

BABSON CAPITAL PARTICIPATION INVESTORS

Form N-Q

May 29, 2015

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

FORM N-Q

Quarterly Schedule of Portfolio Holdings of
Registered Management Investment Company

Investment Company Act file number 811-05531

Babson Capital Participation Investors

(Exact name of registrant as specified in charter)

1500 Main Street, Springfield, MA 01115

(Address of principal executive offices) (Zip code)

Christopher A. DeFrancis, Vice President, Secretary and Chief Legal Officer
1500 Main Street, Suite 2800, Springfield, MA 01115

(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: 03/31/15

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2015

(Unaudited)

| Corporate Restricted Securities - 77.17%: (A) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|---|------------------|------------|------------|
| Private Placement | | | | |
| Investments - 61.32% | | | | |
| 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 | \$ 680,877 | 10/17/12 | \$ 670,806 | \$ 671,900 |
| Limited Liability Company | | | | |
| Unit Class A Common (B) | 11,364 uts. | 10/17/12 | 11,364 | — |
| Limited Liability Company | | | | |
| Unit Class A Preferred (B) | 102 uts. | 10/17/12 | 102,270 | 83,636 |
| | | | 784,440 | 755,536 |
| 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 | \$ 1,049,256 | 12/20/13 | 1,031,204 | 1,059,749 |
| Limited Liability Company | | | | |
| Unit Class A (B) | 3,094 uts. | * | 153,704 | 310,149 |
| Limited Liability Company | | | | |
| Unit Class B (B) | 1,479 uts. | 10/09/09 | 52,999 | 148,258 |
| * 10/09/09 and 12/20/13. | | | | |
| | | | 1,237,907 | 1,518,156 |
| 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) | \$ 420,000 | 05/15/08 | 413,944 | 210,000 |
| 13% Senior Subordinated | | | | |
| Note due 05/15/2015 (D) | \$ 420,000 | 05/15/08 | 384,627 | — |
| Common Stock (B) | | | | |
| | 60,000 shs. | 05/15/08 | 60,000 | — |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B) | | | | |
| | 21,099 shs. | 05/15/08 | 35,654 | — |
| | | | 894,225 | 210,000 |
| ABC Industries, Inc. | | | | |
| A manufacturer of mine and tunneling ventilation products in the U.S. | | | | |
| | \$ 181,818 | 08/01/12 | 167,780 | 183,636 |

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13% Senior Subordinated
Note due 07/31/2019

| | | | | |
|------------------------------|--------------|----------|---------|---------|
| Preferred Stock Series A (B) | 125,000 shs. | 08/01/12 | 125,000 | 267,789 |
|------------------------------|--------------|----------|---------|---------|

Warrant, exercisable until
2022, to purchase

common stock at \$.02 per
share (B)

| | | | |
|-------------|----------|---------|---------|
| 22,414 shs. | 08/01/12 | 42,446 | 45,820 |
| | | 335,226 | 497,245 |

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) | 32 uts. | 11/09/12 | — | — |
|------------------|---------|----------|---|---|

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 12/07/2018 | \$ 1,134,615 | 12/07/12 | 1,122,532 | 1,145,961 |
|---------------------|--------------|----------|-----------|-----------|

Limited Liability Company

| | | | | |
|----------|------------|---|---------|---------|
| Unit (B) | 1,431 uts. | * | 143,077 | 200,983 |
|----------|------------|---|---------|---------|

* 12/07/12 and 07/11/13.

| | |
|-----------|-----------|
| 1,265,609 | 1,346,944 |
|-----------|-----------|

Babson Capital Participation 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) | 332 shs. | 12/27/07 | \$ 164,016 | \$ 504,839 |
| Convertible Preferred Stock Series B (B) | 28 shs. | 01/04/11 | 21,600 | 42,327 |
| | | | 185,616 | 547,166 |
| 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 | \$ 1,181,250 | 03/27/15 | 1,157,666 | 1,180,785 |
| Preferred Stock (B) | 1,122 shs. | 03/27/15 | 112,154 | 106,546 |
| Common Stock (B) | 346 shs. | 03/27/15 | 346 | 329 |
| | | | 1,270,166 | 1,287,660 |
| 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 | \$ 1,444,973 | 11/18/14 | 1,417,444 | 1,467,174 |
| Limited Liability Company Unit | 288 uts. | 11/18/14 | 288,000 | 288,414 |
| | | | 1,705,444 | 1,755,588 |
| American Hospice Management Holding LLC | | | | |
| A for-profit hospice care provider in the United States. | | | | |
| 12% Senior Subordinated | | | | |
| Note due 03/31/2020 (D) | \$ 1,237,502 | * | 1,237,364 | 1,237,502 |
| Preferred Class A Unit (B) | 1,706 uts. | ** | 170,600 | — |
| Preferred Class B Unit (B) | 808 uts. | 06/09/08 | 80,789 | 82,044 |
| Common Class B Unit (B) | 16,100 uts. | 01/22/04 | 1 | — |
| Common Class D Unit (B) | 3,690 uts. | 09/12/06 | — | — |
| | | | 1,488,754 | 1,319,546 |
| * 01/22/04 and 06/09/08. | | | | |
| ** 01/22/04 and 09/16/06. | | | | |

AMS Holding LLC

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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) | 114 uts. | 10/04/12 | 113,636 | 344,334 |
|----------------------------|----------|----------|---------|---------|

