/18/13	1,483,955	1,130,369
Common Stock (B)		1,681 shs.	10/18/13	168,100	—
				1,652,055	1,130,369

Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Spartan Foods Holding Company				
A manufacturer of branded pizza crusts and pancakes.				
12.25% Senior Subordinated Note due 03/01/2019	\$ 1,143,342	12/15/09	\$ 1,055,150	\$ 1,143,342
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	257 shs.	12/15/09	227,109	242,744
			1,282,259	1,386,086
Strahman Holdings Inc				
A manufacturer of industrial valves and wash down equipment for a variety of industries, including chemical, petrochemical, polymer, pharmaceutical, food processing, beverage and mining.				
14% Senior Subordinated Note due 06/13/2019	\$ 2,119,565	12/13/13	2,083,288	2,138,075
Preferred Stock A (B)	317,935 shs.	12/13/13	317,935	340,041
			2,401,223	2,478,116
Sundance Investco LLC				
A provider of post-production services to producers of movies and television shows.				
Limited Liability Company Unit Class A (B)	6,429 uts.	03/31/10	—	—
Sunrise Windows Holding Company				
A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.				
14% Senior Subordinated Note due 12/14/2017	\$ 3,163,338	12/14/10	3,082,825	3,163,338
14% Senior Subordinated PIK Note due 12/14/2017	\$ 319,346	08/17/12	313,449	317,063
Common Stock (B)	115 shs.	12/14/10	114,504	125,716
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	112 shs.	12/14/10	111,747	122,697
			3,622,525	3,728,814

Synteract Holdings Corporation

A provider of outsourced clinical trial management services to pharmaceutical and biotechnology companies.

16% Senior Subordinated Note due 02/26/2019	\$	4,368,755	09/02/08	4,275,400	4,368,755
Preferred Stock Series D (B) Redeemable Preferred Stock Series A (B)		485 shs.	02/27/13	48,503	—
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)		1,280 shs.	10/03/08	12,523	—
		12,803 shs.	09/02/08	112,693	—
				4,449,119	4,368,755

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Torrent Group Holdings, Inc.				
A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.				
3% Senior Subordinated Note due 12/31/2018 (D)	\$ 2,006,491	12/05/13	\$ —	\$ 1,906,167
15% Senior Subordinated Note due 12/05/2020 (D)	\$ 88,396	12/05/13	414,051	35,358
Warrant, exercisable until 2023, to purchase				