

BABSON CAPITAL CORPORATE INVESTORS  
Form N-CSR  
March 09, 2016

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)

Janice M. Bishop, Vice President, Secretary and Chief Legal Officer

Independence Wharf, 470 Atlantic Ave., Boston, MA 02210

(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: 12/31/15

## Edgar Filing: BABSON CAPITAL CORPORATE INVESTORS - Form N-CSR

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.

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

**2015**

**Babson Capital**  
**CORPORATE INVESTORS**  
2015 Annual Report

## **BABSON CAPITAL CORPORATE INVESTORS**

Babson Capital Corporate Investors is a closed-end investment company, first offered to the public in 1971, whose shares are traded on the New York Stock Exchange.

## **INVESTMENT OBJECTIVE & 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 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 fixed 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. Such direct placement securities may, in some cases, be accompanied by equity features such as 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.

Accordingly, the Trust pays dividends to shareholders four times a year 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.

In this report, you will find a complete listing of the Trust's holdings. We encourage you to read this section carefully for a better understanding of the Trust. We cordially invite all shareholders to attend the Trust's Annual Meeting of Shareholders, which will be held on April 22, 2016 at 1:00 P.M. in Springfield, Massachusetts.

## **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 1-866-399-1516; (2) on the Trust's website at <http://www.BabsonCapital.com/mci>; and (3) on the U.S. Securities and Exchange Commission's ("SEC") 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, 2015 is available (1) on the Trust's website at <http://www.BabsonCapital.com/mci>; and (2) on the SEC's website at <http://www.sec.gov>.

## **FORM N-Q**

The Trust files its complete schedule of portfolio holdings with the 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

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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.

quarter-end is available on the Trust's website at <http://www.BabsonCapital.com/mci> or upon request by calling, toll-free, 1-866-399-1516.

**BABSON CAPITAL CORPORATE INVESTORS**

c / o Babson Capital Management LLC

1500 Main Street

P.O. Box 15189

Springfield, Massachusetts 01115-5189

(413) 226-1516

<http://www.BabsonCapital.com/mci>

**COUNSEL TO THE TRUST**

Ropes & Gray LLP

Boston, Massachusetts 02111

**CUSTODIAN**

State Street Bank and Trust Company

Boston, MA 02110

**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, MO 64121-9086

1-800-647-7374

**INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM**

KPMG LLP

Boston, Massachusetts 02111

**PORTFOLIO COMPOSITION AS OF 12/31/15\***

**TOTAL ANNUAL PORTFOLIO RETURN (AS OF 12/31 EACH YEAR)\***

\* Data for Babson Capital Corporate Investors (the "Trust") represents returns based on the change in the Trust's net asset value (net of all fees and expenses) assuming the reinvestment of all dividends and distributions. These returns differ from the total investment return based on market value of the Trust's shares due to the difference between the Trust's net asset value of its shares outstanding (See page 11 for total investment return based on market value). Past performance is no guarantee of future results.



Babson Capital Corporate Investors

**TO OUR SHAREHOLDERS**

I am pleased to share with you the Trust's Annual Report for the year ended December 31, 2015.

**PORTFOLIO PERFORMANCE**

The Trust's net total portfolio rate of return for 2015 was 6.2%, as measured by the change in net asset value assuming the reinvestment of all dividends and distributions. The Trust's total net assets were \$275,915,289 or \$14.03 per share, as of December 31, 2015. This compares to \$280,130,264 or \$14.34 per share, as of December 31, 2014. The Trust paid a quarterly dividend of \$0.30 per share for each of the four quarters of 2015, for a total annual dividend of \$1.20 per share. In 2014, the Trust also paid four quarterly dividends of \$0.30 per share, for a total annual dividend of \$1.20 per share. Net investment income for 2015 was \$1.06 per share, including approximately \$0.12 per share of non-recurring income, compared to 2014 net investment income of \$1.23 per share, which included approximately \$0.21 per share of non-recurring income.

The Trust's stock price increased 8.6% during 2015, from \$15.89 as of December 31, 2014 to \$17.25 as of December 31, 2015. The Trust's stock price of \$17.25 as of December 31, 2015 equates to a 23.0% premium over the December 31, 2015 net asset value per share of \$14.03. The Trust's average quarter-end premium for the 3-, 5-, 10- and 25-year periods ended December 31, 2015 was 10.1%, 16.2%, 12.9%, and 5.2%, respectively.

The table below lists the average annual net returns of the Trust's portfolio, based on the change in net assets and assuming the reinvestment of all dividends and distributions. Average annual returns of the Barclays Capital U.S. Corporate High Yield Index and the Russell 2000 Index for the 1-, 3-, 5-, 10- and 25-year periods ended December 31, 2015 are provided for comparison purposes only.

	The Trust	Barclays Capital U.S. Corporate High Yield Index	Russell 2000 Index
1 Year	6.20%	-4.47%	-4.41%

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3 Years	10.86%	1.69%	11.65%
5 Years	12.30%	5.04%	9.19%
10 Years	10.74%	6.69%	6.80%
25 Years	13.89%	9.00%	10.50%

Past performance is no guarantee of future results.

## **PRIVATE PORTFOLIO ACTIVITY**

In 2015, the Trust closed 20 new private placement investments, as well as four "add-on" investments in existing portfolio companies. The 20 new investments were in AFC - Dell Holding Corporation; Animal Supply Company; ASC Holdings, Inc.; Aurora Parts & Accessories LLC; BlueSpire Holding, Inc.; Compass Chemical International LLC; Eagle Family Foods, Inc.; FMH Holdings Corporation; GlynnDevins Acquisition Corporation; Hollandia Produce LLC; Kygen Company; Master Cutlery LLC; MC Sign Holdings LLC; Power Stop Holdings LLC; Randy's Worldwide Automotive; Sunvair Aerospace Group Inc.; Team Drive-Away Holdings LLC; Tristar Global Energy Solutions, Inc.; Westminster Acquisition LLC and York Wall Holding Company. In addition, the Trust added to existing private placement investments in Advanced Manufacturing Enterprises LLC; Hartland Controls Holding Corporation; Merex Holding Corporation and Strahman Holdings Inc.

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 \$55,820,480, which was up 7.7% from the \$51,852,942 of new private placement investments made by the Trust in 2014. We are pleased to have generated strong new investment volume for the Trust two years in a row.

The Trust's new investment activity in 2015 benefited from high levels of middle market merger and acquisition activity in the first half of the year, and a stable level of activity in the second half of the year. For the full year, middle market buyout volume was flat with 2014, but still at its highest level since 2007. The dark clouds on the horizon, though, continue to be the high purchase prices and leverage levels that have been common in buyout transactions for the last couple of years. Competition for new investment opportunities remains intense, as there continues to be an overabundance of private debt and equity capital looking to be invested. As a result, attractive companies are being aggressively pursued by both buyers and lenders alike. In 2014, average purchase price multiples for small companies were at their highest levels over the past 15 years. In 2015, to our amazement, average purchase price multiples actually increased another approximately 11% over the prior year and reached new record levels. Leverage multiples have also been worrisomely high for several years. Though 2015 leverage levels were flat with the prior year, they are still at their second highest level over the past 15 years.

Though we were very active investors on behalf of the Trust in both 2015 and 2014, we did so, and will continue to 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. In 2015, in the face of these aggressive market conditions, we continued our history of investing in companies at lower than market leverage levels. The average leverage of the Trust's new private placement investments in 2015 was 4.3 times EBITDA, compared to the average market multiple of 5.3 times EBITDA. This approach has served us well over the long term and through all kinds of market cycles.

In addition to strong new investment activity, the condition of the Trust's existing portfolio remained solid throughout the year. Sales and earnings for the Trust's portfolio companies as a whole continued their upward momentum, though at a more moderate level than in 2014. We had more credit upgrades in the portfolio this year than downgrades (based on our internal credit rating system), while the number of companies on our watch list or in default remained at or near the lowest level we have seen over the last eight years.

We had 21 companies exit from the Trust's portfolio during 2015. This is a high level of exit activity for the Trust's portfolio, especially coming on top of the unprecedented 32 exits we experienced in 2014, and is another indicator of

how active and aggressive the markets continued to be in 2015. In 18 of these exits, the Trust realized a positive return on its investment. These investments were: ASC Group, Inc.; All Current Holding Company; Arch Global Precision LLC; Arrow Tru-Line Holdings, Inc.; Bravo Sports Holding Corporation; Capital Specialty Plastics, Inc.; CorePharma LLC; Crane Rental Corporation; Eatem Holding Company; EPM Holding Company; MVI Holdings, Inc.; Nicoat Acquisitions LLC; RAJ Manufacturing Holdings LLC; Rose City Holding Company; Spartan Foods Holding Company; Truck Bodies & Equipment International; TruStile Doors, Inc.; and Wheaton Holding Corporation. Three long-standing troubled investments, American Hospice Management Holding LLC; Golden County Foods Holdings, Inc.; and MicroGroup, Inc., were realized in 2015 at a loss. The Trust also benefited from dividends associated with the recapitalizations of five companies during the year.

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Babson Capital Corporate Investors

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The level of refinancing activity in the portfolio in 2015 was thankfully down from the high level of refinancings we saw in 2014 and 2013. These transactions, in which the debt instruments held by the Trust were fully or partially prepaid, are being driven by companies seeking to take advantage of low interest rates and the abundant availability of capital. Unless replaced by new investments, these prepayments reduce net investment income. During 2015, we had 15 portfolio companies fully or partially prepay their debt obligations to the Trust, compared to 20 such prepayments in 2014 and 32 in 2013.

The high level of exit activity in the portfolio this year, along with another year of above-average prepayment activity, was the principal reason that the Trust's net investment income, excluding non-recurring items, declined from \$1.02 per share in 2014 to \$0.92 per share in 2015.

## **OUTLOOK FOR 2016**

We had a strong fourth quarter of 2015 in terms of new investment closings, and that has carried over into 2016. We have a healthy backlog of deal flow. Surveys of middle market financiers indicate that most expect 2016 to be another active year in terms of deal flow. We did see the pressure on leverage levels and investment returns stabilize as we progressed through 2015, and that also is expected to continue into 2016. As a result, assuming economic conditions remain reasonably stable, we are optimistic about the outlook for new investment activity for the Trust in 2016. We also have a number of portfolio companies that are in the process of being sold and we are hopeful that those exits will once again generate capital gains for the Trust. Rest assured that despite constantly changing market conditions, we will continue to employ on behalf of the Trust the same investment philosophy that has served it well since its inception: investing in companies which we believe have a strong business proposition, solid cash flow and experienced, ethical management. We believe this philosophy, along with Babson Capital's seasoned investment management team, positions the Trust well to meet its long-term investment objectives.