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 | \$ 1,725,000 | 03/30/15 | 1,699,156 | 1,698,894 |
|---------------------|--------------|----------|-----------|-----------|

Arch Global Precision LLC

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

Limited Liability Company

| | | | | |
|------------------|---------|----------|--------|--------|
| Unit Class B (B) | 20 uts. | 12/21/11 | 28,418 | 96,609 |
|------------------|---------|----------|--------|--------|

Limited Liability Company

| | | | | |
|------------------|----------|----------|---------|-----------|
| Unit Class C (B) | 230 uts. | 12/21/11 | 221,582 | 962,404 |
| | | | 250,000 | 1,059,013 |

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 | | | | |
| | \$ 1,698,197 | * | \$ 1,673,777 | \$ 1,718,850 |
| Limited Partnership Interest | | | | |
| | 524 uts. | 08/01/14 | 523,950 | 505,751 |
| * 05/21/13 and 08/01/14. | | | | |
| | | | 2,197,727 | 2,224,601 |
| Arrow Tru-Line Holdings, Inc. | | | | |
| A manufacturer of hardware for residential and commercial overhead garage doors in North America. | | | | |
| Preferred Stock (B) | | | | |
| | 27 shs. | 10/16/09 | 26,825 | 105,183 |
| Common Stock (B) | | | | |
| | 213 shs. | 05/18/05 | 212,588 | 64,387 |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | | | | |
| | 56 shs. | 05/18/05 | 47,929 | 16,880 |
| | | | 287,342 | 186,450 |
| 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 | | | | |
| | \$ 505,280 | 07/31/14 | 496,232 | 437,022 |
| Limited Liability Company Unit | | | | |
| | 36,964 uts. | 07/31/14 | 369,643 | 335,394 |
| | | | 865,875 | 772,416 |
| Blue Wave Products, Inc. | | | | |
| A distributor of pool supplies. | | | | |
| 10% Senior Secured Term Note due 09/30/2018 | | | | |
| | \$ 278,014 | 10/12/12 | 274,359 | 278,014 |
| 13% Senior Subordinated Note due 09/30/2019 | | | | |
| | \$ 325,673 | 10/12/12 | 307,992 | 332,187 |
| Common Stock (B) | | | | |
| | 51,064 shs. | 10/12/12 | 51,064 | 130,718 |
| Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B) | | | | |
| | 20,216 shs. | 10/12/12 | 20,216 | 51,751 |
| | | | 653,631 | 792,670 |

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BP SCI LLC

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

Limited Liability Company

| | | | | |
|------------------|----------|----------|--------|---------|
| Unit Class A (B) | 417 uts. | 10/17/12 | 41,667 | 264,417 |
|------------------|----------|----------|--------|---------|

Limited Liability Company

| | | | | |
|------------------|----------|----------|---------|---------|
| Unit Class B (B) | 167 uts. | 10/17/12 | 166,666 | 217,112 |
| | | | 208,333 | 481,529 |

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 | \$ | 1,207,902 | 06/30/06 | 1,205,503 | 1,207,902 |
|---------------------|----|-----------|----------|-----------|-----------|

| | | | | | |
|-----------------------------|--|----------|----------|---------|---|
| Preferred Stock Class A (B) | | 465 shs. | 06/30/06 | 141,946 | — |
|-----------------------------|--|----------|----------|---------|---|

| | | | | | |
|------------------|--|-------|----------|-----|---|
| Common Stock (B) | | 1 sh. | 06/30/06 | 152 | — |
|------------------|--|-------|----------|-----|---|

Warrant, exercisable until

2015, to purchase

common stock at \$.01 per

| | | | | | |
|-----------|--|----------|----------|--------|---|
| share (B) | | 164 shs. | 06/30/06 | 48,760 | — |
|-----------|--|----------|----------|--------|---|

| | | | | | |
|--|--|--|--|-----------|-----------|
| | | | | 1,396,361 | 1,207,902 |
|--|--|--|--|-----------|-----------|

Babson Capital Participation 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 due 11/01/2019 | \$ 1,412,605 | * | \$ 1,344,932 | \$ 1,446,895 |
| Preferred Stock (B) | 1,350 shs. | * | 134,972 | 148,279 |
| Preferred Stock (B) | 489 shs. | * | 48,721 | 53,743 |
| Common Stock (B) | 140 shs. | * | 14,864 | 49,629 |
| Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B) | 58 shs. | * | 5,430 | 20,614 |
| * 05/09/13 and 11/01/13. | | | 1,548,919 | 1,719,160 |
| 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 | \$ 759,373 | 01/19/11 | 736,969 | 759,373 |
| 14% Senior Subordinated Note due 08/03/2019 | \$ 197,855 | 08/03/12 | 195,122 | 199,834 |
| Common Stock (B) | 375 shs. | 01/19/11 | 37,500 | 53,958 |
| Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B) | 295 shs. | 01/19/11 | 29,250 | 42,414 |
| | | | 998,841 | 1,055,579 |
| 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 | \$ 424,765 | 03/26/12 | 416,456 | 424,765 |
| 10% Senior Subordinated Note due 09/12/2015 | \$ 6,330 | 09/15/14 | 6,330 | 6,341 |
| Common Stock (B) | 1,327 shs. | * | 132,700 | 114,137 |

