

BABSON CAPITAL CORPORATE INVESTORS

Form N-30D

May 29, 2015

Babson Capital
Corporate Investors

Report for the
Three Months Ended March 31, 2015

Adviser

Babson Capital Management LLC
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Springfield, Massachusetts 01115-5189

Transfer Agent & Registrar

DST Systems, Inc.
P.O. Box 219086
Kansas City, Missouri 64121-9086
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Independent Registered Public Accounting Firm

KPMG LLP
Boston, Massachusetts 02110

Internet Website

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Counsel to the Trust

Ropes & Gray LLP
Boston, Massachusetts 02110

Babson Capital Corporate Investors
c/o Babson Capital Management LLC
1500 Main Street, Suite 2200
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Custodian

State Street Bank and Trust Company
Boston, Massachusetts 02116

Investment Objective and Policy

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

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

Form N-Q

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

Proxy Voting Policies & Procedures; Proxy Voting Record

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

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

Babson Capital Corporate Investors

TO OUR SHAREHOLDERS

April 30, 2015

We are pleased to present the March 31, 2015 Quarterly Report of Babson Capital Corporate Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of \$0.30 per share, payable on May 15, 2015 to shareholders of record on May 1, 2015. The Trust paid a \$0.30 per share dividend for the preceding quarter. The Trust earned \$0.28 per share of net investment income, including \$0.03 per share of non-recurring income, for the first quarter of 2015, compared to \$0.29 per share, including \$0.04 per share of non-recurring income, in the previous quarter.

During the first quarter, the net assets of the Trust increased to \$293,255,436 or \$14.99 per share compared to \$280,130,264 or \$14.34 per share on December 31, 2014. This translates into a 4.5% total return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 15.4%, 15.4%, 15.5%, 12.3%, and 13.8% for the 1, 3, 5, 10, and 25-year periods, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends.

The Trust's share price decreased 2.2% during the quarter, from \$15.89 per share as of December 31, 2014 to \$15.54 per share as of March 31, 2015. The Trust's market price of \$15.54 per share equates to a 3.7% premium over the March 31, 2015 net asset value per share of \$14.99. The Trust's average quarter-end premium for the 3, 5 and 10-year periods was 12.3%, 16.2% and 12.6%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 4.3% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 2.5% for the quarter.

The Trust closed five new private placement investments during the first quarter. The five new investments were in AFC - Dell Holding Corporation, Animal Supply Company, Compass Chemical International LLC, Tristar Global Energy Solutions, Inc. and York Wall Holding Company. 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 \$15,717,000.

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

The condition of the Trust's existing portfolio remained solid through the first quarter. We had significantly more credit upgrades than downgrades during the quarter. The number of companies on our watch list and in default continues to be at or near the lowest level we have seen over the last five years. We successfully exited five investments and benefited from dividends associated with the recapitalization of one company during the quarter. We realized significant gains from these transactions. We continue to have a backlog of portfolio companies that are in the

process of being sold, with a number of these expected to close this year. We had five portfolio companies fully or partially prepay their debt instruments held by the Trust during the quarter. This lower level of prepayment activity is welcome after the unprecedented levels of prepayments we experienced in 2013 and early 2014.

(Continued)

The Trust was able to maintain its \$0.30 per share quarterly dividend for the first quarter even though net investment income per share, excluding non-recurring income, was once again below the dividend rate. Net investment income per share from recurring sources has been below the dividend rate for every quarter since the third quarter of 2013. As we have discussed in prior reports, net investment income is down due principally to the considerable reduction in the number of private debt securities in the portfolio resulting from the high level of exit and prepayment activity that has occurred in recent quarters. We have been able to maintain the \$0.30 per share quarterly dividend with current income, non-recurring income and earnings carried forward from prior quarters. Over time, however, the Trust's dividend-paying ability tends to be correlated with its recurring earnings capacity. Absent non-recurring income, earnings available for the quarterly dividend would have been \$0.25 per share for the first quarter. This quarter, the Trust earned an additional \$0.03 per share of non-recurring income, and utilized \$0.02 per share of earnings carry-forwards to maintain the \$0.30 per share quarterly dividend. The Trust continues to have available earnings carry-forwards which 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 2015 we will have to reduce the dividend from the current \$0.30 per share quarterly rate. As we move through 2015, we and the Board of Trustees will continue to evaluate the current and future earnings capacity of the Trust and formulate a dividend strategy that is consistent with that earnings level.