While the Trust was able to maintain its \$0.30 per share quarterly dividend in 2015 for a total annual dividend of \$1.20 per share, we must make note again, as we did in last year's and the 2013 Annual Report, that this dividend level may not be sustainable throughout 2016. The Trust's net investment income per share, excluding non-recurring income, of \$0.92 per share in 2015 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 exits and prepayment activity that has occurred over the last three years. Despite two years of robust new investment activity, we have not been able to grow the portfolio enough to offset this ongoing effect. 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. In 2015, the Trust earned \$0.12 per share of non-recurring income, mostly due to dividend distributions from the recapitalization of a few portfolio companies. In addition, the Trust received \$0.15 per share of income from CI Subsidiary Trust, a wholly-owned subsidiary of the Trust. This dividend represents income from investments held by CI Subsidiary Trust. This income has replenished the Trust's earnings carry-forwards and should be available to supplement recurring income for the next few quarters. Unless market conditions change dramatically though, it is still unlikely that we will be able to rebuild the portfolio back to its former size in the near term and grow net investment income. As a result, it is likely that in 2016 we will have to reduce the dividend from the current \$0.30 per share quarterly rate. As we move through 2016, 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.

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As always, I would like to thank you for your continued interest in and support of Babson Capital Corporate Investors. I look forward to seeing you at the Trust's annual shareholder meeting in Springfield on April 22, 2016.

Sincerely,

Michael L. Klofas

President

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 in 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

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2015 Dividends	Record Date	Total Paid	Ordinary Income	Short-Term Gains	Long-Term Gains
Regular	5/1/2015	0.3000	0.3000	-	-
Regular	8/3/2015	0.3000	0.3000	-	-
Regular	11/4/2015	0.3000	0.3000	-	-
Regular	12/31/2015	0.3000	0.3000	-	-
		1.2000	\$ 1.2000	\$ 0.0000	\$ 0.0000

Annual Dividend	Qualified for Dividend Received Deduction***	Qualified Dividends****	Interest Earned on U.S. Gov't. Obligations
Amount per Share	Percent	Amount per Share	Percent
\$ 1.20	17.4323%	0.2087	0%

\*\*\* Not available to individual shareholders

\*\*\*\* Qualified dividends are reported in Box 1b on IRS Form 1099-Div for 2015



## **BABSON CAPITAL CORPORATE INVESTORS**

### **Financial Report**

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Babson Capital Corporate Investors

**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES****December 31, 2015****Assets:**

Investments (See Consolidated Schedule of Investments)	
Corporate restricted securities at fair value (Cost - \$191,533,740)	\$ 197,472,663
Corporate restricted securities at market value (Cost - \$62,298,718)	57,921,887
Corporate public securities at market value (Cost - \$46,363,532)	40,927,921
Short-term securities at amortized cost	6,897,822
Total investments (Cost - \$307,093,812)	303,220,293
Cash	8,927,472
Interest receivable	3,509,878
Other assets	66,194
<b>Total assets</b>	<b>315,723,837</b>

**Liabilities:**

Note payable	30,000,000
Dividend payable	5,899,411
Tax payable	1,390,232
Deferred tax liability	1,128,177
Investment advisory fee payable	862,235
Interest payable	202,400
Accrued expenses	326,093
<b>Total liabilities</b>	<b>39,808,548</b>
<b>Total net assets</b>	<b>\$ 275,915,289</b>

**Net Assets:**

Common shares, par value \$1.00 per share	\$ 19,664,704
Additional paid-in capital	111,417,865
Retained net realized gain on investments, prior years	143,724,071
Undistributed net investment gain	4,260,165
Accumulated net realized gain on investments	1,850,180
Net unrealized depreciation of investments	(5,001,696)
<b>Total net assets</b>	<b>\$ 275,915,289</b>
<b>Common shares issued and outstanding (28,054,782 authorized)</b>	<b>19,664,704</b>
<b>Net asset value per share</b>	<b>\$ 14.03</b>

See Notes to Consolidated Financial Statements

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## CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2015

Investment Income:	
Interest	\$ 25,338,871
Dividends	1,225,179
Other	233,800
<b>Total investment income</b>	<b>26,797,850</b>
Expenses:	
Investment advisory fees	3,597,521
Interest	1,584,000
Trustees' fees and expenses	355,000
Professional fees	238,002
Reports to shareholders	98,000
Custodian fees	35,276
Other	466,088
<b>Total expenses</b>	<b>6,373,887</b>
<b>Investment income - net</b>	<b>20,423,963</b>
Net realized and unrealized loss on investments:	
Net realized gain on investments before taxes	2,863,085
Income tax expense	(978,715)
Net realized gain on investments after taxes	1,884,370
Net change in unrealized depreciation of investments before taxes	(5,051,864)
Net change in deferred income tax expense	26,653
Net change in unrealized depreciation of investments after taxes	(5,025,211)
<b>Net loss on investments</b>	<b>(3,140,841)</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$ 17,283,122</b>

See Notes to Consolidated Financial Statements

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Babson Capital Corporate Investors

**CONSOLIDATED STATEMENT OF CASH FLOWS****For the year ended December 31, 2015**

Net decrease in cash:	
Cash flows from operating activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ 9,719,366
Purchases of portfolio securities	(93,342,202)
Proceeds from disposition of portfolio securities	87,877,538
Interest, dividends and other income received	23,959,560
Interest expense paid	(1,584,000)
Operating expenses paid	(4,771,486)
Income taxes paid	(3,931,601)
<b>Net cash provided by operating activities</b>	<b>17,927,175</b>
Cash flows from financing activities:	
Cash dividends paid from net investment income	(23,500,440)
Receipts for shares issued on reinvestment of dividends	2,041,729
<b>Net cash used for financing activities</b>	<b>(21,458,711)</b>
<b>Net decrease in cash</b>	<b>(3,531,536)</b>
Cash - beginning of year	12,459,008
<b>Cash - end of year</b>	<b>\$ 8,927,472</b>
<b>Reconciliation of net increase in net assets to net</b>	
<b>cash provided by operating activities:</b>	
<b>Net increase in net assets resulting from operations</b>	<b>\$ 17,283,122</b>
Decrease in investments	4,123,142
Increase in interest receivable	(669,096)
Increase in other assets	(28,567)
Decrease in receivable for investments sold	179,712
Decrease in tax payable	(2,952,886)
Decrease in deferred tax liability	(26,653)
Decrease in investment advisory fee payable	(13,172)
Increase in accrued expenses	31,573
<b>Total adjustments to net assets from operations</b>	<b>644,053</b>
<b>Net cash provided by operating activities</b>	<b>\$ 17,927,175</b>

See Notes to Consolidated Financial Statements

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## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2015 and 2014

	2015	2014
(Decrease)/Increase in net assets:		
Operations:		
Investment income - net	\$ 20,423,963	\$ 23,984,946
Net realized gain on investments after taxes	1,884,370	8,854,438
Net change in unrealized depreciation of investments after taxes	(5,025,211)	(84,222)
Net increase in net assets resulting from operations	17,283,122	32,755,162
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2015 - 131,288; 2014 - 139,761)	2,041,729	2,065,868
Dividends to shareholders from:		
Net investment income (2015 - \$1.20 per share; 2014 - \$1.20 per share)	(23,539,826)	(23,378,280)
<b>Total (decrease) / increase in net assets</b>	<b>(4,214,975)</b>	<b>11,442,750</b>
<b>Net assets, beginning of year</b>	<b>280,130,264</b>	<b>268,687,514</b>
<b>Net assets, end of year</b> (including undistributed net investment income of \$4,260,165 and \$2,783,533, respectively)	<b>\$ 275,915,289</b>	<b>\$ 280,130,264</b>

See Notes to Consolidated Financial Statements

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## Babson Capital Corporate Investors

**CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS****Selected data for each share of beneficial interest outstanding:**

	For the years ended December 31,				
	2015	2014	2013	2012	2011 (a)
Net asset value:					
Beginning of year	\$ 14.34	\$ 13.85	\$ 13.38	\$ 12.69	\$ 12.56
Net investment income (b)	1.04	1.23	1.18	1.28	1.29
Net realized and unrealized gain (loss)					
on investments	(0.16)	0.45	0.48	0.69	0.17
Total from investment operations	0.88	1.68	1.66	1.97	1.46
Dividends from net investment income to					
common shareholders	(1.20)	(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	0.01	0.01	0.01	0.02	0.02
Total dividends	(1.19)	(1.19)	(1.19)	(1.28)	(1.33)
Net asset value: End of year	\$ 14.03	\$ 14.34	\$ 13.85	\$ 13.38	\$ 12.69
Per share market value: End of year	\$ 17.25	\$ 15.89	\$ 14.93	\$ 15.28	\$ 17.99
Total investment return					
Net asset value (c)	6.20%	13.78%	12.76%	17.07%	12.00%
Market value (c)	17.01%	16.53%	5.93%	(7.11%)	27.92%
Net assets (in millions):					
End of year	\$ 275.92	\$ 280.13	\$ 268.69	\$ 257.38	\$ 241.94
Ratio of total expenses to average net assets	2.56%	3.66%	2.42%	3.17%	2.42%
Ratio of operating expenses to average net assets	1.67%	1.65%	1.64%	1.66%	1.62%
Ratio of interest expense to average net assets	0.55%	0.57%	0.59%	0.63%	0.64%
Ratio of income tax expense to average					
net assets (d)	0.34%	1.44%	0.19%	0.88%	0.16%
Ratio of net investment income to average					
net assets	7.12%	8.57%	8.50%	9.78%	9.91%
Portfolio turnover	29%	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) 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.
- (d) 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.