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Warrant, exercisable until 2022,
to purchase

common stock at \$.01 per share

| | | | | |
|---------------------------------------|---------|----------|---------|---------|
| (B) | 57 shs. | 03/26/12 | 5,740 | 4,903 |
| * 03/26/12, 05/25/12 and 06/19/12. | | | 561,226 | 550,146 |

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 09/31/2021 \$ 1,579,965 10/01/14 1,550,043 1,597,245

Common Stock (B) 1,568 shs. 10/01/14 156,818 101,933

1,706,861 1,699,178

Clough, Harbour and Associates

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

Preferred Stock (B) 147 shs. 12/02/08 146,594 386,035

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 |
|---|--|---------------------|----------------------|----------------------|
| Compass Chemical International LLC A manufacturer and supplier of standard and specialty formulated chemicals, primarily phosphoric acid derivatives called phosphonates. | | | | |
| 13% Senior Subordinated Note due 10/04/2020 | \$ 1,497,159 | 03/04/15 | \$ 1,467,337 | \$ 1,505,930 |
| Limited Liability Company Unit (B) | 230 uts. | 03/04/15 | 230,000 1,697,337 | 218,500 1,724,430 |
| Connecticut Electric, Inc. A supplier and distributor of electrical products sold into the retail and wholesale markets. | | | | |
| Limited Liability Company Unit Class A (B) | 82,613 uts. | 01/12/07 | 82,613 | 75,779 |
| Limited Liability Company Unit Class C (B) | 59,756 uts. | 01/12/07 | 59,756 | 58,740 |
| Limited Liability Company Unit Class D (B) | 671,525 uts. | 05/03/10 | — | 764,819 |
| Limited Liability Company Unit Class E (B) | 1,102 uts. | 05/03/10 | — 142,369 | — 899,338 |
| Crane Rental Corporation A crane rental company since 1960, headquartered in Florida. | | | | |
| 13% Senior Subordinated Note due 11/30/2015 | \$ 695,250 | 08/21/08 | 685,923 | 695,250 |
| Common Stock (B) | 135,000 shs. | 08/21/08 | 135,000 | 131,042 |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | 72,037 shs. | 08/21/08 | 103,143 924,066 | 69,925 896,217 |
| CTM Holding, Inc. A leading owner and operator of coin-operated children's rides, penny presses and candy kiosks in the U.S. | | | | |
| 15% Senior Subordinated Note due 11/22/2019 | \$ 1,230,793 | 11/22/13 | 1,210,799 | 1,255,409 |
| Common Stock (B) | 31,044 shs. | 11/22/13 | 443,182 1,653,981 | 351,092 1,606,501 |
| Custom Engineered Wheels, Inc. | | | | |

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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) | 156 shs. | 10/26/09 | 156,468 | 180,421 |
| Preferred Stock Series A (B) | 114 shs. | 10/27/09 | 104,374 | 131,819 |
| Common Stock (B) | 38 shs. | 10/26/09 | 38,244 | — |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | 28 shs. | 10/27/09 | 25,735 | — |
| | | | 324,821 | 312,240 |

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 | \$ 1,355,790 | 05/04/12 | 1,337,839 | 1,369,348 |
| Preferred Stock (B) | 25 shs. | 05/04/12 | 252,434 | 299,750 |
| Common Stock (B) | 25 shs. | 05/04/12 | 28,048 | 141,682 |
| | | | 1,618,321 | 1,810,780 |

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Babson Capital Participation 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 | \$ 1,463,636 | 12/30/14 | \$ 1,435,350 | \$ 1,476,340 |
| Preferred Stock (B) | 261 shs. | 12/30/14 | 261,364 | 248,292 |
| | | | 1,696,714 | 1,724,632 |
| 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) | 349 shs. | 01/08/08 | 174,701 | 348,365 |
| 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) | 50 shs. | 02/01/10 | 50,000 | 92,355 |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 119 shs. | 02/01/10 | 107,100 | 220,211 |
| | | | 157,100 | 312,566 |
| 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 | \$ 1,297,229 | 11/19/14 | 1,268,999 | 1,315,413 |
| Limited Liability Company Unit (B) | 230 uts. | 11/19/14 | 71,875 | 63,514 |
| | | | 1,340,874 | 1,378,927 |
| 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 | \$ 441,985 | 07/26/13 | 434,941 | 450,824 |
| Common Stock (B) | 1,535 shs. | 07/26/13 | 153,474 | 237,819 |
| | | | 588,415 | 688,643 |
| 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 | \$ | 944,278 | 04/04/14 | 928,071 | 945,855 |
| Common Stock (B) | | 31 shs. | 04/04/14 | 77,533 | 77,525 |
| | | | | 1,005,604 | 1,023,380 |

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) | | 171 uts. | 09/27/10 | 58,345 | 68,601 |
|--------------------|--|----------|----------|--------|--------|

Limited Liability Company

| | | | | | |
|----------|--|----------|----------|--------|---------|
| Unit (B) | | 171 uts. | 09/27/10 | 17,073 | 146,331 |
| | | | | 75,418 | 214,932 |