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

Sincerely,

Michael L. Klofas
President

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

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

Babson Capital Corporate Investors

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

March 31, 2015

(Unaudited)

Assets:

Investments

(See Consolidated Schedule of Investments) Corporate restricted securities at fair value (Cost - \$187,819,961)	\$ 192,356,537
Corporate restricted securities at market value (Cost - \$60,704,303)	60,998,206
Corporate public securities at market value (Cost - \$54,142,844)	54,914,085
Short-term securities at amortized cost	3,499,733
Total investments (Cost - \$306,166,841)	311,768,561
Cash	13,655,639
Interest receivable	3,561,969
Other assets	31,227
Total assets	329,017,396

Liabilities:

Note payable	30,000,000
Payable for investments purchased	2,169,000
Deferred tax liability	1,519,864
Investment advisory fee payable	916,423
Tax payable	682,978
Interest payable	202,400
Accrued expenses	271,295
Total liabilities	35,761,960
Total net assets	\$293,255,436

Net Assets:

Common shares, par value \$1.00 per share	\$ 19,567,332
Additional paid-in capital	115,066,008
Retained net realized gain on investments, prior years	142,769,539
Undistributed net investment income	8,233,022
Accumulated net realized gain on investments	3,537,679
Net unrealized depreciation of investments	4,081,856
Total net assets	\$293,255,436
Common shares issued and outstanding (28,054,782 authorized)	19,567,332
Net asset value per share	\$ 14.99

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the three months ended March 31, 2015

(Unaudited)

Investment Income:	
Interest	\$6,816,484
Dividends	128,082
Other	15,628
Total investment income	6,960,194
Expenses:	
Investment advisory fees	916,423
Interest	396,000
Trustees' fees and expenses	75,000
Professional fees	62,004
Reports to shareholders	22,500
Custodian fees	10,076
Other	28,702
Total expenses	1,510,705
Investment income - net	5,449,489
Net realized and unrealized gain on investments:	
Net realized gain on investments before taxes	3,124,992
Income tax expense	(24,873)
Net realized gain on investments after taxes	3,100,119
Net change in unrealized appreciation of investments before taxes	4,423,375
Net change in deferred income tax expense	(365,034)
Net change in unrealized appreciation of investments after taxes	4,058,341
Net gain on investments	7,158,460
Net increase in net assets resulting from operations	\$12,607,949

See Notes to Consolidated Financial Statements

Babson Capital Corporate Investors

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2015

(Unaudited)

Net increase in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ 13,103,876
Purchases of portfolio securities	(27,726,034)
Proceeds from disposition of portfolio securities	20,478,887
Interest, dividends and other income received	5,860,631
Interest expense paid	(396,000)
Operating expenses paid	(1,096,914)
Income taxes paid	(3,685,013)
Net cash provided by operating activities	6,539,433

Cash flows from financing activities:

Cash dividends paid from net investment income	(5,860,025)
Receipts for shares issued on reinvestment of dividends	517,223
Net cash used for financing activities	(5,342,802)

Net increase in cash	1,196,631
Cash - beginning of year	12,459,008
Cash - end of period	\$ 13,655,639

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

Net increase in net assets resulting from operations	\$ 12,607,949
Increase in investments	(4,425,126)
Increase in interest receivable	(721,187)
Decrease in other assets	6,400
Decrease in receivable for investments sold	179,712
Increase in payable for investments purchased	2,169,000
Increase in deferred tax liability	365,034
Increase in investment advisory fee payable	41,016
Decrease in tax payable	(3,660,140)
Decrease in accrued expenses	(23,225)
Total adjustments to net assets from operations	(6,068,516)
Net cash provided by operating activities	\$ 6,539,433

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the three months ended 03/31/2015 (Unaudited)	For the year ended 12/31/2014
Increase in net assets:		
Operations:		
Investment income - net	\$ 5,449,489	\$ 23,984,946
Net realized gain on investments after taxes	3,100,119	8,854,438
Net change in unrealized appreciation of investments after taxes	4,058,341	(84,222)
Net increase in net assets resulting from operations	12,607,949	32,755,162
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2015 - 33,916; 2014 - 139,761)	517,223	2,065,868
Dividends to shareholders from:		
Net investment income (2015 - \$0.00 per share; 2014 - \$1.20 per share)	—	(23,378,280)
Total increase in net assets	13,125,172	11,442,750
Net assets, beginning of year	280,130,264	268,687,514
Net assets, end of period/year (including undistributed net investment income of \$8,233,022 and \$2,783,533, respectively)	\$ 293,255,436	\$ 280,130,264