Senior borrowings:

Total principal amount (in millions)	\$	30	\$	30	\$	30	\$	30	\$	30
Asset coverage per \$1,000 of indebtedness	\$	10,197	\$	10,338	\$	9,956	\$	9,579	\$	9,065

See Notes to Consolidated Financial Statements

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**CONSOLIDATED SCHEDULE OF INVESTMENTS**

December 31, 2015

Corporate Restricted Securities - 92.56%: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Private Placement Investments - 71.57%: (C)</b>				
<b>1492 Acquisition LLC</b>				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated Note due 10/17/2019	\$ 1,658,739	10/17/12	\$ 1,637,571	\$ 1,642,467
Limited Liability Company Unit				
Class A Preferred (B)	245 uts.	10/17/12	245,450	309,693
Limited Liability Company Unit				
Class A Common (B)	27,273 uts.	10/17/12	27,273	66,687
			1,910,294	2,018,847
<b>A W X Holdings Corporation</b>				
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		05/15/08		
12/20/2016 (D)	\$ 735,000		724,402	709,275
13% Senior Subordinated Note due		05/15/08		
12/20/2016 (D)	\$ 735,000		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	709,275
<b>ABC Industries, Inc.</b>				
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	407,044	434,764
Preferred Stock Series A (B)	300,000 shs.	08/01/12	300,000	563,144
Warrant, exercisable until 2022, to purchase	53,794 shs.	08/01/12	101,870	95,432

common stock at \$.02 per share (B)			808,914	1,093,340
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**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)	64 uts.	11/09/12	-	-
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**Advanced Manufacturing Enterprises LLC**

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	243,302
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\* 12/07/12, 07/11/13 and 06/30/15.

See Notes to Consolidated Financial Statements

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2015

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Advanced Technologies Holdings</b>				
A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	287 shs.	12/27/07	\$ 141,915	\$ 622,076
Convertible Preferred Stock Series B (B)	52 shs.	01/04/11	40,800	113,860
			182,715	735,936
<b>AFC - Dell Holding Corporation</b>				
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	\$ 2,417,275	03/27/15	2,374,171	2,421,554
Preferred Stock (B)	2,276 shs.	03/27/15	227,558	229,284
Common Stock (B)	703 shs.	03/27/15	703	-
			2,602,432	2,650,838
<b>Airxcel Holdings</b>				
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	\$ 2,966,307	11/18/14	2,915,774	2,881,074
Limited Liability Company Unit	583 uts.	11/18/14	583,000	514,503
			3,498,774	3,395,577
<b>AMS Holding LLC</b>				
A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.				
Limited Liability Company Unit				
Class A Preferred (B)	273 uts.	10/04/12	272,727	782,283
<b>Animal Supply Company</b>				
A distributor of pet products to independent pet stores, veterinary clients and other pet specialty retailers.				
10.5% Second Lien Term Loan due 09/17/2019	\$ 3,570,000	03/30/15	3,526,433	3,383,391

**ARI Holding Corporation**

A leading national supplier of products used primarily by specialty contractors.

11.5% Senior Subordinated Note due					
02/01/2020	\$	3,409,147	*	3,366,193	3,411,767
Limited Partnership Interest		1,048 uts.	08/01/14	1,047,900	1,165,470
* 05/21/13 and 08/01/14.				4,414,093	4,577,237

See Notes to Consolidated Financial Statements

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**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>ASC Holdings, Inc.</b>				
A manufacturer of capital equipment used by corrugated box manufacturers.				
13% Senior Subordinated Note due 05/18/2021	\$ 1,504,111	11/19/15	\$ 1,474,509	\$ 1,498,941
Limited Liability Company Unit (B)	225,300 uts.	11/18/15	225,300	225,300
			1,699,809	1,724,241
<b>Aurora Parts &amp; Accessories LLC</b>				
A distributor of aftermarket over-the-road semi-trailer parts and accessories sold to customers across North America.				
11% Senior Subordinated Note due 02/17/2022	\$ 3,074,700	08/17/15	3,016,715	3,030,295
Preferred Stock (B)	425 shs.	08/17/15	424,875	429,784
Common Stock (B)	425 shs.	08/17/15	425	12,792
			3,442,015	3,472,871
<b>Avantech Testing Services LLC</b>				
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 01/31/2020 (D)	\$ 1,015,684	07/31/14	996,694	-
Limited Liability Company Unit	92,327 uts.	*	-	-
* 07/31/14 and 10/14/15.			996,694	-
<b>Blue Wave Products, Inc.</b>				
A distributor of pool supplies.				
10% Senior Secured Term Note due 09/30/2018	\$ 491,489	10/12/12	486,230	491,489
13% Senior Subordinated Note due 09/30/2019	\$ 738,275	10/12/12	703,472	738,275
Common Stock (B)	114,894 shs.	10/12/12	114,894	383,882
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	45,486 shs.	10/12/12	45,486	151,977
			1,350,082	1,765,623

**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	\$	3,205,708	06/30/15	3,145,750	3,174,370
Common Stock (B)		2,876 shs.	06/30/15	318,200	276,168
				3,463,950	3,450,538

See Notes to Consolidated Financial Statements

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Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>BP SCI LLC</b>				
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	\$ 489,836
Limited Liability Company Unit Class B (B)	400 uts.	10/17/12	400,000	569,928
			500,000	1,059,764
<b>CG Holdings Manufacturing Company</b>				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note 11/01/2019	\$ 3,390,252	*	3,250,977	3,424,155
Preferred Stock (B)	3,241 shs.	*	324,054	376,407
Preferred Stock (B)	1,174 shs.	*	116,929	136,376
Common Stock (B)	337 shs.	*	35,673	172,385
Warrant, exercisable until 2023, to purchase				
common stock at \$.01 per share (B)	137 shs.	*	13,033	70,136
* 05/09/13 and 11/01/13.			3,740,666	4,179,459
<b>CHG Alternative Education Holding Company</b>				
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	\$ 2,304,323	01/19/11	2,252,724	2,304,323
14% Senior Subordinated Note due 08/03/2019	\$ 602,680	08/03/12	595,566	602,680
Common Stock (B)	1,125 shs.	01/19/11	112,500	153,800
Warrant, exercisable until 2021, to purchase				
common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750	120,896
			3,048,540	3,181,699
<b>Church Services Holding Company</b>				
A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
14.5% Senior Subordinated Note due 03/26/2018	\$ 569,950	03/26/12	560,630	529,908
	\$ 20,559	09/15/14	20,559	18,609

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10% Senior Subordinated Note due  
09/15/2099

Common Stock (B)	3,981 shs.	*	398,100	101,820
Warrant, exercisable until 2022, to purchase				

common stock at \$.01 per share (B)	172 shs.	03/26/12	17,220	4,399
* 03/26/12, 05/25/12 and 06/19/12.			996,509	654,736

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**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>Clarion Brands Holding Corp.</b>				
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 04/01/2021	\$ 3,241,926	10/01/14	\$ 3,185,946	\$ 3,159,335
Common Stock (B)	3,182 shs.	10/01/14	318,182	142,307
			3,504,128	3,301,642
<b>Clough, Harbour and Associates</b>				
An engineering service firm that is located in Albany, NY.				
Preferred Stock (B)	277 shs.	12/02/08	276,900	1,102,594
<b>Compass Chemical International LLC</b>				
A manufacturer and supplier of standard and specialty formulated chemicals, primarily phosphoric acid derivatives called phosphonates.				
13% Senior Subordinated Note due 10/4/2020	\$ 3,083,475	03/04/15	3,030,144	2,973,494
Limited Liability Company Unit (B)	467 uts.	03/04/15	466,700	469,973
			3,496,844	3,443,467
<b>Connecticut Electric, Inc.</b>				
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	186,423
Limited Liability Company Unit Class C (B)	112,873 uts.	01/12/07	112,873	141,619
Limited Liability Company Unit Class D (B)	1,268,437 uts.	05/03/10	-	1,566,647
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	-	170,852
			268,919	2,065,541
<b>CTM Holding, Inc.</b>				
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	\$ 2,517,388	11/22/13	2,482,123	2,453,296
Common Stock (B)	155 shs.	11/22/13	886,364	832,428
			3,368,487	3,285,724
<b>Custom Engineered Wheels, Inc.</b>				
A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used primarily for lawn and garden products and wheelchairs.				

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Preferred Stock PIK (B)	296 shs.	10/26/09	295,550	489,149
Preferred Stock Series A (B)	216 shs.	10/27/09	197,152	357,391
Common Stock (B)	72 shs.	10/26/09	72,238	329,705
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	53 shs.	10/27/09	48,608 613,548	240,889 1,417,134

See Notes to Consolidated Financial Statements

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Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>DPL Holding Corporation</b>				
A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.				
14% Senior Subordinated Note due 05/04/2019	\$ 3,302,948	05/04/12	\$ 3,266,013	\$ 3,280,441
Preferred Stock (B)	61 shs.	05/04/12	605,841	764,680
Common Stock (B)	61 shs.	05/04/12	67,316	157,854
			3,939,170	4,202,975
<b>Dunn Paper</b>				
A provider of specialty paper for niche product applications.				
Preferred Stock (B)	530 shs.	12/30/14	530,303	982,694
<b>Eagle Family Foods, Inc.</b>				
A producer of low-cost branded and private label canned milk.				
10.05% Last Out Term Loan due 06/30/2016	\$ 3,500,000	12/22/15	3,447,524	3,447,649
<b>ECG Consulting Group</b>				
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	\$ 2,646,892	11/21/14	2,595,189	2,699,830
Limited Liability Company Unit (B)	467 uts.	11/19/14	145,833	171,623
			2,741,022	2,871,453
<b>ERG Holding Company LLC</b>				
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	\$ 1,937,560	04/04/14	1,908,834	1,915,715
Common Stock (B)	63 shs.	04/04/14	157,314	169,911
			2,066,148	2,085,626

**E S P Holdco, Inc.**

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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	576,645
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See Notes to Consolidated Financial Statement

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>F F C Holding Corporation</b>				
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	\$ 218,423
Limited Liability Company Unit Common (B)	512 uts.	09/27/10	51,220	381,761
			226,255	600,184
<b>F G I Equity LLC</b>				
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	885,721
Limited Liability Company Unit Class B-2 (B)	49,488 uts.	12/15/10	49,488	111,042
Limited Liability Company Unit Class B-3 (B)	39,130 uts.	08/30/12	90,000	97,976
Limited Liability Company Unit Class C (B)	9,449 uts.	12/20/10	96,056	178,871
			630,281	1,756,965
<b>FMH Holdings Corporation</b>				
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	2,877,521	2,988,323
Common Stock (B)	300 shs.	05/01/15	300,485	450,761
			3,178,006	3,439,084
<b>G C Holdings</b>				
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	366,168

**GD Dental Services LLC**

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

Limited Liability Company Unit Preferred (B)	182 uts.	10/05/12	182,209	223,496
Limited Liability Company Unit Common (B)	1,840 uts.	10/05/12	1,840	129,615
			184,049	353,111