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 (B) | 80,559 uts. | 04/15/14 | \$ — | \$ 80,559 |
| Limited Liability Company Unit Class B-1 (B) | 65,789 uts. | 12/15/10 | 65,789 | 117,250 |
| Limited Liability Company Unit Class B-2 (B) | 8,248 uts. | 12/15/10 | 8,248 | 14,700 |
| Limited Liability Company Unit Class B-3 (B) | 6,522 uts. | 08/30/12 | 15,000 | 13,234 |
| Limited Liability Company Unit Class C (B) | 1,575 uts. | 12/20/10 | 16,009 | 24,288 |
| | | | 105,046 | 250,031 |
| 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) | 198 shs. | 10/19/10 | 46,958 | 134,128 |
| 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) | 767 uts. | 10/05/12 | 767 | 30,638 |
| Limited Liability Company Unit Preferred (B) | 76 uts. | 10/05/12 | 75,920 | 87,765 |
| | | | 76,687 | 118,403 |
| GenNx Novel Holding, Inc. | | | | |
| A manufacturer and distributor of nutraceutical ingredients. | | | | |
| 13% Senior Subordinated Note due 03/27/2020 | | | | |
| | \$ 1,582,025 | 03/27/14 | 1,554,416 | 1,582,024 |
| Common Stock (B) | 15,500 shs. | 03/27/14 | 155,000 | 110,834 |
| | | | 1,709,416 | 1,692,858 |
| 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 | \$ 1,178,161 | 03/27/13 | 1,161,098 | 1,178,161 |
| Common Stock (B) | 1,181 shs. | 03/27/13 | 118,110 | 172,884 |
| | | | 1,279,208 | 1,351,045 |

Golden County Foods Holding,
Inc.

A manufacturer of frozen
appetizers and snacks.

| | | | | |
|--|--------------|----------|-----------|---|
| 14% Senior Subordinated Note due 11/13/2019 (D) | \$ 38,950 | 11/13/13 | 231,183 | — |
| Preferred Stock (B) | 151,643 shs. | 11/13/13 | 77,643 | — |
| Preferred Stock Series F (B) | 155,800 shs. | 11/13/13 | 924,731 | — |
| | | | 1,233,557 | — |

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Babson Capital Participation 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 | \$ 1,550,169 | 10/31/14 | \$ 1,520,514 | \$ 1,568,855 |
| Common Stock (B) | 175 shs. | 10/31/14 | 174,831 | 179,002 |
| | | | 1,695,345 | 1,747,857 |
| 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 | \$ 727,865 | 02/05/14 | 683,399 | 733,985 |
| Common Stock (B) | 846 shs. | 02/05/14 | 84,636 | 83,538 |
| Warrant, exercisable until 2024, to purchase common stock at \$.01 per share (B) | 397 shs. | 02/05/14 | 36,816 | 39,202 |
| | | | 804,851 | 856,725 |
| 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 | \$ 1,437,500 | 12/19/14 | 1,409,581 | 1,451,307 |
| Limited Liability Company (B) | 288 uts. | 12/19/14 | 287,500 | 288,256 |
| Limited Liability Company (B) | 2,875 uts. | 12/19/14 | — | 12,649 |
| | | | 1,697,081 | 1,752,212 |
| Hartland Controls Holding Corporation | | | | |
| A manufacturer and distributor of electronic and electromechanical components. | | | | |
| 14% Senior Subordinated Note due 08/14/2019 | \$ 1,089,948 | 02/14/14 | 1,071,330 | 1,111,747 |
| Common Stock (B) | 821 shs. | 02/14/14 | 822 | 159,342 |
| Preferred Stock Series A (B) | 2,547 shs. | 02/14/14 | 254,734 | 277,795 |
| | | | 1,326,886 | 1,548,884 |
| Healthcare Direct Holding Company | | | | |
| A direct-to-customer marketer of discount dental plans. | | | | |
| Common Stock (B) | 517 shs. | 03/09/12 | 51,724 | 75,360 |

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HHI Group, LLC

A developer, marketer, and distributor of hobby-grade radio control products.

| | | | | |
|---|--------------|----------|-----------|-----------|
| 14% Senior Subordinated Note due 01/17/2020 | \$ 1,560,524 | 01/17/14 | 1,534,271 | 1,573,524 |
| Limited Liability Company Unit (B) | 102 uts. | 01/17/14 | 101,563 | 69,599 |
| | | | 1,635,834 | 1,643,123 |

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 | \$ 703,125 | 04/15/13 | 671,312 | 709,912 |
| Limited Liability Company Unit (B) | 234 uts. | 04/15/13 | 234,375 | 179,237 |
| Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B) | 37,177 shs. | 04/15/13 | 32,344 | 27,008 |
| | | | 938,031 | 916,157 |