See Notes to Consolidated Financial Statements

Babson Capital Corporate Investors

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

	For the three months ended 03/31/2015 (Unaudited)	For the years ended December 31,			
		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)	0.28	1.23	1.18	1.28	1.29
Net realized and unrealized gain (loss) on investments	0.37	0.45	0.48	0.69	0.17
Total from investment operations	0.65	1.68	1.66	1.97	1.46
Dividends from net investment income to common shareholders	—	(1.20)	(1.20)	(1.25)	(1.34)
Dividends from realized gain on investments to common shareholders	—	—	—	(0.05)	(0.01)
Increase from dividends reinvested	0.00(c)	0.01	0.01	0.02	0.02
Total dividends	—	(1.19)	(1.19)	(1.28)	(1.33)
Net asset value: End of period/year	\$ 14.99	\$ 14.34	\$ 13.85	\$ 13.38	\$ 12.69
Per share market value:					
End of period/year	\$ 15.54	\$ 15.89	\$ 14.93	\$ 15.28	\$ 17.99
Total investment return					
Net asset value (d)	4.53%	13.78%	12.76%	17.07%	12.00%
Market value (d)	(2.20%)	16.53%	5.93%	(7.11%)	27.92%
Net assets (in millions):					
End of period/year	\$ 293.26	\$ 280.13	\$ 268.69	\$ 257.38	\$ 241.94
Ratio of total expenses to average net assets	2.18%(f)	3.66%	2.42%	3.17%	2.42%
Ratio of operating expenses to average net assets	1.58%(f)	1.65%	1.64%	1.66%	1.62%
Ratio of interest expense to average net assets	0.56%(f)	0.57%	0.59%	0.63%	0.64%
Ratio of income tax expense to average net assets (e)	0.04%(f)	1.44%	0.19%	0.88%	0.16%
Ratio of net investment income to average net assets	7.73%(f)	8.57%	8.50%	9.78%	9.91%
Portfolio turnover	7%	38%	34%	34%	21%

(a) Per share amounts were adjusted to reflect a 2:1 stock split effective February 18, 2011.

(b) Calculated using average shares.

(c) Rounds to less than \$0.01 per share.

(d) Net asset value return represents portfolio returns based on change in the Trust's net asset value assuming the reinvestment of all dividends and distributions which differs from the total investment return based on the Trust's market value due to the difference between the Trust's net asset value and the market value of its shares

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outstanding; past performance is no guarantee of future results.

(e) As additional information, this ratio is included to reflect the taxes paid on retained long-term gains. These taxes paid are netted against realized capital gains in the Statement of Operations. The taxes paid are treated as deemed distributions and a credit for the taxes paid is passed on to the shareholders.

(f) Annualized

Senior borrowings:

Total principal amount (in millions) \$	30	\$ 30	\$ 30	\$ 30	\$ 30
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Asset coverage per \$1,000 of
indebtedness

\$ 10,775	\$ 10,338	\$ 9,956	\$ 9,579	\$ 9,065
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See Notes to Consolidated Financial Statements

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CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2015

(Unaudited)

Corporate Restricted Securities - 86.39%: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Private Placement				
Investments - 65.59%				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated				
Note due 10/17/2019	\$ 1,634,104	10/17/12	\$ 1,609,933	\$ 1,612,560
Limited Liability Company				
Unit Class A Common (B)	27,273 uts.	10/17/12	27,273	—
Limited Liability Company				
Unit Class A Preferred (B)	245 uts.	10/17/12	245,450	200,727
			1,882,656	1,813,287
A S C Group, Inc.				
A designer and manufacturer of high reliability encryption equipment, communications products, computing systems and electronic components primarily for the military and aerospace sectors.				
14% Senior Subordinated				
Note due 12/21/2020	\$ 1,981,937	12/20/13	1,947,838	2,001,757
Limited Liability Company				
Unit Class A (B)	5,843 uts.	*	290,317	585,715
Limited Liability Company				
Unit Class B (B)	2,793 uts.	10/09/09	100,114	279,976
			2,338,269	2,867,448
* 10/09/09 and 12/20/13.				
A W X Holdings Corporation				
A provider of aerial equipment rental, sales and repair services to non-residential construction and maintenance contractors operating in the State of Indiana.				
10.5% Senior Secured Term				
Note due 05/15/2015 (D)	\$ 735,000	05/15/08	724,402	367,500
13% Senior Subordinated Note				
due 05/15/2015 (D)	\$ 735,000	05/15/08	673,096	—
Common Stock (B)	105,000 shs.	05/15/08	105,000	—
Warrant, exercisable until				
2015, to purchase				
common stock at \$.01 per share				
(B)	36,923 shs.	05/15/08	62,395	—
			1,564,893	367,500
ABC Industries, Inc.				
A manufacturer of mine and tunneling ventilation products in the U.S.				
	\$ 436,364	08/01/12	402,672	440,727

