

BABSON CAPITAL CORPORATE INVESTORS  
Form N-CSR  
March 07, 2014

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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

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(Exact name of registrant as specified in charter)

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

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(Address of principal executive offices) (Zip code)

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

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(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: 12/31/13

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

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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.

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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.

2013

Babson Capital  
CORPORATE INVESTORS  
2013 Annual Report

**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>

**ADVISER**

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

**INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM**

KPMG LLP  
Boston, Massachusetts 02111

**COUNSEL TO THE TRUST**

Ropes & Gray LLP  
Boston, Massachusetts 02111

**CUSTODIAN**

State Street Bank and Trust Company  
Boston, MA 02110

**TRANSFER AGENT & REGISTRAR**

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

**PROXY VOTING POLICIES &  
PROCEDURES;  
PROXY VOTING RECORD**

The Trustees of Babson Capital Corporate Investors (the "Trust") have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Babson Capital

**OFFICERS OF THE TRUST**

Clifford M. Noreen  
Chairman

Michael L. Klofas  
President

Michael P. Hermsen  
Vice President

Richard E. Spencer, II  
Vice President

Sean Feeley  
Vice President

James M. Roy  
Vice President  
& Chief Financial  
Officer

Christopher A. DeFrancis  
Vice President, Secretary  
& Chief Legal Officer

Management LLC (“Babson Capital”). 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, 2013 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 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.

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## 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 temporarily 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.

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 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 16, 2014 at 1:00 P.M. in Springfield, Massachusetts.

Babson Capital Corporate Investors

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\* Data for Babson Capital Corporate Investors (the “Trust”) represents portfolio returns based on change in the Trust’s net asset value 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 and the market value of its shares outstanding (see page 11 for total investment return based on market value). Past performance is no guarantee of future results.

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## 2013 Annual Report

## TO OUR SHAREHOLDERS

I am pleased to share with you the Trust's Annual Report for the year ended December 31, 2013.

## PORTFOLIO PERFORMANCE

The Trust's net total portfolio rate of return for 2013 was 12.8%, as measured by the change in net asset value and assuming the reinvestment of all dividends and distributions. The Trust's total net assets were \$268,687,514 or \$13.85 per share, as of December 31, 2013. This compares to \$257,378,392 or \$13.38 per share, as of December 31, 2012. The Trust paid a quarterly dividend of \$0.30 per share for each of the four quarters of 2013, for a total annual dividend \$1.20 per share. In 2012, the Trust also paid four quarterly dividends of \$0.30 per share, and declared a special yearend dividend of \$0.10 per share, for a total annual dividend of \$1.30 per share. Net investment income for 2013 was \$1.18 per share, including approximately \$0.04 per share of non-recurring income, down \$0.10 per share from 2012 net investment income of \$1.28 per share, which included approximately \$0.06 per share of non-recurring income.

The Trust's stock price declined 2.3% during 2013, from \$15.28 as of December 31, 2012 to \$14.93 as of December 31, 2013. Most of the decline occurred in the fourth quarter of the year. Since year-end, the stock price has recovered somewhat, to \$15.99 as of February 25, 2014. The Trust's stock price of \$14.93 as of December 31, 2013 equates to a 7.8% premium over the December 31, 2013 net asset value per share of \$13.85. The Trust's average quarter-end premium for the 3, 5, 10 and 25-year periods was 20.6%, 13.5%, 12.6%, and 4.1%, 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 years ended December 31, 2013 are provided for comparison purposes only.

	The Trust	Barclays Capital U.S. Corporate High Yield Index	Russell 2000 Index
1 Year	12.76%	7.44%	38.82%
3 Years	13.92%	9.32%	15.67%
5 Years	14.82%	18.93%	20.08%
10 Years	12.96%	8.62%	9.07%
25 Years	13.44%	8.69%	10.20%

Past performance is no guarantee of future results.

## PORTFOLIO ACTIVITY

Middle market merger and acquisition activity was slow during 2013, declining for the second straight year and remaining well below historical levels. As a result, new investment activity for the Trust was down from the prior year. For the full year 2013, the Trust closed 11 new private placement investments and seven add-on investments in existing portfolio companies. Total private placement investments purchased in 2013 were \$36,209,813. This amount represents a 39.2% decrease from the \$59,591,043 of new private placement investments completed by the Trust in 2012. Competition for new investment opportunities was intense in 2013, as there continued to be an overabundance of private debt and equity capital looking to be invested. Attractive companies are being aggressively pursued by both buyers and lenders, resulting in purchase price and leverage multiples rising to levels not seen since 2007. Pricing and return expectations also continued to be squeezed given the existing market supply/demand dynamics. All in all, 2013 was a difficult year for new investment activity in the private mezzanine market.