See Notes to Consolidated Financial Statements

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>GenNx Novel Holding, Inc.</b>				
A manufacturer and distributor of nutraceutical ingredients.				
13% Senior Subordinated Note due 03/27/2020	\$ 3,234,040	03/27/14	\$ 3,184,275	\$ 3,163,152
Common Stock (B)	31,500 shs.	03/27/14	315,000	306,127
			3,499,275	3,469,279
<b>gloProfessional Holdings, Inc.</b>				
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	\$ 2,870,212	03/27/13	2,835,306	2,763,561
Common Stock (B)	2,835 shs.	03/27/13	283,465	298,802
			3,118,771	3,062,363
<b>GlynnDevins Acquisition Corporation</b>				
A marketing communications agency that service senior living facilities.				
13% Senior Subordinated Note due 12/19/2020	\$ 1,600,610	06/19/15	1,571,079	1,581,065
Preferred Stock Series A (B)	695 shs.	06/19/15	143,414	146,644
Common Stock (B)	695 shs.	06/19/15	5,976	21,453
			1,720,469	1,749,162
<b>Grakon Parent</b>				
The leading designer and manufacturer of highly-engineered and customized LED and incandescent lighting systems for transportation-based markets.				
Common Stock (B)	355 shs.	10/31/14	354,730	463,084
<b>GTI Holding Company</b>				
A designer, developer, and marketer of precision specialty hand tools and handheld test instruments.				
12% Senior Subordinated Note due 02/05/2020	\$ 1,455,729	02/05/14	1,377,045	1,400,649
Common Stock (B)	1,693 shs.	02/05/14	169,271	183,804
Warrant, exercisable until 2024, to purchase	795 shs.	02/05/14	73,633	86,311

common stock at \$.01 per share (B)

1,619,949

1,670,764

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>Handi Quilter Holding Company</b>				
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	\$ 2,864,794	\$ 2,834,799
Limited Liability Company Unit Preferred (B)	583 uts.	12/19/14	583,336	504,796
Limited Liability Company Unit Common  Class A (B)	 5,833 uts.	 12/19/14	 - 3,448,130	 - 3,339,595
<b>Hartland Controls Holding Corporation</b>				
A manufacturer and distributor of electronic and electromechanical components.				
14% Senior Subordinated Note due 08/14/2019	\$ 2,211,488	02/14/14	2,178,643	2,255,718
12% Senior Subordinated Note due 08/14/2019	\$ 875,000	06/22/15	867,151	868,932
Preferred Stock Series A (B)	2,452 shs.	02/14/14	245,217	251,950
Common Stock (B)	1,666 shs.	02/14/14	1,667 3,292,678	301,641 3,678,241
<b>Healthcare Direct Holding Company</b>				
A direct-to-consumer marketer of discount dental plans.				
Common Stock (B)	1,552 shs.	03/09/12	155,172	278,339
<b>HHI Group, LLC</b>				
A developer, marketer, and distributor of hobby-grade radio control products.				
14% Senior Subordinated Note due 01/17/2020	\$ 3,168,100	01/17/14	3,121,639	3,124,961
Limited Liability Company Unit (B)	203 uts.	01/17/14	203,125 3,324,764	141,374 3,266,335
<b>Hi-Rel Group LLC</b>				
A manufacturer and distributor of precision metal piece parts for the microelectronic packaging industry, serving the aerospace/defense, telecommunications, and medical end markets.				

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12% Senior Subordinated Note due 03/15/2018	\$	1,687,500	04/15/13	1,627,201	1,669,896
Limited Liability Company Unit (B)		563 uts.	04/15/13	562,500	685,382
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)		89,224 shs.	04/15/13	77,625	110,453
				2,267,326	2,465,731

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>Hollandia Produce LLC</b>				
A hydroponic greenhouse producer of branded root vegetables.				
13.75% Senior Subordinated Note due				
03/31/2021	\$ 2,625,000	12/30/15	\$ 2,572,541	\$ 2,627,796
<b>HOP Entertainment LLC</b>				
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	-	-
Limited Liability Company Unit Class H (B)	89 uts.	10/14/11	-	-
Limited Liability Company Unit Class I (B)	89 uts.	10/14/11	-	-
			-	-
<b>Hospitality Mints Holding Company</b>				
A manufacturer of individually-wrapped imprinted promotional mints.				
12% Senior Subordinated Note due				
08/19/2016	\$ 2,075,581	08/19/08	2,052,923	2,027,230
Common Stock (B)	474 shs.	08/19/08	474,419	46,705
Warrant, exercisable until 2016, to purchase				
common stock at \$.01 per share (B)	123 shs.	08/19/08	113,773	12,071
			2,641,115	2,086,006
<b>HVAC Holdings, Inc.</b>				
A provider of integrated energy efficiency services and maintenance programs for HVAC systems.				
12.5% Senior Subordinated Note due				
09/27/2019	\$ 2,878,496	09/27/12	2,842,849	2,878,496
Limited Liability Company Unit Class A				
Preferred (B)	2,705 uts.	09/27/12	270,542	367,958
Limited Liability Company Unit Class A				
Common (B)	2,185 uts.	09/27/12	2,185	149,559

3,115,576 3,396,013

**Ideal Tridon Holdings, Inc.**

A designer and manufacturer of clamps and couplings used in automotive and industrial end markets.

Common Stock	279 shs.	10/27/11	232,385	639,094
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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>Impact Confections</b>				
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 11/10/2020	\$ 2,183,086	11/10/14	\$ 2,145,735	\$ 2,156,084
Common Stock (B)	4,667 shs.	11/10/14	466,667	340,630
			2,612,402	2,496,714
<b>Insurance Claims Management, Inc.</b>				
A third party administrator providing auto and property claim administration services for insurance companies.				
Common Stock (B)	89 shs.	02/27/07	2,689	382,240
<b>J A C Holding Enterprises, Inc.</b>				
A supplier of luggage racks and accessories to the original equipment manufacturers.				
Preferred Stock A (B)	495 shs.	12/20/10	495,000	811,504
Preferred Stock B (B)	0.17 shs.	12/20/10	-	274
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	  316,931 816,931	  244,235 1,056,013
<b>Janus Group Holdings LLC</b>				
A manufacturer of roll-up doors and hallway systems that are primarily used in self-storage facilities.				
13.5% Senior Subordinated Note due 06/10/2019	\$ 2,214,946	12/11/13	2,183,454	2,237,095
Limited Liability Company Unit Class A (B)	565 uts.	12/11/13	1,223,588	1,544,621
			3,407,042	3,781,716
<b>JMH Investors LLC</b>				
A developer and manufacturer of custom formulations for a wide variety of foods.				
14.25% Senior Subordinated Note due 12/05/2019	\$ 2,655,125	12/05/12	2,621,376	2,259,117
Limited Liability Company Unit (B)	2,493,253 uts.	12/05/12	557,301	80,689

3,178,677 2,339,806

**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	392,915
* 12/23/11 and 06/30/14.			19,565	392,915

See Notes to Consolidated Financial Statements

## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>K N B Holdings Corporation</b>				
A designer, manufacturer and marketer of products for the custom framing market.				
Common Stock (B)	134,210 shs.	05/24/06	\$ 134,210	\$ 169,912
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	82,357 shs.	05/25/06	71,534 205,744	104,265 274,177
<b>K P I Holdings, Inc.</b>				
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	-	134,835
Common Stock (B)	667 shs.	07/15/08	539,502 539,502	890,972 1,025,807
<b>Kyjen Company</b>				
A designer and distributor of branded and private label dog toys and accessories primarily in the U.S.				
13% Senior Subordinated Note due 10/14/2021	\$ 2,630,542	10/14/15	2,579,301	2,603,198
<b>Mail Communications Group, Inc.</b>				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				
Limited Liability Company Unit Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)	24,109 uts.	*	314,464	503,939
* 05/04/07 and 01/02/08.	3,375 shs.	05/04/07	43,031 357,495	70,546 574,485
<b>Manhattan Beachwear Holding Company</b>				
A designer and distributor of women's swimwear.				
	\$ 1,259,914	01/15/10	1,199,446	1,188,803

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12.5% Senior Subordinated Note due 01/15/2018					
15% Senior Subordinated Note due 01/15/2018	\$	350,094	10/05/10	347,610	317,183
Common Stock (B)		106 shs.	10/05/10	106,200	156,574
Common Stock Class B (B)		353 shs.	01/15/10	352,941	520,352
Warrant, exercisable until 2019, to purchase  common stock at \$.01 per share (B)					
		312 shs.	10/05/10	283,738	460,509
				2,289,935	2,643,421

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>Master Cutlery LLC</b>				
A designer and marketer of a wide assortment of knives and swords.				
13% Senior Subordinated Note due				
04/17/2020	\$ 1,762,848	04/17/15	\$ 1,743,839	\$ 1,734,447
Limited Liability Company Unit	9 uts.	04/17/15	1,356,658	967,179
			3,100,497	2,701,626
<b>MC Sign Holdings LLC</b>				
A provider of sign and lighting services nationwide.				
11.75% Senior Subordinated Note due				
09/15/2021	\$ 1,547,285	09/22/15	1,517,401	1,532,719
Limited Liability Company Unit Class B (B)	205,900 uts.	09/22/15	205,900	189,428
			1,723,301	1,722,147
<b>MedSystems Holdings LLC</b>				
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	174,841
Common Unit Class A (B)	1,268 uts.	08/29/08	1,268	354,091
Common Unit Class B (B)	497 uts.	08/29/08	120,064	138,908
			208,509	667,840
<b>Merex Holding Corporation</b>				
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.				
16% Senior Subordinated Note due				
10/30/2019	\$ 1,362,886	09/22/11	1,347,188	1,303,046
15% Senior Subordinated Note due				
04/30/2022	\$ 71,517	08/18/15	71,517	64,365
Limited Liability Company Unit Series A (B)	684 uts.	05/07/14	44,281	8,803
Limited Liability Company Unit Series B (B)	467,833 uts.	09/22/11	467,833	121,543
Common Stock Class A	5,578 shs.	08/18/15	-	71,759
			1,930,819	1,569,516

**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	\$	2,223,036	09/30/14	2,184,503	2,211,196
Common Stock Class B (B)		445,455 shs.	09/30/14	445,455	468,323
				2,629,958	2,679,519