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13% Senior Subordinated Note
due 07/31/2019

Preferred Stock Series A (B)	300,000 shs.	08/01/12	300,000	642,693
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Warrant, exercisable until
2022, to purchase

common stock at \$.02 per share

(B)	53,794 shs.	08/01/12	101,870	109,970
			804,542	1,193,390

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.

14% Senior Subordinated Note

due 12/17/2018	\$ 2,723,077	12/07/12	2,694,079	2,750,308
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Limited Liability Company Unit

(B)	3,434 uts.	*	343,385	482,359
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* 12/07/12 and 07/11/13.

			3,037,464	3,232,667
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Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Advanced Technologies Holdings				
A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	626 shs.	12/27/07	\$309,806	\$953,575
Convertible Preferred Stock Series B (B)	52 shs.	01/04/11	40,800	79,950
			350,606	1,033,525
AFC - Dell Holding Corporation				
A distributor and provider of inventory management services for "C-Parts" used by OEMs in their manufacturing and production facilities.				
12.5% Senior Subordinated Note due 09/27/2020				
	\$ 2,396,739	03/27/15	2,348,888	2,395,795
Preferred Stock (B)	2,276 shs.	03/27/15	227,558	216,180
Common Stock (B)	703 shs.	03/27/15	703	668
			2,577,149	2,612,643
Airxcel Holdings				
A leading manufacturer of a broad range of climate control solutions, including air-conditioners, heat pumps, cooking appliances, furnaces, powered vents, and water heaters.				
12.5% Senior Subordinated Note due 11/18/2020				
	\$ 2,933,185	11/18/14	2,877,302	2,978,251
Limited Liability Company Unit	583 uts.	11/18/14	583,000	583,839
			3,460,302	3,562,090
American Hospice Management Holding LLC				
A for-profit hospice care provider in the United States.				
12% Senior Subordinated Note due 03/31/2020 (D)				
	\$ 2,337,496	*	2,337,236	2,337,496
Preferred Class A Unit (B)	3,223 uts.	**	322,300	—
Preferred Class B Unit (B)	1,526 uts.	06/09/08	152,626	154,997
Common Class B Unit (B)	30,420 uts.	01/22/04	1	—
Common Class D Unit (B)	6,980 uts.	09/12/06	1	—
			2,812,164	2,492,493
* 01/22/04 and 06/09/08.				
** 01/22/04 and 09/16/06.				
AMS Holding LLC				
A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.				
Limited Liability Company Unit Class A Preferred (B)	273 uts.	10/04/12	272,727	826,455

Animal Supply Company

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

9.5% Senior Subordinated

Note due 09/05/2019	\$ 3,500,000	03/30/15	3,447,565	3,447,033
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Arch Global Precision LLC

A leading manufacturer of high tolerance precision components and consumable tools.

Limited Liability Company

Unit Class B (B)	60 uts.	12/21/11	85,250	289,833
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Limited Liability Company