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Babson Capital Corporate Investors

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New private placement investments completed during 2013 were ARI Holding Corporation; CG Holdings Manufacturing Company; CTM Holding, Inc.; EPM Holding Company; gloProfessional Holdings, Inc.; Hi-Rel Group LLC; Janus Group Holding LLC; Signature Systems Holdings Company; SMB Machinery Holdings, Inc.; Strahman Holdings, Inc.; and Tranzonic Holdings LLC. In addition, the Trust added to existing private placement investments in Advanced Manufacturing Enterprises, LLC; A S C Group, Inc.; CG Holdings Manufacturing Company; FGI Equity LLC; K & N Parent, Inc.; Safety Infrastructure Solutions; and Synteract Holdings Corporation. A brief description of these investments can be found in the Consolidated Schedule of Investments.

While new investment activity was off from last year's pace, the condition of the Trust's existing portfolio strengthened once again in 2013. Sales and earnings for the Trust's portfolio companies as a whole continued their upward momentum. Credit upgrades in the portfolio this year outnumbered credit downgrades by a three to one margin. The number of companies on our watch list and in default is at or near the lowest level we have seen over the last five years.

We had 13 companies exit from the Trust's portfolio during 2013, some of which were sold off in pieces over the last several years. This is a relatively normal level of exit activity for the portfolio. In ten of these exits, the Trust realized a positive return on its investment. These investments were AE Company, Inc.; EXC Acquisition Corporation; Flutes, Inc.; HGGC Citadel Plastics Holdings; Marshall Physicians Services LLC; Paradigm Packaging, Inc.; Qualis Automotive LLC; RM Holding Company; The Tranzonic Companies and Visioneering, Inc. Three long-standing troubled investments, International Offshore Services LLC, Monessen Holding Corporation, and Workplace Media Holding Company were also realized in 2013 at recovery levels consistent with their carrying values.

We had an unprecedented level of refinancing activity in the portfolio in 2013, on top of an unusually high level in 2012. 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. During 2013, we had 32 portfolio companies fully or partially prepay their debt obligations to the Trust, including ten such transactions in the month of December alone. This high level of prepayment activity near year end is the principal reason that the cash balance at year end was unusually high. Including the 13 exits, 45 of the 120 companies, or 38%, in which the Trust held private restricted securities at the end of 2012 either fully or partially prepaid their debt obligations or left the portfolio entirely. In addition to the high cash balance at year end, the other effect of such activity is the reduction in net investment income that we experienced in 2013.

#### OUTLOOK FOR 2014

We have started the year off with a healthy level of deal flow, which should help the Trust begin to rebuild its private mezzanine debt portfolio. Surveys of middle market financiers indicate that most expect 2014 to be a more robust year in terms of deal flow than 2013. However, they also indicate an expectation of continued upward pressure on leverage levels and downward pressure on pricing and returns. In the face of these expected 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 2013, this level may not be sustainable throughout 2014. The Trust is currently not earning \$0.30 per share per quarter due principally to the high level of prepayment and exit activity that has occurred over the past two years. We anticipate a continuance of a higher than

normal level of exit and prepayment activity in 2014. We have yet not been able to fully offset this with new investments due to the slow merger and acquisition market of the last few years. In short, the number of private mezzanine debt securities in the portfolio has shrunk considerably over the past two years, and it is unlikely we can build the portfolio back up to its former size in the near term. As we move through 2014, we and the Board of Trustees will continue to evaluate the earnings capacity of the Trust and seek to formulate a dividend strategy in light of that earnings level.

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## 2013 Annual Report

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 16, 2014.

Lastly, on behalf of the Trust's shareholders, the members of the Board of Trustees, and the officers of the Trust, I would once again like to thank Donald E. Benson and Donald Glickman for their many years of dedicated service to the Trust as Trustees. Both of them provided the Trust with invaluable insight and guidance, and served our shareholders extremely well throughout their respective long tenures as Trustees. I would also like to welcome Barbara M. Ginader as a Trustee. Barbara was elected at the October 2013 Board of Trustees meeting for a term of office to expire at the 2014 annual meeting of shareholders. On a sad note, I would also like to acknowledge the passing of Martin T. Hart. Martin was a Trustee from 1991 until his retirement in 2012. He passed away on January 3, 2014, and he will be missed.

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.

2013	Record	Net	Short-Term	Tax	Long-Term
Dividends	Date	Investment	Gains	Effect	Gains
Regular		Income			
	4/29/2013	0.3000	-		-
	8/30/2013	0.3000	-		-
	10/28/2013	0.3000	-		-
	12/31/2013	0.3000	-		-
		\$ 1.2000	\$ -	\$ 1.2000	0.0000

The Trust did not have distributable net long-term capital gains in 2013.