See Notes to Consolidated Financial Statements

Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)****December 31, 2015**

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>MNX Holding Company</b>				
An international third party logistics company providing customized logistics services to customers across the globe.				
14% Senior Subordinated Note due				
11/02/2019	\$ 3,081,349	11/02/12	\$ 3,042,818	\$ 3,072,331
Common Stock (B)	107 shs.	11/02/12	107,143	84,012
			3,149,961	3,156,343
<b>Money Mailer</b>				
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
<b>Motion Controls Holdings</b>				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% Senior Subordinated Note due				
08/15/2020	\$ 2,975,149	11/30/10	2,949,002	2,975,149
Limited Liability Company Unit Class B-1 (B)	225,000 uts.	11/30/10	-	290,661
Limited Liability Company Unit Class B-2 (B)	20,403 uts.	11/30/10	-	26,357
			2,949,002	3,292,167
<b>NABCO, Inc.</b>				
A producer of explosive containment vessels in the United States.				
Common Stock (B)	809 shs.	12/20/12	578,174	409,370
<b>NetShape Technologies, Inc.</b>				
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	1,528,882	1,419,581
Limited Partnership Interest of Saw Mill PCG	2.73% int.	02/01/07	1,110,810	-

Partners LLC (B)

Limited Liability Company Unit Class D of  
Saw Mill

PCG Partners LLC (B) Limited Liability Company Unit Class D-1 of Saw Mill	17 uts.	*	16,759	-
Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D-2 of Saw Mill	229 uts.	09/30/09	228,858	-
Saw Mill PCG Partners LLC (B) Limited Liability Company Unit Class D-3 of Saw Mill	128 uts.	04/29/11	65,256	81,832
Saw Mill PCG Partners LLC (B) * 12/18/08 and 09/30/09.	196 uts.	12/10/14	196,263 3,146,828	198,026 1,699,439

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>Northwest Mailing Services, Inc.</b>				
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	\$ 398,544
Warrant, exercisable until 2019, to purchase				
common stock at \$.01 per share (B)	4,920 shs.	*	492,016	596,601
* 07/09/09 and 08/09/10.			820,695	995,145
<b>O E C Holding Corporation</b>				
A provider of elevator maintenance, repair and modernization services.				
Preferred Stock Series A (B)	1,661 shs.	06/04/10	166,062	243,066
Preferred Stock Series B (B)	934 shs.	06/04/10	93,376	-
Common Stock (B)	1,032 shs.	06/04/10	1,032	-
			260,470	243,066
<b>Pearlman Enterprises, Inc.</b>				
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	2,334,350
Preferred Stock Series B (B)	13,334 shs.	05/22/09	547,872	79,160
Common Stock (B)	40,540 shs.	05/22/09	1,877,208	-
			2,536,588	2,413,510
<b>Petroplex Inv Holdings LLC</b>				
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	42,684
<b>Polytex Holdings LLC</b>				
A manufacturer of water based inks and related products serving primarily the wall covering market.				
13% Senior Subordinated Note due 01/31/2020	\$ 2,133,368	07/31/14	2,099,420	2,090,530
Limited Liability Company Unit	300,485 uts.	07/31/14	300,485	248,141
			2,399,905	2,338,671

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>Power Stop Holdings LLC</b>				
A supplier of performance upgrade aftermarket brake products.				
11% Senior Subordinated Note due 05/29/2022	\$ 3,266,800	05/29/15	\$ 3,207,019	\$ 3,254,919
Limited Liability Company Unit Preferred (B)	2,332 uts.	05/29/15	233,200	241,174
Limited Liability Company Unit Common (B)	2,332 uts.	05/29/15	-	73,736
			3,440,219	3,569,829
<b>PPC Event Services</b>				
A special event equipment rental business.				
14% Senior Subordinated Note due 05/20/2020	\$ 2,320,842	11/20/14	2,282,181	2,355,744
Limited Liability Company Unit (B)	7,000 uts.	11/20/14	350,000	729,253
			2,632,181	3,084,997
<b>Randy's Worldwide Automotive</b>				
A designer and distributor of automotive aftermarket parts.				
11.5% Senior Subordinated Note due 05/12/2021	\$ 2,304,719	05/12/15	2,263,567	2,262,316
Common Stock (B)	240 shs.	05/12/15	240,388	259,776
			2,503,955	2,522,092
<b>REVSpring, Inc.</b>				
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	760,178
* 10/21/11 and 08/03/12.				
<b>Safety Infrastructure Solutions</b>				
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	346,297

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Common Stock (B)	2,949 shs.	03/30/12	29,492	434,400
			281,250	780,697

**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	511,240
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	74 shs.	03/15/13	67,958	208,846
			249,179	720,086

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Smart Source Holdings LLC</b>				
A short-term computer rental company.				
Limited Liability Company Unit (B) Warrant, exercisable until 2016, to purchase	619 uts.	*	\$ 493,496	\$ 649,302
common stock at \$.01 per share (B) * 08/31/07 and 03/06/08.	157 shs.	*	127,437	164,490
			620,933	813,792
<b>SMB Machinery Holdings, Inc.</b>				
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 (D)	\$ 1,477,388	10/18/13	1,452,295	-
Common Stock (B)	1,681 shs.	10/18/13	168,100	-
			1,620,395	-
<b>Strahman Holdings Inc</b>				
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	2,085,587	2,121,855
Preferred Stock Series A (B)	317,935 shs.	12/13/13	317,935	578,642
Preferred Stock Series A-2 (B)	53,086 shs.	09/10/15	59,987	96,617
			2,463,509	2,797,114
<b>Sunrise Windows Holding Company</b>				
A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.				
16% Senior Subordinated Note due 12/14/2017 (D)	\$ 3,653,809	*	3,584,277	3,288,428
Common Stock (B)	115 shs.	12/14/10	114,504	82,890
Warrant, exercisable until 2020, to purchase	112 shs.	12/14/10	111,747	80,899

common stock at \$.01 per share (B) * 12/14/10 and 08/17/12.			3,810,528	3,452,217
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**Sunvair Aerospace Group Inc.**

An aerospace maintenance, repair, and overhaul provider servicing landing gears on narrow body aircraft.

12% Senior Subordinated Note due 07/31/2021	\$	2,466,440	07/31/15	2,417,111	2,435,904
Common Stock (B)		139 shs.	07/31/15	158,560	163,089
				2,575,671	2,598,993

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Synteract Holdings Corporation</b>				
A provider of outsourced clinical trial management services to pharmaceutical and biotechnology companies.				
14% Senior Subordinated Note due 02/26/2019	\$ 4,391,112	09/02/08	\$ 4,308,194	\$ 4,391,112
Preferred Stock Series D (B)	485 shs.	02/27/13	48,503	-
Redeemable Preferred Stock Series A (B)	1,280 shs.	10/03/08	12,523	-
Warrant, exercisable until 2018, to purchase  common stock at \$.01 per share (B)	 12,803 shs.	 09/02/08	 112,693 4,481,913	 - 4,391,112
<b>Team Drive-Away Holdings LLC</b>				
An asset-light provider of over the road driveaway services for class 8 trucks and specialized equipment.				
12.5% Senior Subordinated Note due 04/15/2021	\$ 1,555,600	10/15/15	1,525,334	1,542,567
Limited Liability Company Unit (B)	194,400 uts.	10/15/15	194,400 1,719,734	194,400 1,736,967
<b>Torrent Group Holdings, Inc.</b>				
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)	\$ 1,455,525	12/05/13	-	1,382,749
15% Senior Subordinated Note due 12/05/2020(D)	\$ 88,396	12/05/13	414,051	70,717
Warrant, exercisable until 2023, to purchase  common stock at \$.01 per share (B)	 53,038 shs.	 12/05/13	 - 414,051	 - 1,453,466
<b>Transpac Holding Company</b>				
A designer, importer and wholesaler of home décor and seasonal gift products.				
8% Senior Subordinated Note due 10/31/2016 (D)	\$ 1,773,006	10/31/07	1,717,521	-

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Common Stock (B)	209 shs.	10/31/07	208,589	-
Warrant, exercisable until 2016, to purchase				
common stock at \$.01 per share (B)	94 shs.	10/31/07	87,607	-
			2,013,717	-

**Tranzonic Holdings LLC**

A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.

14% Senior Subordinated Note due				
07/05/2019	\$	3,104,782	07/05/13	3,064,329
Limited Liability Company Unit Preferred				3,104,782
Class A (B)		295,455 uts.	07/05/13	295,455
				3,359,784
				391,354
				3,496,136

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>Tristar Global Energy Solutions, Inc.</b>				
A hydrocarbon and decontamination services provider serving refineries worldwide.				
12.5% Senior Subordinated Note due 07/31/2020	\$ 2,285,448	01/23/15	\$ 2,245,768	\$ 2,135,119
<b>Vitex Packaging Group, Inc.</b>				
A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags.				
Class B Unit (B)	767,881 uts.	10/29/09	348,058	-
Class C Unit (B)	850,000 uts.	10/29/09	780,572	450,328
Limited Liability Company Unit Class A (B)	723,465 uts.	*	433,222	-
Limited Liability Company Unit Class B (B)	182,935 uts.	07/19/04	182,935	-
* 07/19/04 and 10/29/09.			1,744,787	450,328
<b>VP Holding Company</b>				
A provider of school transportation services for special-needs and homeless children in Massachusetts.				
Common Stock (B)	7,368 shs.	03/31/14	736,842	1,082,896
<b>Wellborn Forest Holding Company</b>				
A manufacturer of semi-custom kitchen and bath cabinetry.				
8% Senior Subordinated Note due 09/30/2017 (D)	\$ 3,175,092	11/30/06	1,638,669	1,587,546
Common Stock (B)	191 shs.	11/30/06	191,250	-
Warrant, exercisable until 2016, to purchase  common stock at \$.01 per share (B)	95 shs.	11/30/06	86,493	-
			1,916,412	1,587,546
<b>Westminster Acquisition LLC</b>				
A manufacturer of premium, all-natural oyster cracker products sold under the Westminster and Olde Cape Cod brands.				
12% Senior Subordinated Note due 02/03/2021	\$ 754,282	08/03/15	740,378	743,562
Limited Liability Company Unit (B)	751,212 uts.	08/03/15	751,212	933,775
			1,491,590	1,677,337