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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 |
|--|---|------------------|-----------|------------|
| 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) | 47 uts. | 10/14/11 | \$ — | \$ — |
| Limited Liability Company Unit Class G (B) | 114 uts. | 10/14/11 | — | — |
| Limited Liability Company Unit Class H (B) | 47 uts. | 10/14/11 | — | — |
| Limited Liability Company Unit Class I (B) | 47 uts. | 10/14/11 | — | — |
| Hospitality Mints Holding Company | | | | |
| A manufacturer of individually-wrapped imprinted promotional mints. | | | | |
| 12% Senior Subordinated Note due 08/19/2016 | \$ 1,098,837 | 08/19/08 | 1,076,215 | 1,098,837 |
| Common Stock (B) | 251 shs. | 08/19/08 | 251,163 | 80,488 |
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | 65 shs. | 08/19/08 | 60,233 | 20,805 |
| | | | 1,387,611 | 1,200,130 |
| HVAC Holdings, Inc. | | | | |
| A provider of integrated energy efficiency services and maintenance programs for HVAC systems. | | | | |
| 12.5% Senior Subordinated Note due 09/27/2019 | \$ 1,190,423 | 09/27/12 | 1,172,944 | 1,202,327 |
| Limited Liability Company Unit Class A Common (B) | 910 uts. | 09/27/12 | 910 | 30,553 |
| Limited Liability Company Unit Class A Preferred (B) | 1,127 uts. | 09/27/12 | 112,726 | 142,206 |
| | | | 1,286,580 | 1,375,086 |
| Ideal Tridon Holdings, Inc. | | | | |
| A designer and manufacturer of clamps and couplings used in automotive and industrial end markets. | | | | |
| Common Stock (B) | 93 shs. | 10/27/11 | 92,854 | 187,527 |
| Impact Confections | | | | |

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An independent manufacturer and marketer of confectionery products including Warheads® brand sour candies, Melster® brand classic candies, and co-manufactured/private label classic candies.

13% Senior Subordinated

| | | | | | |
|---------------------|----|------------|----------|-----------|-----------|
| Note due 11/04/2020 | \$ | 1,067,920 | 11/10/14 | 1,047,582 | 1,082,329 |
| Common Stock (B) | | 2,300 shs. | 11/10/14 | 230,000 | 157,913 |
| | | | | 1,277,582 | 1,240,242 |

I n s u r a n c e C l a i m s

Management, Inc.

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

| | | | | | |
|------------------|--|---------|----------|-------|---------|
| Common Stock (B) | | 47 shs. | 02/27/07 | 1,424 | 244,680 |
|------------------|--|---------|----------|-------|---------|

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Babson Capital Participation 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 |
|---|--|---------------------|----------------------|----------------------|
| J A C Holding Enterprises, Inc. | | | | |
| A supplier of luggage racks and accessories to the original equipment manufacturers. | | | | |
| Preferred Stock A (B) | 165 shs. | 12/20/10 | \$ 165,000 | \$ 202,522 |
| Preferred Stock B (B) | 0.06 shs. | 12/20/10 | — | 74 |
| Common Stock | 33 shs. | 12/20/10 | 1,667 | — |
| Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B) | 12 shs. | 12/20/10 | 105,643 272,310 | 57,920 260,516 |
| Janus Group Holdings LLC | | | | |
| A manufacturer of roll-up doors and hallway systems that are primarily used in self-storage facilities. | | | | |
| 13.5% Senior Subordinated Note due 06/10/2019 | \$ 1,342,391 | 12/11/13 | 1,320,212 | 1,369,239 |
| Limited Liability Company Unit Class A (B) | 283 uts. | 12/11/13 | 139,258 1,459,470 | 473,448 1,842,687 |
| JMH Investors LLC | | | | |
| A developer and manufacturer of custom formulations for a wide variety of foods. | | | | |
| 14.25% Senior Subordinated Note due 12/05/2019 | \$ 1,087,841 | 12/05/12 | 1,071,893 | 1,030,740 |
| Limited Liability Company Unit (B) | 311,710 uts. | 12/05/12 | 224,937 1,296,830 | 72,633 1,103,373 |
| K & N Parent, Inc. | | | | |
| A manufacturer and supplier of automotive aftermarket performance air filters and intake systems. | | | | |
| Preferred Stock Series A | 102 shs. | 12/23/11 | — | — |
| Preferred Stock Series B | 29 shs. | 12/23/11 | — | — |
| Common Stock | 163 shs. | * | 6,522 | 159,147 |
| * 12/23/11 and 06/30/14. | | | 6,522 | 159,147 |
| K N B Holdings Corporation | | | | |
| A designer, manufacturer and marketer of products for the custom framing market. | | | | |
| Common Stock (B) | 71,053 shs. | 05/24/06 | 71,053 | 57,403 |

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| | | | | |
|---|-------------|----------|-------------------|-------------------|
| Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B) | 43,600 shs. | 05/25/06 | 37,871 108,924 | 35,224 92,627 |
| K P I Holdings, Inc. | | | | |
| The largest player in the U.S. non-automotive, non-ferrous die casting segment. | | | | |
| Convertible Preferred Stock Series C (B) | 29 shs. | 06/30/09 | 29,348 | 98,987 |
| Convertible Preferred Stock Series D (B) | 13 shs. | 09/17/09 | 12,958 | 42,120 |
| Common Stock (B) | 235 shs. | 07/15/08 | 234,783 | 205,326 |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 51 shs. | 07/16/08 | 50,836 | 44,462 |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 67 shs. | 09/17/09 | — 327,925 | 58,945 449,840 |