Annual Dividend Amount Per Share	Qualified for Dividend		Interest Earned on			
	Received Deduction*** Percent	Amount Per Share	Qualified Dividends**** Percent	Amount Per Share	U.S. Gov't. Obligations Percent	Amount Per Share
\$ 1.20	2.7497%	0.0329	2.3510%	0.0281	0%	0.0000

\*\*\* Not available to individual shareholders

\*\*\*\* Qualified dividends are reported in Box 1b on IRS Form 1099-Div for 2013

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BABSON CAPITAL CORPORATE INVESTORS

Financial Report

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## 2013 Annual Report

**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**

December 31, 2013

## Assets:

## Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$197,574,891)	\$ 195,718,763
Corporate restricted securities at market value (Cost - \$38,141,957)	39,751,750
Corporate public securities at market value (Cost - \$40,712,864)	42,395,164
Short-term securities at amortized cost	4,249,802
Total investments (Cost - \$280,679,514)	282,115,479
Cash	23,789,433
Interest receivable	2,435,269
Other assets	39,121
 Total assets	 308,379,302

## Liabilities:

Note payable	30,000,000
Dividend payable	5,818,097
Deferred tax liability	1,328,228
Investment advisory fee payable	839,648
Tax Payable	725,481
Payable for investments purchased	520,108
Interest payable	202,400
Accrued expenses	257,826

Total liabilities	39,691,788
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Total net assets	\$268,687,514
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## Net Assets:

Common shares, par value \$1.00 per share	\$ 19,393,655
Additional paid-in capital	113,627,828
Retained net realized gain on investments, prior years	133,207,098
Undistributed net investment income	2,361,260
Accumulated net realized loss on investments	(10,064 )
Net unrealized depreciation of investments	107,737

Total net assets	\$268,687,514
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Common shares issued and outstanding (28,054,782 authorized)	19,393,655
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Net asset value per share	\$13.85
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See Notes to Consolidated Financial Statements

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## Babson Capital Corporate Investors

**CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 31, 2013

Investment Income:	
Interest	\$28,003,629
Dividends	638,099
Other	238,089
Total investment income	28,879,817
Expenses:	
Investment advisory fees	3,366,793
Interest	1,584,000
Trustees' fees and expenses	480,000
Professional fees	274,103
Reports to shareholders	90,000
Custodian fees	33,600
Other	181,022
Total expenses	6,009,518
Investment income - net	22,870,299
Net realized and unrealized gain on investments:	
Net realized loss on investments before taxes	(440,452 )
Income tax expense	(502,116 )
Net realized loss on investments after taxes	(942,568 )
Net change in unrealized appreciation of investments before taxes	10,674,370
Net change in deferred income tax expense	(426,188 )
Net change in unrealized appreciation of investments after taxes	10,248,182
Net gain on investments	9,305,614
Net increase in net assets resulting from operations	\$32,175,913

See Notes to Consolidated Financial Statements



## 2013 Annual Report

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended December 31, 2013

Net increase in cash:	
Cash flows from operating activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$3,769,821
Purchases of portfolio securities	(94,145,191 )
Proceeds from disposition of portfolio securities	114,107,342
Interest, dividends and other income received	25,869,305
Interest expense paid	(1,584,000 )
Operating expenses paid	(4,314,828 )
Income taxes paid	(2,013,435 )
Net cash provided by operating activities	41,689,014
Cash flows from financing activities:	
Cash dividends paid from net investment income and realized short-term gains	(25,084,023 )
Receipts for shares issued on reinvestment of dividends	2,339,460
Net cash used for financing activities	(22,744,563 )
Net increase in cash	18,944,451
Cash - beginning of year	4,844,982
Cash - end of year	\$23,789,433
Reconciliation of net increase in net assets to net cash provided by operating activities:	
Net increase in net assets resulting from operations	\$32,175,913
Decrease in investments	10,176,582
Increase in interest receivable	(293,041 )
Decrease in receivable for investments sold	117,353
Increase in other assets	(33,460 )
Increase in deferred tax payable	426,188
Increase in investment advisory fee payable	35,341
Decrease in tax payable	(1,511,319 )
Increase in payable for investments purchased	520,108
Increase in accrued expenses	75,349
Total adjustments to net assets from operations	9,513,101
Net cash provided by operating activities	\$41,689,014