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Corporate Restricted Securities: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
(Continued)				
<b>Whitcraft Holdings, Inc.</b>				
A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components.				
Common Stock (B)	616 shs.	12/16/10	\$ 616,438	\$ 633,668
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	166 shs.	12/16/10	148,003	170,269
			764,441	803,937
<b>WP Supply Holding Corporation</b>				
A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest.				
14.5% Senior Subordinated Note due 06/12/2020	\$ 2,828,656	11/03/11	2,801,545	2,828,656
Common Stock	4,500 shs.	11/03/11	450,000	679,611
			3,251,545	3,508,267
<b>York Wall Holding Company</b>				
A designer, manufacturer and marketer of wall covering products for both residential and commercial wall coverings.				
12.5% Senior Subordinated Note due 03/04/2021	\$ 3,166,445	03/04/15	3,109,962	3,017,193
Common Stock (B)	3,723 shs.	03/04/15	372,300	257,050
			3,482,262	3,274,243
<b>Total Private Placement Investments (E)</b>			<b>\$ 191,533,740</b>	<b>\$ 197,472,663</b>

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

**Corporate Restricted Securities: (A)**

(Continued)	Interest Rate	Due Date	Principal Amount	Cost	Market Value
<b>Rule 144A Securities - 20.99%:</b>					
<b>Bonds - 20.99%</b>					
Alere Inc.	6.375%	07/01/23	\$ 1,175,000	\$ 1,192,425	\$ 1,098,625
Altice S.A.	7.750	05/15/22	1,000,000	1,000,000	902,500
Amsted Industries	5.375	09/15/24	520,000	520,000	509,600
Anixter, Inc.	5.500	03/01/23	1,000,000	1,000,000	1,005,000
Asbury Automotive Group, Inc.	6.000	12/15/24	665,000	692,827	686,612
Ashtead Group plc	6.500	07/15/22	385,000	403,542	401,363
Audatex North America, Inc.	6.125	11/01/23	437,000	454,690	439,731
Belden Inc.	5.250	07/15/24	410,000	410,000	377,200
Beverage Packaging Holdings	6.000	06/15/17	730,000	730,000	706,275
Brunswick Corporation	4.625	05/15/21	1,000,000	1,009,994	997,500
California Resources Corporation	8.000	12/15/22	597,000	745,376	314,171
CCOH Safari, LLC	5.750	02/15/26	1,000,000	1,000,000	1,002,500
CITGO Petroleum Corporation	6.250	08/15/22	925,000	925,000	888,000
Commscope Holdings Inc.	6.625	06/01/20	500,000	500,857	505,625
Consolidated Energy Finance S.A.	6.750	10/15/19	947,000	938,804	905,284
Cornerstone Chemical Company	9.375	03/15/18	750,000	760,173	678,750
Coveris Holdings S.A.	7.875	11/01/19	1,000,000	1,000,000	872,500
CTP Transportation Products, LLC	8.250	12/15/19	635,000	635,000	661,988
Dean Foods	6.500	03/15/23	663,000	663,000	689,520
Endo Finance LLC	5.375	01/31/23	1,000,000	982,410	980,000
Family Tree Escrow, LLC	5.750	03/01/23	1,000,000	1,029,739	1,035,000
First Data Corporation	5.000	01/15/24	834,000	834,000	829,830
Forest Laboratories, Inc.	4.875	02/15/21	1,000,000	1,000,000	1,082,802
Forest Laboratories, Inc.	5.000	12/15/21	775,000	775,000	842,118
Gates Global LLC	6.000	07/15/22	1,000,000	762,697	720,000
Harron Communications, L.P.	9.125	04/01/20	500,000	537,339	528,750
HD Supply, Inc.	5.250	12/15/21	265,000	265,000	270,300
HealthSouth Corporation	5.750	11/01/24	500,000	502,412	476,875
Hilcorp Energy Company	5.000	12/01/24	500,000	500,000	415,000
Hill-Rom Holdings, Inc.	5.750	09/01/23	385,000	385,000	392,700
H.J. Heinz Company	4.875	02/15/25	600,000	600,000	637,785
Hub International Ltd.	7.875	10/01/21	1,000,000	1,000,000	900,000

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Huntington Ingalls Industries	5.000	12/15/21	1,000,000	1,000,000	1,018,750
INEOS Group Holdings PLC	5.875	02/01/19	485,000	485,000	470,450
Infor (US), Inc.	5.750	08/15/20	226,000	223,-2881	227,695

See Notes to Consolidated Financial Statements

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

**Corporate Restricted Securities: (A)**

(Continued)	Interest Rate	Due Date	Principal Amount	Cost	Market Value
International Automotive Component	9.125%	06/01/18	\$ 1,000,000	\$ 973,708	\$ 855,000
International Wire Group	8.500	10/15/17	500,000	516,586	511,250
J.B. Poindexter Co., Inc.	9.000	04/01/22	1,000,000	1,041,703	1,045,000
JBS USA Holdings, Inc.	7.750	10/28/20	750,000	781,107	720,000
Jupiter Resources Inc.	8.500	10/01/22	1,000,000	948,918	400,000
Jurassic Holdings III Inc	6.875	02/15/21	1,000,000	1,007,538	600,000
KeHE Distributors, LLC	7.625	08/15/21	1,000,000	1,054,185	1,017,500
LBC Tank Terminals Holding Netherlands B.V.	6.875	05/15/23	1,315,000	1,349,607	1,301,850
Mallinckrodt PLC	5.750	08/01/22	1,000,000	1,000,000	960,000
Micron Technology, Inc.	5.250	08/01/23	1,000,000	1,000,000	897,500
M/I Homes, Inc.	6.750	01/15/21	914,000	914,000	900,290
Milacron Financial	7.750	02/15/21	500,000	500,000	466,250
Moog Inc.	5.250	12/01/22	1,000,000	1,007,223	1,010,000
MPLX LP	4.875	12/01/24	1,000,000	1,000,000	897,500
Murray Energy Corporation	11.250	04/15/21	1,000,000	971,253	182,500
Mustang Merger Corporation	8.500	08/15/21	1,000,000	997,995	1,037,500
Netflix, Inc.	5.500	02/15/22	605,000	605,000	620,125
NXP BV/NXP Funding LLC	3.750	06/01/18	1,500,000	1,500,000	1,507,500
Onex Corporation	8.500	10/01/22	352,000	352,000	288,640
OPE KAG Finance Sub	7.875	07/31/23	1,750,000	1,822,507	1,739,062
Paragon Offshore plc.	6.750	07/15/22	1,000,000	346,572	140,000
Pinnacle Operating Corporation	9.000	11/15/20	1,000,000	1,035,511	940,000
Prestige Brands Holdings, Inc.	5.375	12/15/21	1,350,000	1,350,000	1,296,000
Sabre GLOB Inc.	5.375	04/15/23	1,000,000	988,573	995,000
Sabre GLOB Inc.	5.250	11/15/23	251,000	251,000	248,176
Safway Group Holding LLC/Finance Corporation	7.000	05/15/18	500,000	500,000	498,750
Sirius XM Radio Inc.	5.875	10/01/20	750,000	750,000	785,625
Sirius XM Radio Inc.	5.375	04/15/25	250,000	250,000	251,563
Surgical Care Affiliates, Inc.	6.000	04/01/23	918,000	918,000	895,050
TeamHealth Holdings Inc	7.250	12/15/23	235,000	235,000	243,225
Teine Energy Ltd.	6.875	09/30/22	900,000	893,693	724,500

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Topaz Marine S.A.	8.625	11/01/18	1,000,000	1,000,000	909,700
Unitymedia KabelBW GmbH	6.125	01/15/25	1,000,000	1,000,000	988,150
Univision Communications, Inc.	5.125	05/15/23	325,000	325,000	312,813
Univision Communications, Inc.	5.125	02/15/25	860,000	871,109	817,000
UPCB Finance IV Limited	5.375	01/15/25	425,000	425,000	400,563
Valeant Pharmaceuticals International	7.000	10/01/20	880,000	881,128	877,800

See Notes to Consolidated Financial Statements

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

<b>Corporate Restricted Securities: (A) (Continued)</b>	Interest Rate	Due Date	Shares or Principal Amount	Cost	Market Value
Virgin Media Secured Finance PLC	5.250%	01/15/26	\$ 1,000,000	\$ 1,008,635	\$ 972,500
VRX Escrow Corp.	6.125	04/15/25	782,000	782,000	697,935
Watco Companies, L.L.C.	6.375	04/01/23	1,000,000	1,000,000	985,000
Welltec A/S	8.000	02/01/19	750,000	741,974	703,125
West Corporation	5.375	07/15/22	1,000,000	982,948	862,500
XPO Logistics, Inc.	7.875	09/01/19	933,000	955,079	948,646
<b>Total Bonds</b>				<b>62,298,718</b>	<b>57,921,887</b>
<b>Common Stock - 0.00%</b>					
TherOX, Inc. (B)			103	-	-
Touchstone Health Partnership (B)			1,168	-	-
<b>Total Common Stock</b>				-	-
<b>Total Rule 144A Securities</b>				<b>62,298,718</b>	<b>57,921,887</b>
<b>Total Corporate Restricted Securities</b>				<b>\$ 253,832,458</b>	<b>\$ 255,394,550</b>

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

<b>Corporate Public Securities - 14.84%: (A)</b>	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
<b>Bank Loans - 0.68%</b>					
Ascent Resource - Marcellus LLC	8.500%	07/09/21	\$ 209,882	\$ 207,360	\$ 3,847
Aquilex Holdings LLC	6.500	12/31/20	291,963	291,437	277,365
Caelus Energy Alaska, LLC	8.750	04/15/20	1,000,000	992,525	525,000
Fieldwood Energy LLC	8.375	09/30/20	1,000,000	389,852	150,000
Synarc-BioCore Holdings, LLC	9.250	03/04/22	1,000,000	992,228	912,500
<b>Total Bank Loans</b>				<b>2,873,402</b>	<b>1,868,712</b>
<b>Bonds - 13.83%</b>					
Accuride Corp	9.500	08/01/18	1,500,000	1,520,884	1,245,000
ADT Corporation	6.250	10/15/21	1,000,000	1,029,234	1,044,550
Ally Financial, Inc.	5.500	02/15/17	1,500,000	1,508,830	1,545,000
Anixter, Inc.	5.125	10/01/21	421,000	421,000	421,000
Antero Resources Corporation	5.375	11/01/21	800,000	800,000	640,000
Bonanza Creek Energy, Inc.	5.750	02/01/23	1,000,000	1,000,000	520,000
California Resources Corporation	6.000	11/15/24	223,000	223,000	68,014
Calpine Corporation	5.750	01/15/25	700,000	700,000	617,750
Calumet Specialty Products Partners L.P.	7.625	01/15/22	1,000,000	1,000,800	850,000
CIT Group Inc.	3.875	02/19/19	1,000,000	1,000,000	995,000
Clearwater Paper Corporation	4.500	02/01/23	750,000	744,261	705,000
Commercial Metals Company	4.875	05/15/23	1,500,000	1,502,466	1,245,000
Commercial Vehicle Group Inc.	7.875	04/15/19	930,000	947,562	813,750
CPI International, Inc.	8.750	02/15/18	400,000	400,908	394,000
CVR Refining LLC	6.500	11/01/22	650,000	631,731	630,500
D.R. Horton, Inc.	4.000	02/15/20	1,000,000	1,000,000	1,005,700
DuPont Fabros Technology, Inc.	5.625	06/15/23	600,000	595,500	606,000
Ferrellgas Partners, L.P.	6.750	01/15/22	465,000	465,000	391,762
Ferrellgas Partners, L.P.	8.625	06/15/20	1,048,000	1,049,242	985,120
Forum Energy Technologies	6.250	10/01/21	325,000	325,000	269,750
HCA Holdings, Inc.	3.750	03/15/19	1,000,000	1,000,000	1,007,500