Unit Class C (B)	690 uts.	12/21/11	664,750	2,887,206
			750,000	3,177,039

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
ARI Holding Corporation				
A leading national supplier of products used primarily by specialty contractors.				
11.5% Senior Subordinated Note due 02/01/2020	\$ 3,396,394	*	\$ 3,347,555	\$ 3,437,699
Limited Partnership Interest * 05/21/13 and 08/01/14.	1,048 uts.	08/01/14	1,047,900	1,011,502
			4,395,455	4,449,201
Arrow Tru-Line Holdings, Inc.				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
Preferred Stock (B)	51 shs.	10/16/09	50,670	198,715
Common Stock (B)	402 shs.	05/18/05	401,555	121,619
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	105 shs.	05/18/05	90,532	31,883
			542,757	352,217
Avantech Testing Services LLC				
A manufacturer of custom Non-Destructive Testing ("NDT") systems and provider of NDT and inspections services primarily to the oil country tubular goods market.				
15% Senior Subordinated Note due 07/31/2021	\$ 1,025,206	07/31/14	1,006,848	886,711
Limited Liability Company Unit	75,000 uts.	07/31/14	750,000	680,510
			1,756,848	1,567,221
Blue Wave Products, Inc.				
A distributor of pool supplies.				
10% Senior Secured Term Note due 09/30/2018	\$ 625,532	10/12/12	617,307	625,532
13% Senior Subordinated Note due 09/30/2019	\$ 732,765	10/12/12	692,967	747,420
Common Stock (B)	114,894 shs.	10/12/12	114,894	294,116
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	45,486 shs.	10/12/12	45,486	116,439
			1,470,654	1,783,507
BP SCI LLC				
A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.				

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Limited Liability Company Unit Class A (B)	1,000 uts.	10/17/12	100,000	634,596
Limited Liability Company Unit Class B (B)	400 uts.	10/17/12	400,000	521,059
			500,000	1,155,655

Bravo Sports Holding Corporation

A designer and marketer of niche branded consumer products including canopies, trampolines, in-line skates, skateboards, and urethane wheels.

12.5% Senior Subordinated Note due

06/30/2015	\$ 2,281,593	06/30/06	2,280,357	2,281,593
Preferred Stock Class A (B)	879 shs.	06/30/06	268,121	—
Common Stock (B)	1 sh.	06/30/06	286	—
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	309 shs.	06/30/06	92,102	—
			2,640,866	2,281,593

Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
CG Holdings Manufacturing Company				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note				
11/01/2019	\$ 3,390,252	*	\$ 3,231,966	\$ 3,472,549
Preferred Stock (B)	3,241 shs.	*	324,054	356,003
Preferred Stock (B)	1,174 shs.	*	116,929	128,983
Common Stock (B)	337 shs.	*	35,673	119,680
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)				
	137 shs.	*	13,033	48,693
* 05/09/13 and 11/01/13.			3,721,655	4,125,908
CHG Alternative Education Holding Company				
A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at therapeutic day schools and "at risk" youth through alternative education programs.				
13.5% Senior Subordinated Note due 01/19/2018				
	\$ 2,278,120	01/19/11	2,210,908	2,278,120
14% Senior Subordinated Note due 08/03/2019				
	\$ 593,565	08/03/12	585,366	599,501
Common Stock (B)	1,125 shs.	01/19/11	112,500	161,873
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)				
	884 shs.	01/19/11	87,750	127,242
			2,996,524	3,166,736
Church Services Holding Company				
A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
14.5% Senior Subordinated Note due 03/26/2018				
	\$ 1,274,295	03/26/12	1,249,367	1,274,295
10% Senior Subordinated Note due 09/12/2015				
	\$ 20,045	09/15/14	20,045	20,079
Common Stock (B)	3,981 shs.	*	398,100	342,411
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)				
	172 shs.	03/26/12	17,220	14,794

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* 03/26/12, 05/25/12 and 06/19/12. 1,684,732 1,651,579

Clarion Brands Holding Corp.

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

12.5% Senior Subordinated Note due

09/30/2021	\$ 3,205,726	10/01/14	3,145,014	3,240,788
Common Stock (B)	3,182	10/01/14	318,182	206,820
			3,463,196	3,447,608

Clough, Harbour and Associates

An engineering service firm that is located in Albany, NY.