See Notes to Consolidated Financial Statements



## Babson Capital Corporate Investors

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

For the years ended December 31, 2013 and 2012

	2013	2012
Increase in net assets:		
Operations:		
Investment income - net	\$22,870,299	\$24,510,117
Net realized gain on investments after taxes	(942,568 )	5,288,921
Net change in unrealized depreciation of investments after taxes	10,248,182	7,904,425
Net increase in net assets resulting from operations	32,175,913	37,703,463
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2013 - 153,982; 2012 - 169,463)	2,339,460	2,676,531
Dividends to shareholders from:		
Net investment income (2013 - \$1.20 per share; 2012 - \$1.25 per share)	(23,206,251 )	(24,075,541 )
Net realized gains (2013 - \$0.00 per share; 2012 - \$0.05 per share)	-	(869,595 )
Total increase in net assets	11,309,122	15,434,858
Net assets, beginning of year	257,378,392	241,943,534
Net assets, end of year (including undistributed net investment income of \$2,361,260 and \$3,358,678 respectively)	\$268,687,514	\$257,378,392

See Notes to Consolidated Financial Statements

## 2013 Annual Report

**CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS**

Selected data for each share of beneficial interest outstanding:

	For the years ended December 31,				
	2013	2012	2011 (a)	2010 (a)	2009 (a)
Net asset value:					
Beginning of year	\$13.38	\$12.69	\$12.56	\$11.45	\$11.17
Net investment income (b)	1.18	1.28	1.29	1.13	1.03
Net realized and unrealized gain (loss) on investments	0.48	0.69	0.17	1.06	0.33
Total from investment operations	1.66	1.97	1.46	2.19	1.36
Dividends from net investment income to common shareholders	(1.20 )	(1.25 )	(1.34 )	(1.08 )	(1.08 )
Dividends from net realized gain on investments to common shareholders	-	(0.05 )	(0.01 )	-	-
Increase from dividends reinvested	0.01	0.02	0.02	0.00 (c)	0.00 (c)
Total dividends	(1.19 )	(1.28 )	(1.33 )	(1.08 )	(1.08 )
Net asset value: End of year	\$13.85	\$13.38	\$12.69	\$12.56	\$11.45
Per share market value:					
End of year	\$14.93	\$15.28	\$17.99	\$15.28	\$12.55
Total investment return					
Net asset value (d)	12.76 %	17.07 %	12.00 %	19.81 %	12.64 %
Market value (d)	5.93 %	(7.11 %)	27.92 %	31.73 %	39.89 %
Net assets (in millions):					
End of year	\$268.69	\$257.38	\$241.94	\$237.58	\$214.44
Ratio of total expenses to average net assets	2.42 %	3.17 %	2.42 %	2.57 %	2.33 %
Ratio of operating expenses to average net assets	1.64 %	1.66 %	1.62 %	1.60 %	1.58 %
Ratio of interest expense to average net assets	0.59 %	0.63 %	0.64 %	0.70 %	0.75 %
Ratio of income tax expense to average net assets (e)	0.19 %	0.88 %	0.16 %	0.27 %	0.00 %
Ratio of net investment income to average net assets	8.50 %	9.78 %	9.91 %	9.46 %	9.06 %
Portfolio turnover	34 %	34 %	21 %	39 %	23 %

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

(b) Calculated using average shares.

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

(d) Net asset value return represents portfolio returns based on change in the Trust's net asset value assuming the reinvestment of all dividends and distributions which differs from the total investment return based on the Trust's market value due to the difference between the Trust's net asset value and the market value of its shares outstanding; past performance is no guarantee of future results.

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



distributions and a credit for the taxes paid is passed on to the shareholders.

Senior borrowings:

Total principal amount (in millions)	\$30	\$30	\$30	\$30	\$30
Asset coverage per \$1,000 of indebtedness	\$9,956	\$9,579	\$9,065	\$8,919	\$8,148

See Notes to Consolidated Financial Statements

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## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2013

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 87.64%: (A)				
Private Placement Investments - 72.84%				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated Note due 2019 Limited Liability Company Unit Class A Common (B)	\$ 2,793,512	10/17/12	\$ 2,744,969	\$ 2,803,406
Limited Liability Company Unit Class A Preferred (B)	27,273 uts.	10/17/12	27,273	110,667
	245 uts.	10/17/12	245,450	265,108
			3,017,692	\$ 3,179,181
A H C Holding Company, Inc.				
A designer and manufacturer of boilers and water heaters for the commercial sector.				
Limited Partnership Interest (B)	23.16% int.	11/21/07	181,387	448,442
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 2020	\$ 1,933,016	12/20/13	1,894,488	1,921,983
Limited Liability Company Unit Class A (B)	5,843 uts.	*	290,317	460,721
Limited Liability Company Unit Class B (B)	2,793 uts.	10/09/09	100,114	220,228
* 10/09/09 and 10/27/10.			2,284,919	2,602,932
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 2014 (D)	\$ 735,000	05/15/08	724,402	367,500
13% Senior Subordinated Note due 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.				