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 |
|---|---|---------------------|-------------------|--------------------|
| M V I Holding, Inc. | | | | |
| 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) | 32 shs. | 09/12/08 | \$ 32,143 | \$ — |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 35 shs. | 09/12/08 | 34,714 66,857 | — — |
| Mail Communications Group, Inc. | | | | |
| A provider of mail processing and handling services, lettershop services, and commercial printing services. | | | | |
| Limited Liability Company Unit Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B) | 12,764 uts. | * | 166,481 | 272,034 |
| * 05/04/07 and 01/02/08. | 1,787 shs. | 05/04/07 | 22,781 189,262 | 38,087 310,121 |
| Manhattan Beachwear Holding Company | | | | |
| A designer and distributor of women's swimwear. | | | | |
| 12.5% Senior Subordinated Note due 01/15/2018 | \$ 419,971 | 01/15/10 | 393,820 | 419,971 |
| 15% Senior Subordinated Note due 01/15/2018 | \$ 114,537 | 10/05/10 | 113,455 | 114,537 |
| Common Stock (B) | 35 shs. | 10/05/10 | 35,400 | 41,474 |
| Common Stock Class B (B) | 118 shs. | 01/15/10 | 117,647 | 137,836 |
| Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B) | 104 shs. | 10/05/10 | 94,579 754,901 | 121,985 835,803 |
| MedSystems Holdings LLC | | | | |
| A manufacturer of enteral feeding products, such as feeding tubes and other products related to assisted feeding. | | | | |
| Preferred Unit (B) | 66 uts. | 08/29/08 | 46,152 | 87,236 |

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| | | | | |
|-------------------------|----------|----------|---------|---------|
| Common Unit Class A (B) | 671 uts. | 08/29/08 | 671 | 102,806 |
| Common Unit Class B (B) | 263 uts. | 08/29/08 | 63,564 | 40,330 |
| | | | 110,387 | 230,372 |

Merex Holding Corporation

A provider of after-market spare parts and components, as well as Maintenance, Repair and Overhaul services for “out of production” or “legacy” aerospace and defense systems that are no longer effectively supported by the original equipment manufacturers.

| | | | | |
|---|--------------|----------|---------|---------|
| 14% Senior Subordinated Note due 10/30/2019 | \$ 454,295 | 09/22/11 | 448,780 | 444,420 |
| Limited Liability Company Unit Series A | 228 uts. | 05/07/14 | 14,760 | 12,073 |
| Limited Liability Company Unit Series B (B) | 155,945 uts. | 09/22/11 | 155,945 | 165,648 |
| | | | 619,485 | 622,141 |

MES Partners, Inc.

An industrial service business offering an array of cleaning and environmental services to the Gulf Coast region of the U.S.

| | | | | |
|---|--------------|----------|-----------|-----------|
| 12% Senior Subordinated Note due 09/30/2021 | \$ 1,087,462 | 09/30/14 | 1,066,839 | 1,102,664 |
| Common Stock Class B (B) | 219,545 shs. | 09/30/14 | 219,545 | 208,568 |
| | | | 1,286,384 | 1,311,232 |

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Babson Capital Participation 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 |
|---|---|------------------|------------|------------|
| MicroGroup, Inc. | | | | |
| A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and bars. | | | | |
| 7% Senior Subordinated | | | | |
| Note due 06/30/2015 (D) | \$ 902,727 | * | \$ 865,676 | \$ 816 |
| Preferred Stock Series A (B) | 519 shs. | 10/10/12 | 498,734 | — |
| Common Stock (B) | 238 shs. | * | 238,000 | — |
| Common Stock Series B (B) | 597 shs. | 10/10/12 | 6 | — |
| Warrant, exercisable until 2015, to purchase common stock at \$.02 per share (B) | 87 shs. | * | 86,281 | — |
| * 08/12/05 and 09/11/06. | | | 1,688,697 | 816 |
| MNX Holding Company | | | | |
| An international third party logistics company providing customized logistics services to customers across the globe. | | | | |
| 14% Senior Subordinated | | | | |
| Note due 11/02/2019 | \$ 1,264,828 | 11/02/12 | 1,246,530 | 1,227,058 |
| Common Stock (B) | 45 shs. | 11/02/12 | 44,643 | 13,198 |
| | | | 1,291,173 | 1,240,256 |
| Money Mailer | | | | |
| A leading provider of hyperlocal shared direct mail advertising as well as interactive and online advertising solutions through its nationwide production and distribution network. | | | | |
| Preferred Stock | 1,332,865 shs. | 12/10/14 | 1,312,872 | 1,332,865 |
| Motion Controls Holdings | | | | |
| A manufacturer of high performance mechanical motion control and linkage products. | | | | |
| 14.25% Senior Subordinated | | | | |
| Note due 08/15/2020 | \$ 978,576 | 11/30/10 | 968,944 | 978,576 |
| Limited Liability Company Unit Class B-1 (B) | 75,000 uts. | 11/30/10 | — | 79,711 |
| Limited Liability Company Unit Class B-2 (B) | 6,801 uts. | 11/30/10 | — | 7,228 |
| | | | 968,944 | 1,065,515 |
| NABCO, Inc. | | | | |
| A producer of explosive containment vessels in the United States. | | | | |

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| | | | | |
|------------------|----------|----------|---------|---------|
| Common Stock (B) | 429 shs. | 12/20/12 | 306,091 | 211,706 |
|------------------|----------|----------|---------|---------|