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HCA Holdings, Inc.	5.375	02/01/25	150,000	152,594	148,125
HealthSouth Corporation	5.750	11/01/24	393,000	400,276	374,824
Hilton Worldwide Holdings, LLC	5.625	10/15/21	1,000,000	1,000,000	1,036,250
Hornbeck Offshore Services, Inc.	5.000	03/01/21	500,000	500,000	340,000
Icahn Enterprises L.P.	4.875	03/15/19	970,000	970,000	961,270
Icahn Enterprises L.P.	6.000	08/01/20	1,150,000	1,166,949	1,159,660
Kindred Healthcare, Inc.	8.750	01/15/23	1,000,000	1,000,000	920,000

See Notes to Consolidated Financial Statements

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

<b>Corporate Public Securities - 14.84%: (A)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Shares or Principal Amount</b>	<b>Cost</b>	<b>Market Value</b>
Lamar Media Corp.	5.375%	01/15/24	\$ 320,000	\$ 320,000	\$ 329,600
Lear Corporation	4.750	01/15/23	750,000	738,467	753,750
Lennar Corporation	4.500	11/15/19	250,000	250,453	254,219
Lennar Corporation	4.750	11/15/22	750,000	741,167	743,625
Memorial Production Partners LP	6.875	08/01/22	1,000,000	986,389	300,000
Meritor, Inc.	6.750	06/15/21	1,000,000	1,000,000	920,000
Meritor, Inc.	7.875	03/01/26	669,000	663,403	797,783
Nielsen Finance LLC	4.500	10/01/20	1,000,000	1,000,000	1,015,000
NRG Energy, Inc.	6.250	07/15/22	1,000,000	1,000,000	852,000
Oasis Petroleum Inc.	6.875	03/15/22	1,000,000	1,000,000	640,000
Omnova Solutions, Inc.	7.875	11/01/18	900,000	908,982	882,000
Orbital ATK Inc.	5.250	10/01/21	1,000,000	1,000,000	1,005,000
Perry Ellis International, Inc.	7.875	04/01/19	250,000	248,604	250,000
P.H. Glatfelter Company	5.375	10/15/20	1,000,000	1,009,638	1,000,000
Ply Gem Industries, Inc.	6.500	02/01/22	1,000,000	940,254	900,000
Precision Drilling Corporation	6.625	11/15/20	750,000	765,085	585,000
Sally Beauty Holdings, Inc.	5.625	12/01/25	403,000	403,000	407,030
Sanchez Energy Corporation	6.125	01/15/23	1,000,000	693,752	540,000
Select Medical Corporation	6.375	06/01/21	650,000	657,672	568,750
Sprint Corporation	7.125	06/15/24	315,000	315,000	227,194
Stone Energy Corporation	7.500	11/15/22	1,000,000	1,024,546	330,000
Tenet Healthcare Corporation	6.750	06/15/23	725,000	721,552	672,438
Suburban Propane Partners, L.P.	5.750	03/01/25	1,000,000	1,000,000	810,000
William Lyon Homes	7.000	08/15/22	1,000,000	1,000,000	1,002,500
WPX Energy, Inc.	5.250	09/15/24	925,000	925,000	610,500
Xerium Technologies, Inc.	8.875	06/15/18	831,000	854,609	814,484
<b>Total Bonds</b>				<b>43,222,810</b>	<b>38,151,398</b>
Common Stock - 0.33%					
Chase Packaging Corporation			9,541	-	286
Nortek, Inc.			175	1	7,634
Supreme Industries, Inc. (B)			131,371	267,319	899,891
<b>Total Common Stock</b>				<b>267,320</b>	<b>907,811</b>

**Total Corporate Public  
Securities**

**\$ 46,363,532 \$ 40,927,921**

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Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2015

<b>Short-Term Securities:</b>	Interest Rate/Yield <sup>^</sup>	Maturity Date	Principal Amount	Cost	Market Value
<b>Commercial Paper -</b>					
<b>2.50%</b>					
PPG Industries, Inc.	0.750%	01/07/16	\$ 3,900,000	\$ 3,898,697	\$ 3,898,697
South Carolina Electric & Gas Company	0.776	01/15/16	3,000,000	2,999,125	2,999,125
<b>Total Short-Term Securities</b>				<b>\$ 6,897,822</b>	<b>\$ 6,897,822</b>
<b>Total Investments</b>	<b>109.90%</b>			<b>\$ 307,093,812</b>	<b>\$ 303,220,293</b>
Other Assets	4.53				12,503,544
Liabilities	(14.43)				(39,808,548)
<b>Total Net Assets</b>	<b>100.00%</b>				<b>\$ 275,915,289</b>

- (A) In each of the convertible note, warrant, convertible preferred and common stock investments, the issuer has agreed to provide certain registration rights.
- (B) Non-income producing security.
- (C) Security valued at fair value using methods determined in good faith by or under the direction of the Board of Trustees.
- (D) Defaulted security; interest not accrued.
- (E) Illiquid securities. As of December 31, 2015, the value of these securities amounted to \$197,472,663 or 71.57% of net assets.

<sup>^</sup> Effective yield at purchase

PIK - Payment-in-kind

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

<b>Industry Classification:</b>	Fair Value/ Market Value	Fair Value/ Market Value	
<b>AEROSPACE &amp; DEFENSE - 3.92%</b>			
CPI International, Inc.	\$ 394,000	Nortek, Inc. \$ 7,634	
FMH Holdings Corporation	3,439,084	Pearlman Enterprises, Inc. 2,413,510	
Huntington Ingalls Industries	1,018,750	Ply Gem Industries, Inc. 900,000	
Merex Holding Corporation	1,569,516	Signature Systems Holdings Company 720,086	
Orbital ATK Inc.	1,005,000	Sunrise Windows Holding Company 3,452,217	
Sunvair Aerospace Group Inc.	2,598,993	Torrent Group Holdings, Inc. 1,453,466	
Whitcraft Holdings, Inc.	803,937	Wellborn Forest Holding Company 1,587,546	
	10,829,280	18,893,412	
<b>AIRLINES - 0.34%</b>			
XPO Logistics, Inc.	948,646		
<b>AUTOMOTIVE - 10.16%</b>			
Accuride Corp	1,245,000	<b>CABLE &amp; SATELLITE - 1.74%</b>	
Aurora Parts & Accessories LLC	3,472,871	Altice S.A.	902,500
CG Holdings Manufacturing Company	4,179,459	Harron Communications, L.P.	528,750
Commercial Vehicle Group Inc.	813,750	CCOH Safari, LLC	1,002,500
DPL Holding Corporation	4,202,975	Unitymedia KabelBW GmbH	988,150
Gates Global LLC	720,000	UPCB Finance IV Limited	400,563
Grakon Parent	463,084	Virgin Media Secured Finance PLC	972,500
International Automotive Component	855,000		4,794,963
J A C Holding Enterprises, Inc.	1,056,013	<b>CHEMICALS - 5.39%</b>	
J.B. Poindexter Co., Inc.	1,045,000	Compass Chemical International LLC	3,443,467
K & N Parent, Inc.	392,915	Consolidated Energy Finance S.A.	905,284
Lear Corporation	753,750	Cornerstone Chemical Company	678,750
Meritor, Inc.	1,717,783	INEOS Group Holdings PLC	470,450
Moog Inc.	1,010,000	LBC Tank Terminals Holding	
Power Stop Holdings LLC	3,569,829	Netherlands B.V.	1,301,850
Randy's Worldwide Automotive	2,522,092	Omnova Solutions, Inc.	882,000
	28,019,521	Pinnacle Operating Corporation	940,000
<b>BROKERAGE, ASSET MANAGERS &amp; EXCHANGES - 0.77%</b>			Polytex Holdings LLC 2,338,671
			PPG Industries, Inc. 3,898,697
			14,859,169
			<b>CONSTRUCTION MACHINERY - 0.90%</b>

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Icahn Enterprises L.P.	2,120,930	A W X Holdings Corporation	709,275
		Ashtead Group plc	401,363
<b>BUILDING MATERIALS - 6.85%</b>		Jurassic Holdings III Inc	600,000
ACP Cascade Holdings LLC	-	Safety Infrastructure Solutions	780,697
ARI Holding Corporation	4,577,237		2,491,335
Janus Group Holdings LLC	3,781,716		