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

13% Senior Subordinated Note due 2019	\$ 1,200,000	08/01/12	1,090,111	1,190,623
Preferred Stock Series A (B)	300,000 shs.	08/01/12	300,000	300,000
Warrant, exercisable until 2022, to purchase common stock at \$.02 per share (B)	53,794 shs.	08/01/12	101,870	53,794
			1,491,981	1,544,417

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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See Notes to Consolidated Financial Statements

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Advanced Manufacturing Enterprises LLC</b>				
A designer and manufacturer of large, custom gearing products for a number of critical customer applications.				
14% Senior Subordinated Note due 2018	\$ 2,723,077	12/07/12	\$ 2,687,212	\$ 2,554,643
Limited Liability Company Unit (B)	3,434 uts.	*	343,385	215,129
* 12/07/12 and 07/11/13.			3,030,597	2,769,772
<b>Advanced Technologies Holdings</b>				
A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	796 shs.	12/27/07	393,754	1,634,097
Convertible Preferred Stock Series B (B)	52 shs.	01/04/11	40,800 434,554	107,797 1,741,894
<b>All Current Holding Company</b>				
A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors.				
Common Stock (B)	1,347 shs.	09/26/08	134,683	283,965
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	958 shs.	09/26/08	87,993 222,676	201,959 485,924
<b>American Hospice Management Holding LLC</b>				
A for-profit hospice care provider in the United States.				
12% Senior Subordinated Note due 2014	\$ 2,337,496	*	2,335,259	2,337,496
Preferred Class A Unit (B)	3,223 uts.	**	322,300	362,750
Preferred Class B Unit (B)	1,526 uts.	06/09/08	152,626	365,082
Common Class B Unit (B)	30,420 uts.	01/22/04	1	-
Common Class D Unit (B)	6,980 uts.	09/12/06	1	-

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* 01/22/04 and 06/09/08.			2,810,187	3,065,328
** 01/22/04 and 09/12/06.				

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	379,065
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Apex Analytix Holding Corporation

A provider of audit recovery and fraud detection services and software to commercial and retail businesses in the U.S. and Europe.

Preferred Stock Series B (B)	3,065 shs.	04/28/09	306,507	449,629
Common Stock (B)	1,366 shs.	04/28/09	1,366	248,678
			307,873	698,307

Arch Global Precision LLC

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

14.75% Senior Subordinated

Note due 2018	\$ 2,378,392	12/21/11	2,330,958	2,395,085
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Limited Liability Company Unit

Class B (B)	85 uts.	12/21/11	85,250	112,892
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Limited Liability Company Unit

Class C (B)	665 uts.	12/21/11	664,750	880,291
			3,080,958	3,388,268

See Notes to Consolidated Financial Statements

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>ARI Holding Corporation</b>				
A leading national supplier of products used primarily by specialty contractors.				
13.5% Senior Subordinated Note due 2020	\$ 2,630,288	05/21/13	\$ 2,581,004	\$ 2,682,894
Preferred Stock (B)	58 shs.	05/21/13	579,208	596,295
Common Stock (B)	58 shs.	05/21/13	64,356	283,656
			3,224,568	3,562,845
<b>Arrow Tru-Line Holdings, Inc.</b>				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
12% Senior Subordinated Note due 2016	\$ 388,481	05/18/05	341,573	388,481
Preferred Stock (B)	63 shs.	10/16/09	62,756	182,836
Common Stock (B)	497 shs.	05/18/05	497,340	21,107
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	130 shs.	05/18/05	112,128	5,533
			1,013,797	597,957
<b>Baby Jogger Holdings LLC</b>				
A designer and marketer of premium baby strollers and stroller accessories.				
14% Senior Subordinated Note due 2019	\$ 2,826,634	04/20/12	2,780,302	2,883,167
Common Stock (B)	2,261 shs.	04/20/12	226,132	399,245
			3,006,434	3,282,412
<b>Blue Wave Products, Inc.</b>				
A distributor of pool supplies.				
10% Senior Secured Term Note due 2018	\$ 714,893	10/12/12	702,861	707,167
13% Senior Subordinated Note due 2019	\$ 723,674	10/12/12	676,666	712,351
Common Stock (B)	114,894 shs.	10/12/12	114,894	147,841
Warrant, exercisable until 2022, to purchase	45,486 shs.	10/12/12	45,486	58,530

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

1,539,907 1,625,889

BP SCI LLC

A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.