Preferred Stock (B)	277 shs.	12/02/08	276,900	729,198
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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
C o m p a s s C h e m i c a l				
International LLC				
A manufacturer and supplier of standard and specialty formulated chemicals, primarily phosphoric acid derivatives called phosphonates.				
13% Senior Subordinated Note due 10/4/2020	\$ 3,037,681	03/04/15	\$ 2,977,174	\$ 3,055,478
Limited Liability Company Unit	467 uts.	03/04/15	466,700 3,443,874	443,365 3,498,843
C o n n e c t i c u t E l e c t r i c , I n c .				
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	143,137
Limited Liability Company Unit Class C (B)	112,873 uts.	01/12/07	112,873	110,953
Limited Liability Company Unit Class D (B)	1,268,437 uts.	05/03/10	—	1,444,660
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	— 268,919	— 1,698,750
C r a n e R e n t a l C o r p o r a t i o n				
A crane rental company since 1960, headquartered in Florida.				
13% Senior Subordinated Note due 11/30/2015	\$ 1,313,250	08/21/08	1,295,633	1,313,250
Common Stock (B)	255,000 shs.	08/21/08	255,000	247,524
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	136,070 shs.	08/21/08	194,826 1,745,459	132,080 1,692,854
C T M H o l d i n g , I n c .				
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	\$ 2,461,586	11/22/13	2,421,597	2,510,818
Common Stock (B)	62,088 shs.	11/22/13	886,364	702,183

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			3,307,961	3,213,001
Custom Engineered Wheels, Inc.				
A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used primarily for lawn and garden products and wheelchairs.				
Preferred Stock PIK (B)	296 shs.	10/26/09	295,550	340,790
Preferred Stock Series A (B)	216 shs.	10/27/09	197,152	248,994
Common Stock (B)	72 shs.	10/26/09	72,238	—
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	53 shs.	10/27/09	48,608	—
			613,548	589,784
DPL Holding Corporation				
A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.				
14% Senior Subordinated Note due 05/04/2019				
	\$ 3,253,895	05/04/12	3,210,812	3,286,434
Preferred Stock (B)	61 shs.	05/04/12	605,841	719,447
Common Stock (B)	61 shs.	05/04/12	67,316	340,060
			3,883,969	4,345,941

Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Dunn Paper				
A provider of specialty paper for niche product applications.				
11.25% Senior Subordinated Note due 06/30/2020				
	\$ 2,969,697	12/30/14	\$ 2,912,306	\$ 2,995,473
Preferred Stock (B)				
	530 shs.	12/30/14	530,303	503,785
			3,442,609	3,499,258
E S P Holdco, Inc.				
A manufacturer of power protection technology for commercial office equipment, primarily supplying the office equipment dealer network.				
Common Stock (B)				
	660 shs.	01/08/08	329,990	658,798
Eatem Holding Company				
A developer and manufacturer of savory flavor systems for soups, sauces, gravies, and other products produced by food manufacturers for retail and foodservice end products.				
Common Stock (B)				
	150 shs.	02/01/10	150,000	277,064
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)				
	358 shs.	02/01/10	321,300	660,614
			471,300	937,678
ECG Consulting Group				
A healthcare management consulting company who provides strategic, financial, operational, and technology related consulting services to healthcare providers.				
11.75% Senior Subordinated Note due 11/21/2020				
	\$ 2,632,059	11/19/14	2,574,780	2,668,953
Limited Liability Company Unit (B)				
	467 uts.	11/19/14	145,833	128,868
			2,720,613	2,797,821
EPM Holding Company				
A provider of non-discretionary regulatory driven engineering services that support mission critical safety and operational aspects of nuclear power plants.				
14.5% Senior Subordinated Note due 07/26/2019				
	\$ 883,970	07/26/13	869,882	901,650
Common Stock				
	3,069 shs.	07/26/13	306,947	475,636
			1,176,829	1,377,286
ERG Holding Company LLC				

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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	\$	1,915,925	04/04/14	1,883,042	1,919,125
Common Stock (B)		63 shs.	04/04/14	157,314	157,325
				2,040,356	2,076,450

F F C Holding Corporation

A leading U.S. manufacturer of private label frozen novelty and ice cream products.

Limited Liability Company

Unit Preferred (B)		512 uts.	09/27/10	175,035	205,807
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Limited Liability Company