See Notes to Consolidated Financial Statements

## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
<b>CONSUMER CYCLICAL SERVICES</b>			
<b>- 2.82%</b>			
CHG Alternative Education Holding Company	\$ 3,181,699	Forum Energy Technologies	\$ 269,750
Church Services Holding Company	654,736	G C Holdings	366,168
PPC Event Services	3,084,997	Ideal Tridon Holdings, Inc.	639,094
West Corporation	862,500	K P I Holdings, Inc.	1,025,807
	7,783,932	Motion Controls Holdings	3,292,167
		NABCO, Inc.	409,370
		NetShape Technologies, Inc.	1,699,439
		Strahman Holdings Inc	2,797,114
		Supreme Industries, Inc.	899,891
			22,490,315
<b>CONSUMER PRODUCTS - 10.99%</b>			
AMS Holding LLC	782,283	<b>ELECTRIC - 1.62%</b>	
Animal Supply Company	3,383,391	Calpine Corporation	617,750
Blue Wave Products, Inc.	1,765,623	NRG Energy, Inc.	852,000
gloProfessional Holdings, Inc.	3,062,363	South Carolina Electric & Gas Company	2,999,125
GTI Holding Company	1,670,764		4,468,875
Handi Quilter Holding Company	3,339,595	<b>ENERGY - 0.19%</b>	
HHI Group, LLC	3,266,335	Ascent Resource - Marcellus LLC	3,847
K N B Holdings Corporation	274,177	Caelus Energy Alaska, LLC	525,000
Kyjen Company	2,603,198		528,847
Manhattan Beachwear Holding Company	2,643,421	<b>FINANCE COMPANIES - 0.36%</b>	
Master Cutlery LLC	2,701,626	CIT Group Inc.	995,000
Perry Ellis International, Inc.	250,000		
Prestige Brands Holdings, Inc.	1,296,000	<b>FINANCIAL OTHER - 1.13%</b>	
Transpac Holding Company	-	Ally Financial, Inc.	1,545,000
York Wall Holding Company	3,274,243	Hub International Ltd.	900,000
	30,313,019	Insurance Claims Management, Inc.	382,240
		Onex Corporation	288,640
			3,115,880
<b>DIVERSIFIED MANUFACTURING - 8.15%</b>			
ABC Industries, Inc.	1,093,340	<b>FOOD &amp; BEVERAGE - 9.91%</b>	
Advanced Manufacturing Enterprises LLC	243,302	1492 Acquisition LLC	2,018,847
Airxcel Holdings	3,395,577	Dean Foods	689,520
Amsted Industries	509,600	Eagle Family Foods, Inc.	3,447,649
Belden Inc.	377,200		
BP SCI LLC	1,059,764		

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CTP Transportation Products, LLC	661,988	F F C Holding Corporation	600,184
Custom Engineered Wheels, Inc.	1,417,134	GenNx Novel Holding, Inc.	3,469,279
E S P Holdco, Inc.	576,645	H.J. Heinz Company	637,785
F G I Equity LLC	1,756,965	Hollandia Produce LLC	2,627,796

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
Hospitality Mints Holding Company	\$ 2,086,006	William Lyon Homes	\$ 1,002,500
Impact Confections	2,496,714		3,906,334
JBS USA Holdings, Inc.	720,000	<b>INDEPENDENT - 1.07%</b>	
JMH Investors LLC	2,339,806	Antero Resources Corporation	640,000
KeHE Distributors, LLC	1,017,500	California Resources Corporation	314,171
Westminster Acquisition LLC	1,677,337	Fieldwood Energy LLC	150,000
WP Supply Holding Corporation	3,508,267	Jupiter Resources Inc.	400,000
	27,336,690	Precision Drilling Corporation	585,000
<b>GAMING - 1.19%</b>		Sanchez Energy Corporation	540,000
CTM Holding, Inc.	3,285,724	Stone Energy Corporation	330,000
			2,959,171
<b>HEALTHCARE - 6.47%</b>			
Alere Inc.	1,098,625		
ECG Consulting Group	2,871,453	<b>INDUSTRIAL OTHER - 10.42%</b>	
GD Dental Services LLC	353,111	ADT Corporation	1,044,550
HCA Holdings, Inc.	1,155,625	Advanced Technologies Holdings	735,936
Healthcare Direct Holding Company	278,339	AFC - Dell Holding Corporation	2,650,838
HealthSouth Corporation	851,699	Aquilex Holdings LLC	277,365
Hill-Rom Holdings, Inc.	392,700	Brunswick Corporation	997,500
Kindred Healthcare, Inc.	920,000	Clough, Harbour and Associates	1,102,594
MedSystems Holdings LLC	667,840	Connecticut Electric, Inc.	2,065,541
Select Medical Corporation	568,750	Hartland Controls Holding Corporation	3,678,241
Surgical Care Affiliates, Inc.	895,050	Hi-Rel Group LLC	2,465,731
Synarc-BioCore Holdings, LLC	912,500	HVAC Holdings, Inc.	3,396,013
Synteract Holdings Corporation	4,391,112	International Wire Group	511,250
TeamHealth Holdings Inc	243,225	Mail Communications Group, Inc.	574,485
Tenet Healthcare Corporation	672,438	MC Sign Holdings LLC	1,722,147
TherOX, Inc.	-	Milacron Financial	466,250
Touchstone Health Partnership	-	Nielsen Finance LLC	1,015,000
Valeant Pharmaceuticals International	877,800	Northwest Mailing Services, Inc.	995,145
VRX Escrow Corp.	697,935	O E C Holding Corporation	243,066
		Safway Group Holding	
	17,848,202	LLC/Finance Corporation	498,750
<b>HOME CONSTRUCTION - 1.42%</b>		Smart Source Holdings LLC	813,792
D.R. Horton, Inc.	1,005,700	SMB Machinery Holdings, Inc.	-
Lennar Corporation	997,844	Tranzonic Holdings LLC	3,496,136
M/I Homes, Inc.	900,290		28,750,330

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

<b>Industry Classification:</b> (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
<b>LODGING - 0.38%</b>		<b>PACKAGING - 1.74%</b>	
Hilton Worldwide Holdings, LLC	\$ 1,036,250	ASC Holdings, Inc.	\$ 1,724,241
<b>MEDIA &amp; ENTERTAINMENT - 3.99%</b>		Beverage Packaging Holdings	706,275
BlueSpire Holding, Inc.	3,450,538	Chase Packaging Corporation	286
GlynnDevins Acquisition Corporation	1,749,162	Coveris Holdings S.A.	872,500
HOP Entertainment LLC	-	Mustang Merger Corporation	1,037,500
Lamar Media Corp.	329,600	Vitex Packaging Group, Inc.	450,328
Money Mailer	2,704,364		4,791,130
Netflix, Inc.	620,125	<b>PAPER - 1.27%</b>	
Sirius XM Radio Inc.	1,037,188	Clearwater Paper Corporation	705,000
Univision Communications, Inc.	1,129,813	Dunn Paper	982,694
	11,020,790	P.H. Glatfelter Company	1,000,000
<b>METALS &amp; MINING - 0.52%</b>		Xerium Technologies, Inc.	814,484
Commercial Metals Company	1,245,000		3,502,178
Murray Energy Corporation	182,500	<b>PHARMACEUTICALS - 3.35%</b>	
	1,427,500	Clarion Brands Holding Corp.	3,301,642
<b>MIDSTREAM - 1.02%</b>		Endo Finance LLC	980,000
CVR Refining LLC	630,500	ERG Holding Company LLC	2,085,626
Ferrellgas Partners, L.P.	1,376,882	Forest Laboratories, Inc.	1,924,920
Suburban Propane Partners, L.P.	810,000	Mallinckrodt PLC	960,000
	2,817,382		9,252,188
<b>OIL FIELD SERVICES - 1.91%</b>		<b>REFINING - 2.75%</b>	
Avantech Testing Services LLC	-	Calumet Specialty Products Partners L.P.	850,000
Bonanza Creek Energy, Inc.	520,000	CITGO Petroleum Corporation	888,000
California Resources Corporation	68,014	MES Partners, Inc.	2,679,519
Hilcorp Energy Company	415,000	MPLX LP	897,500
Hornbeck Offshore Services, Inc.	340,000	Paragon Offshore plc.	140,000
Memorial Production Partners LP	300,000	Tristar Global Energy Solutions, Inc.	2,135,119
Oasis Petroleum Inc.	640,000		7,590,138
Petroplex Inv Holdings LLC	42,684	<b>RETAILERS - 0.87%</b>	
Teine Energy Ltd.	724,500	Asbury Automotive Group, Inc.	686,612
Topaz Marine S.A.	909,700	Family Tree Escrow, LLC	1,035,000
Welltec A/S	703,125	HD Supply, Inc.	270,300

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WPX Energy, Inc.	610,500	Sally Beauty Holdings, Inc.	407,030
	5,273,523		2,398,942

See Notes to Consolidated Financial Statements

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2015

<b>Industry Classification:</b> (Continued)	Fair Value/ Market Value
<b>TECHNOLOGY - 3.06%</b>	
Anixter, Inc.	\$ 1,426,000
Audatex North America, Inc.	439,731
Commscope Holdings Inc.	505,625
DuPont Fabros Technology, Inc.	606,000
First Data Corporation	829,830
Infor (US), Inc.	227,695
Micron Technology, Inc.	897,500
NXP BV/NXP Funding LLC	1,507,500
REVSpring, Inc.	760,178
Sabre GBLB Inc.	1,243,176
	8,443,235
<b>TRANSPORTATION SERVICES - 3.15%</b>	
MXN Holding Company	3,156,343
OPE KAG Finance Sub	1,739,062
Team Drive-Away Holdings LLC	1,736,967
VP Holding Company	1,082,896
Watco Companies, L.L.C.	985,000
	8,700,268
<b>WIRELESS - 0.08%</b>	
Sprint Corporation	227,194
<b>Total Investments - 109.90%</b>	<b>\$ 303,220,293</b>

See Notes to Consolidated Financial Statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### 1. History

The Trustees have determined that the Trust is an investment company in accordance with Accounting Standards Codification ("ASC") 946, *Financial Services - Investment Companies*, for the purpose of financial reporting.

#### A. Fair Value Measurements:

Under U.S. GAAP, fair value represents the price that should be received to sell an asset (exit price) in an orderly transaction between willing market participants at the measurement date.

#### Determination of Fair Value

The determination of the fair value of the Trust's investments is the responsibility of the Trust's Board of Trustees (the "Trustees"). The Trustees have adopted procedures for the valuation of the Trust's securities and has delegated responsibility for applying those procedures to Babson Capital. Babson Capital has established a Pricing Committee which is responsible for setting the guidelines used in following the procedures adopted by the Trustees and ensuring that those guidelines are being followed. Babson Capital considers all relevant factors that are reasonably available, through either public information or information directly available to Babson Capital, when determining the fair value of a security. The Trustees meet at least once each quarter to approve the value of the Trust's portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the Trust, including a majority of the Trustees who are not

interested persons of the Trust or of Babson Capital. In approving valuations, the Trustees will consider reports by Babson Capital analyzing each portfolio security in accordance with the procedures and guidelines referred to above, which include the relevant factors referred to below. Babson Capital has agreed to provide such reports to the Trust at least quarterly. The consolidated financial statements include private placement restricted securities valued at \$197,472,663 (71.57% of net assets) as of December 31, 2015 whose values have been estimated by the Trustees based on the process described above in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been u