14% Senior Subordinated Note  
due 2018

\$ 2,561,145 10/17/12 2,518,102 2,482,281

Limited Liability Company Unit  
Class A (B)

1,000 uts. 10/17/12 100,000 82,014

Limited Liability Company Unit  
Class B (B)

400 uts. 10/17/12 400,000 448,453  
3,018,102 3,012,748

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**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Bravo Sports Holding Corporation</b>				
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 2014	\$ 2,281,593	06/30/06	\$ 2,268,097	\$ 2,053,434
Preferred Stock Class A (B)	879 shs.	06/30/06	268,121	45,736
Common Stock (B)	1 sh.	06/30/06	286	-
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	309 shs.	06/30/06	92,102 2,628,606	16,074 2,115,244
<b>C D N T, Inc.</b>				
A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films, and foils.				
10.5% Senior Secured Term				
Note due 2014	\$ 93,859	08/07/08	93,624	93,859
12.5% Senior Subordinated				
Note due 2015	\$ 750,872	08/07/08	727,573	750,872
Common Stock (B)	73,256 shs.	08/07/08	73,256	148,286
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	57,600 shs.	08/07/08	57,689 952,142	116,595 1,109,612
<b>Capital Specialty Plastics, Inc.</b>				
A producer of desiccant strips used for packaging pharmaceutical products.				
Common Stock (B) *12/30/97 and 05/29/99.	109 shs.	*	503	1,076,843
<b>CG Holdings Manufacturing Company</b>				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				



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13% Senior Subordinated Note due 2019	\$ 3,390,252	05/09/13	3,202,413	3,416,446
Preferred Stock (B)	3,241 shs.	05/09/13	324,054	326,341
Preferred Stock (B)	1,174 shs.	05/09/13	116,929	118,236
Common Stock (B)	337 shs.	05/09/13	35,673	37,177
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	137 shs.	05/09/13	13,033	15,126
			3,692,102	3,913,326

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 2018	\$ 2,235,417	01/19/11	2,145,766	2,280,125
14% Senior Subordinated Note due 2019	\$ 578,786	08/03/12	569,016	581,680
Common Stock (B)	1,125 shs.	01/19/11	112,500	134,108
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750	105,417
			2,915,032	3,101,330

See Notes to Consolidated Financial Statements

## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<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 2018	\$ 1,242,910	03/26/12	\$ 1,210,444	\$ 1,237,486
Common Stock (B)	3,981 shs.	*	398,100	345,593
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	172 shs.	03/26/12	17,220	14,931
*03/26/12, 05/25/12 and 06/19/12.			1,625,764	1,598,010
<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	408,119
<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	113,797
Limited Liability Company Unit Class C (B)	112,873 uts.	01/12/07	112,873	88,210
Limited Liability Company Unit Class D (B)	1,268,437 uts.	05/03/10	-	1,379,071
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	- 268,919	- 1,581,078
<b>Connor Sport Court International, Inc.</b>				
A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary flooring products.				
Preferred Stock Series B-2 (B)	17,152 shs.	07/05/07	700,392	647,533
Preferred Stock Series C (B)	7,080 shs.	07/05/07	236,503	267,273
Common Stock (B)	718 shs.	07/05/07	7	-

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Limited Partnership Interest (B) *08/12/04 and 01/14/05.	12.64% int.	*	189,586 1,126,488	- 914,806
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CorePharma LLC

A manufacturer of oral dose generic pharmaceuticals targeted at niche applications.

Warrant, exercisable until 2015,  
to purchase

common stock at \$.001 per  
share (B)

20 shs.	08/04/05	137,166	325,862
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Crane Rental Corporation

A crane rental company since 1960, headquartered in Florida.

13% Senior Subordinated Note

due 2015	\$ 1,950,750	08/21/08	1,882,004	1,950,750
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Common Stock (B)	255,000 shs.	08/21/08	255,000	332,610
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Warrant, exercisable until 2016,  
to purchase