Unit (B)		512 uts.	09/27/10	51,220	439,003
				226,255	644,810

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
F G I Equity LLC				
A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.				
Limited Liability Company Unit Preferred (B)	483,355 uts.	04/15/14	\$ —	\$ 483,355
Limited Liability Company Unit Class B-1 (B)	394,737 uts.	12/15/10	394,737	703,506
Limited Liability Company Unit Class B-2 (B)	49,488 uts.	12/15/10	49,488	88,198
Limited Liability Company Unit Class B-3 (B)	39,130 uts.	08/30/12	90,000	79,404
Limited Liability Company Unit Class C (B)	9,449 uts.	12/20/10	96,056	145,726
			630,281	1,500,189
G C Holdings				
A leading manufacturer of gaming tickets, industrial recording charts, security-enabled point-of sale receipts, and medical charts and supplies.				
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	594 shs.	10/19/10	140,875	402,384
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 Common (B)	1,840 uts.	10/05/12	1,840	73,530
Limited Liability Company Unit Preferred (B)	182 uts.	10/05/12	182,209	210,639
			184,049	284,169
GenNx Novel Holding, Inc.				
A manufacturer and distributor of nutraceutical ingredients.				
13% Senior Subordinated Note due 03/27/2020	\$ 3,209,906	03/27/14	3,153,886	3,209,906
Common Stock (B)	31,500 shs.	03/27/14	315,000	225,243
			3,468,886	3,435,149
gloProfessional Holdings, Inc.				

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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	\$ 2,827,586	03/27/13	2,786,634	2,827,586
Common Stock (B)	2,835 shs.	03/27/13	283,465	414,922
			3,070,099	3,242,508

Golden County Foods Holding,
Inc.

A manufacturer of frozen
appetizers and snacks.

14% Senior Subordinated Note due 11/13/2019 (D)	\$ 73,550	11/13/13	436,682	—
Preferred Stock (B)	287,658 shs.	11/13/13	146,658	—
Preferred Stock Series F (B)	294,200 shs.	11/13/13	1,746,726	—
			2,330,066	—

Babson Capital Corporate Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Grakon Parent				
The leading designer and manufacturer of highly-engineered and customized LED and incandescent lighting systems for transportation-based markets.				
12% Senior Subordinated Note due 04/30/2021	\$ 3,145,270	10/31/14	\$ 3,085,101	\$ 3,183,185
Common Stock (B)	355 shs.	10/31/14	354,730	363,192
			3,439,831	3,546,377
GTI Holding Company				
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	1,366,796	1,467,969
Common Stock (B)	1,693 shs.	02/05/14	169,271	167,174
Warrant, exercisable until 2024, to purchase common stock at \$.01 per share (B)	795 shs.	02/05/14	73,633	78,502
			1,609,700	1,713,645
Handi Quilter Holding Company				
A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.				
12% Senior Subordinated Note due 06/19/2021	\$ 2,916,667	12/19/14	2,860,020	2,944,681
Limited Liability Company (B)	583 uts.	12/19/14	583,336	584,864
Limited Liability Company (B)	5,833 uts.	12/19/14	—	25,665
			3,443,356	3,555,210
Hartland Controls Holding Corporation				
A manufacturer and distributor of electronic and electromechanical components.				
14% Senior Subordinated Note due 08/14/2019	\$ 2,211,488	02/14/14	2,173,714	2,255,718
Preferred Stock Series A (B)	5,169 shs.	02/14/14	516,852	563,643
Common Stock (B)	1,666 shs.	02/14/14	1,667	323,300
			2,692,233	3,142,661
Healthcare Direct Holding Company				
A direct-to-consumer marketer of discount dental plans.				

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Common Stock (B)	1,552 shs.	03/09/12	155,172	226,079
HHI Group, LLC				
A developer, marketer, and distributor of hobby-grade radio control products.				
14% Senior Subordinated Note due 01/17/2020	\$ 3,121,050	01/17/14	3,068,544	3,147,050
Limited Liability Company Unit (B)	203 uts.	01/17/14	203,125	138,515
			3,271,669	3,285,565

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Hi-Rel Group LLC				
A manufacturer and distributor of precision metal piece parts for the microelectronic packaging industry, serving the aerospace/ defense, telecommunications, and medical end markets.				
12% Senior Subordinated Note due 03/15/2018	1,687,500	04/15/13	\$ 1,611,148	\$ 1,703,789
Limited Liability Company Unit (B)	563 uts.	04/15/13	562,500	430,161
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	89,224 shs.	04/15/13	77,625 2,251,273	64,818 2,198,768
HOP Entertainment LLC				
A provider of post production equipment and services to producers of television shows and motion pictures.				
Limited Liability Company Unit Class F (B)	89 uts.	10/14/11	—	—
Limited Liability Company Unit Class G (B)	215 uts.	10/14/11	—	—
Limited Liability Company Unit Class H (B)	89 uts.	10/14/11	—	—
Limited Liability Company Unit Class I (B)	89 uts.	10/14/11	—	—
Hospitality Mints Holding Company				
A manufacturer of individually-wrapped imprinted promotional mints.				