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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 |
|--|---|------------------|------------|------------|
| NetShape Technologies, Inc. A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications. | | | | |
| 12% Senior Subordinated Note due 06/10/2020 | \$ 810,000 | 02/02/07 | \$ 809,080 | \$ 810,000 |
| Limited Partnership Interest of | | | | |
| Saw Mill PCG Partners LLC (B) | 1.38% int. | 02/01/07 | 588,077 | — |
| Limited Liability Company Unit Class D of | | | | |
| Saw Mill PCG Partners LLC (B) | 9 uts. | * | 8,873 | — |
| Limited Liability Company Unit Class D-1 of | | | | |
| Saw Mill PCG Partners LLC (B) | 121 uts. | 09/30/09 | 121,160 | 230,429 |
| Limited Liability Company Unit Class D-2 of | | | | |
| Saw Mill PCG Partners LLC (B) | 68 uts. | 04/29/11 | 34,547 | 155,551 |
| Limited Liability Company Unit Class D-3 of | | | | |
| Saw Mill PCG Partners LLC (B) | 104 uts. | 12/10/14 | 103,904 | 109,926 |
| * 12/18/08 and 09/30/09. | | | 1,665,641 | 1,305,906 |
| Northwest Mailing Services, Inc. A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs. | | | | |
| Limited Partnership Interest (B) | 1,740 uts. | * | 174,006 | 127,471 |
| Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B) | | | | |
| | 2,605 shs. | * | 260,479 | 190,818 |
| * 07/09/09 and 08/09/10. | | | 434,485 | 318,289 |
| O E C Holding Corporation | | | | |

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A provider of elevator maintenance, repair and modernization services.

13% Senior Subordinated

| | | | | |
|------------------------------|------------|----------|---------|---------|
| Note due 08/23/2018 | \$ 444,445 | 06/04/10 | 425,307 | 444,445 |
| Preferred Stock Series A (B) | 554 shs. | 06/04/10 | 55,354 | 68,453 |
| Preferred Stock Series B (B) | 311 shs. | 06/04/10 | 31,125 | — |
| Common Stock (B) | 344 shs. | 06/04/10 | 344 | — |
| | | | 512,130 | 512,898 |

Pearlman Enterprises, Inc.

A developer and distributor of tools, equipment and supplies to the natural and engineered stone industry.

| | | | | |
|------------------------------|-------------|----------|-----------|-----------|
| Preferred Stock Series A (B) | 1,236 shs. | 05/22/09 | 59,034 | 1,547,014 |
| Preferred Stock Series B (B) | 7,059 shs. | 05/22/09 | 290,050 | 50,527 |
| Common Stock (B) | 21,462 shs. | 05/22/09 | 993,816 | — |
| | | | 1,342,900 | 1,597,541 |

Petroplex Inv Holdings LLC

A leading provider of acidizing services to E&P customers in the Permian Basin.

Limited Liability Company

| | | | | |
|------|--------------|----------|---------|---------|
| Unit | 156,250 uts. | 11/29/12 | 156,250 | 187,390 |
|------|--------------|----------|---------|---------|

Babson Capital Participation 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 |
|--|---|---------------------|----------------------|----------------------|
| Polytex Holdings LLC | | | | |
| A manufacturer of water based inks and related products serving primarily the wall covering market. | | | | |
| 13% Senior Subordinated Note due 01/31/2020 | \$ 1,043,599 | 07/31/14 | \$ 1,024,662 | \$ 1,054,416 |
| Limited Liability Company Unit | 148,096 uts. | 07/31/14 | 148,096 1,172,758 | 197,530 1,251,946 |
| PPC Event Services | | | | |
| A special event equipment rental business. | | | | |
| 14% Senior Subordinated Note due 05/20/2020 | \$ 1,126,856 | 11/20/14 | 1,105,323 | 1,143,332 |
| Limited Liability Company Unit (B) | 3,450 uts. | 11/20/14 | 172,500 1,277,823 | 169,565 1,312,897 |
| R A J Manufacturing Holdings LLC | | | | |
| A designer and manufacturer of women's swimwear sold under a variety of licensed brand names. | | | | |
| 8% Senior Subordinated Note due 01/02/2017 (D) | \$ 49,908 | 01/02/14 | 217,411 | 49,908 |
| Limited Liability Company Unit (B) | 1,497 uts. | 12/15/06 | 149,723 | — |
| Limited Liability Company Unit Class B Common (B) | 6 uts. | 01/02/14 | 219,593 | — |
| limited liability company unit series B-1 preferred (B) | 9 uts. | 01/02/14 | 374,307 | 374,308 |
| Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B) | 2 shs. | 12/15/06 | 69,609 1,030,643 | — 424,216 |
| REVSpring, Inc. | | | | |
| A provider of accounts receivable management and revenue cycle management services to customers in the healthcare, financial and utility industries. | | | | |
| Limited Liability Company Unit Class A (B) | 13,548 uts. | * | 135,477 | 179,387 |

*10/21/11 and 08/03/12.