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

136,070 shs.	08/21/08	194,826 2,331,830	177,483 2,460,843
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**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<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 2019	\$ 2,371,318	11/22/13	\$ 2,324,583	\$ 2,374,990
Common Stock (B)	62,088 shs.	11/22/13	886,364 3,210,947	842,045 3,217,035
<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.				
Preferred Stock PIK (B)	296 shs.	10/27/09	295,550	401,468
Preferred Stock Series A (B)	216 shs.	10/27/09	197,152	293,327
Common Stock (B)	72 shs.	10/27/09	72,238	103,469
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	53 shs.	10/27/09	48,608 613,548	75,597 873,861
<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 2019	\$ 3,173,754	05/04/12	3,121,782	2,966,900
Preferred Stock (B)	61 shs.	05/04/12	605,841	651,162
Common Stock (B)	61 shs.	05/04/12	67,316 3,794,939	68,892 3,686,954
<b>Duncan Systems, Inc.</b>				
A distributor of windshields and side glass for the recreational vehicle market.				
10% Senior Secured Term Note due 2015	\$ 45,000	11/01/06	45,000	43,575
13% Senior Subordinated Note due 2015	\$ 855,000	11/01/06	837,366	842,166
Common Stock (B)	180,000 shs. 56,514 shs.	11/01/06 11/01/06	180,000 78,160	56,474 17,731

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Warrant, exercisable until 2014,  
to purchase  
common stock at \$.01 per share  
(B)

1,140,526 959,946

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. 01/08/08 329,990 462,112

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.

12.5% Senior Subordinated Note  
due 2018 \$ 2,850,000 02/01/10 2,601,772 2,897,290

Common Stock (B) 150 shs. 02/01/10 150,000 194,538

Warrant, exercisable until 2018,  
to purchase  
common stock at \$.01 per share  
(B)

358 shs. 02/01/10 321,300 463,844  
3,073,072 3,555,672

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>ELT Holding Company</b>				
A provider of web-based ethics and compliance training solutions for companies in the United States.				
14% Senior Subordinated Note due 2019	\$ 2,830,419	03/01/12	\$ 2,785,661	\$ 2,722,023
Common Stock (B)	122 shs.	03/01/12	272,727	170,238
			3,058,388	2,892,261
<b>EPM Holding Company</b>				
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 2019	\$ 1,163,475	07/26/13	1,141,527	1,145,203
Common Stock	3,069 shs.	07/26/13	306,947	131,367
			1,448,474	1,276,570
<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	587,066
Limited Liability Company Unit (B)	512 uts.	09/27/10	51,220	209,209
			226,255	796,275
<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 Class B-1 (B)	394,737 uts.	12/15/10	394,737	857,625
Limited Liability Company Unit Class B-2 (B)	49,488 uts.	12/15/10	49,488	107,520
Limited Liability Company Unit Class B-3 (B)	39,130 uts.	08/30/12	90,000	94,684
Limited Liability Company Unit Class C (B)	9,449 uts.	12/20/10	96,056	136,769
			630,281	1,196,598

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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	1,707,776
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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	57,242
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Limited Liability Company

Unit Preferred (B)	182 uts.	10/05/12	182,209	197,018
			184,049	254,260

glo Professional Holdings, Inc.

A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician's office channels.

14% Senior Subordinated Note

due 2019	\$ 2,757,944	03/27/13	2,708,252	2,702,979
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Common Stock (B)	2,835 shs.	03/27/13	283,465	248,938
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			2,991,717	2,951,917
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**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Golden County Foods Holding, Inc.</b>				
A manufacturer of frozen appetizers and snacks.				
14% Senior Subordinated Note due 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	-
<b>H M Holding Company</b>				
A designer, manufacturer, and importer of promotional and wood furniture.				
7.5% Senior Subordinated Note due 2016 (D)				
	\$ 685,100	10/15/09	512,231	-
Preferred Stock (B)	40 shs.	*	40,476	-
Preferred Stock Series B (B)	2,055 shs.	10/15/09	1,536,694	-
Common Stock (B)	340 shs.	02/10/06	340,000	-
Common Stock Class C (B)	560 shs.	10/15/09	-	-
Warrant, exercisable until 2016, to purchase common stock at \$.02 per share (B)				
	126 shs.	02/10/06	116,875	-
* 09/18/07 and 06/27/08.				
			2,546,276	-
<b>Handi Quilter Holding Company</b>				
A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.				
Common Stock (B)	115 shs.	11/14/11	115,385	312,330
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)				
	83 shs.	11/14/11	76,788	223,603
			192,173	535,933
<b>Healthcare Direct Holding Company</b>				



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A direct-to-consumer marketer of discount dental plans.

14% Senior Subordinated Note due 2019 (D)	\$ 2,151,183	03/09/12	2,114,542	2,043,624
Common Stock (B)	1,552 shs.	03/09/12	155,172	61,528
			2,269,714	2,105,152

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 2018	\$ 1,687,500	04/15/13	1,587,817	1,666,947
Limited Liability Company Unit (B)	563 uts.	04/15/13	562,500	578,315
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	89,224 shs.	04/15/13	77,625	8,523
			2,227,942	2,253,785

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## Babson Capital Corporate Investors

**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Home Décor Holding Company				
A designer, manufacturer and marketer of framed art and wall décor products.				
Common Stock (B)	63 shs.	*	\$ 62,742	\$ 166,495
Warrant, exercisable until 2016, to purchase common stock at \$.02 per share (B)	200 shs.	*	199,501	529,420
* 06/30/04 and 08/19/04.			262,243	695,915
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.				
12% Senior Subordinated Note due 2016	\$ 2,075,581	08/19/08	2,003,536	2,031,231
Common Stock (B)	474 shs.	08/19/08	474,419	127,463
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	123 shs.	08/19/08	113,773	32,944
			2,591,728	2,191,638
HVAC Holdings, Inc.				

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A provider of integrated energy efficiency services and maintenance programs for HVAC systems.

14% Senior Subordinated Note due 2019	\$ 2,796,758	09/27/12	2,748,529	2,769,651
Preferred Stock Series A (B)	2,705 shs.	09/27/12	270,542	305,248
Common Stock (B)	2,185 shs.	09/27/12	2,185	7,506
			3,021,256	3,082,405

Ideal Tridon Holdings, Inc.

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

Common Stock (B)	279 shs.	10/27/11	278,561	510,024
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Insurance Claims Management, Inc.

A third party administrator providing auto and property claim administration services for insurance companies.

Common Stock (B)	89 shs.	02/27/07	2,689	623,885
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**CONSOLIDATED SCHEDULE OF INVESTMENTS** (CONTINUED)

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<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	\$ 690,757
Preferred Stock B (B)	0.17 shs.	12/20/10	-	233
Common Stock (B)	100 shs.	12/20/10	5,000	462,820
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	36 shs.	12/20/10	316,930	167,818
			816,930	1,321,628
<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 2019 Limited Liability Company	\$ 2,684,783	12/11/13	2,631,470	2,683,760
Unit Class A (B)	565 shs.	12/11/13	565,217	536,959
			3,196,687	3,220,719
<b>Jason Partners Holdings LLC</b>				
A diversified manufacturing company serving various industrial markets.				
Limited Liability Company Unit (B)	90 uts.	09/21/10	848,275	48,185
<b>JMH Investors LLC</b>				
A developer and manufacturer of custom formulations for a wide variety of foods.				
14.25% Senior Subordinated Note due 2019 Limited Liability Company	\$ 2,538,613	12/05/12	2,493,785	2,477,291
Unit (B)	521,739 uts.	12/05/12	521,739	367,498
			3,015,524	2,844,789
<b>K &amp; N Parent, Inc.</b>				

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A manufacturer and supplier of automotive aftermarket performance air filters and intake systems.

14% Senior Subordinated Note due 2019	\$ 3,445,377	12/23/11	3,371,593	3,488,813
Preferred Stock Series A (B)	305 shs.	12/23/11	119,662	361,462
Preferred Stock Series B (B)	86 shs.	12/23/11	-	102,306
Common Stock (B)	391 shs.	12/23/11	19,565	152,748
			3,510,820	4,105,329

K N B Holdings Corporation

A designer, manufacturer and marketer of products for the custom framing market.

Common Stock (B)	134,210 shs.	05/25/06	134,210	69,892
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	82,357 shs.	05/25/06	71,534	42,889
			205,744	112,781

K P H I Holdings, Inc.

A manufacturer of highly engineered plastic and metal components for a diverse range of end-markets, including medical, consumer and industrial, automotive and defense.

Common Stock (B)	698,478 shs.	12/10/10	698,478	847,419
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See Notes to Consolidated Financial Statements

## Babson Capital Corporate Investors

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2013

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>K P I Holdings, Inc.</b>				
The largest player in the U.S. non-automotive, non-ferrous die casting segment.				
Convertible Preferred Stock Series C (B)	55 shs.	06/30/09	\$ 55,435	\$ 156,487
Convertible Preferred Stock Series D (B)	24 shs.	09/17/09	24,476	73,410
Common Stock (B)	443 shs.	07/15/08	443,478	112,771
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	96 shs.	07/16/08	96,024	24,417
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	128 shs.	09/17/09	- 619,413	32,447 399,532
<b>LPC Holding Company</b>				
A designer and manufacturer of precision-molded silicone rubber components that are utilized in the medical and automotive end markets.				
Common Stock (B)	315 shs.	08/15/11	315,057	464,860
<b>M V I Holding, Inc.</b>				
A manufacturer of large precision machined metal components used in equipment which services a variety of industries, including the oil and gas, mining, and defense markets.				
Common Stock (B)	61 shs.	09/12/08	60,714	-
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	66 shs.	09/12/08	65,571 126,285	- -
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