Safety Infrastructure Solutions

A provider of trench safety equipment to a diverse customer base across multiple end markets in Texas and the Southwestern United States.

| | | | | |
|---------------------|------------|----------|--------|---------|
| Preferred Stock (B) | 2,098 shs. | 03/30/12 | 83,920 | 107,781 |
| Common Stock (B) | 983 shs. | 03/30/12 | 9,830 | 74,042 |
| | | | 93,750 | 181,823 |

Signature Systems Holding

Company

A seller and installer of a variety of modular surfaces, industrial matting and related products used for ground protection.

| | | | | |
|---|---------|----------|---------|---------|
| Common Stock (B) | 76 shs. | 03/15/13 | 75,509 | 200,510 |
| Warrant, exercisable until 2023, to purchase common stock A at \$.01 per share (B) | 31 shs. | 03/15/13 | 28,316 | 81,920 |
| | | | 103,825 | 282,430 |

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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 |
|---|---|------------------|------------|------------|
| Smart Source Holdings LLC A short-term computer rental company. | | | | |
| Limited Liability Company Unit (B) | 328 uts. | * | \$ 261,262 | \$ 345,865 |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B) | | | | |
| | 83 shs. | * | 67,467 | 87,608 |
| | | | 328,729 | 433,473 |
| * 08/31/07 and 03/06/08. | | | | |
| SMB Machinery Holdings, Inc. A reseller of used, rebuilt and refurbished packaging and processing equipment, primarily serving the bottling and food manufacturing industries. | | | | |
| 14% Senior Subordinated Note due 10/18/2019 | \$ 749,830 | 10/18/13 | 737,746 | 705,688 |
| Common Stock (B) | 841 shs. | 10/18/13 | 84,100 | 27,572 |
| | | | 821,846 | 733,260 |
| Spartan Foods Holding Company A manufacturer of branded pizza crusts and pancakes. | | | | |
| 12.25% Senior Subordinated Note due 03/01/2019 | \$ 605,299 | 12/15/09 | 556,139 | 605,299 |
| Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B) | | | | |
| | 136 shs. | 12/15/09 | 120,234 | 109,082 |
| | | | 676,373 | 714,381 |
| Strahman Holdings Inc A manufacturer of industrial valves and wash down equipment for a variety of industries, including chemical, petrochemical, polymer, pharmaceutical, food processing, beverage and mining. | | | | |
| 14% Senior Subordinated Note due 06/13/2019 | \$ 1,059,783 | 12/13/13 | 1,041,110 | 1,059,119 |
| Preferred Stock Series A (B) | 158,967 shs. | 12/13/13 | 158,967 | 194,761 |
| | | | 1,200,077 | 1,253,880 |
| Sundance Investco LLC A provider of post-production services to producers of movies and television shows. | | | | |

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Limited Liability Company
Unit Class A (B)

3,405 uts. 03/31/10 — —

Sunrise Windows Holding
Company

A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.

14% Senior Subordinated

Note due 12/14/2017 \$ 1,049,142 12/14/10 1,020,077 1,057,110

14% Senior Subordinated

PIK Note due 12/14/2017 \$ 102,810 08/17/12 100,684 102,810

Common Stock (B)

38 shs. 12/14/10 38,168 36,095

Warrant, exercisable until
2020, to purchase

common stock at \$.01 per

share (B) 37 shs. 12/14/10 37,249 35,225
1,196,178 1,231,240

Babson Capital Participation 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 |
|--|---|------------------|---------------------|----------------|
| Synteract Holdings Corporation | | | | |
| A provider of outsourced clinical trial management services to pharmaceutical and biotechnology companies. | | | | |
| 14% Senior Subordinated Note due 02/26/2019 | \$ 2,174,616 | 09/02/08 | \$ 2,122,784 | \$ 2,174,615 |
| Preferred Stock Series D (B) | 257 shs. | 02/27/13 | 25,678 | — |
| Redeemable Preferred Stock Series A (B) | 678 shs. | 10/03/08 | 6,630 | — |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 6,778 shs. | 09/02/08 | 59,661 2,214,753 | — 2,174,615 |
| Torrent Group Holdings, Inc. | | | | |
| A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow. | | | | |
| 3% Senior Subordinated Note due 12/31/2018 (D) | \$ 1,062,258 | 12/05/13 | — | 1,009,145 |
| 15% Senior Subordinated Note due 12/05/2020 (D) | \$ 46,798 | 12/05/13 | 219,203 | 14,039 |
| Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B) | 28,079 shs. | 12/05/13 | — 219,203 | — 1,023,184 |
| Transpac Holding Company | | | | |
| A designer, importer, and wholesaler of home décor and seasonal gift products. | | | | |
| 8% Senior Subordinated Note due 10/31/2015 (D) | \$ 938,651 | 10/31/07 | 909,276 | — |
| Common Stock (B) | 110 shs. | 10/31/07 | 110,430 | — |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B) | 50 shs. | 10/31/07 | 46,380 1,066,086 | — — |
| Tranzonic Holdings LLC | | | | |
| A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products. | | | | |

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| | | | | |
|--|--------------|----------|-----------|-----------|
| 14% Senior Subordinated Note due 07/05/2019 Limited Liability Company Unit Class A (B) | \$ 1,529,337 | 07/05/13 | 1,505,948 | 1,544,630 |
| | 147,727 shs. | 07/05/13 | 147,727 | 178,241 |
| | | | 1,653,675 | 1,722,871 |
| Tristar Global Energy Solutions, Inc. A hydrocarbon and decontamination services provider serving refineries worldwide. | | | | |
| 12.5% Senior Subordinated Note due 07/31/2020 | \$ 1,113,822 | 01/23/15 | 1,091,583 | 1,111,678 |

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 |
|---|---|------------------|------------|------------|
| Truck Bodies & Equipment International | | | | |
| A designer and manufacturer of accessories for heavy and medium duty trucks, primarily dump bodies, hoists, various forms of flat-bed bodies, landscape bodies and other accessories. | | | | |
| Preferred Stock Series B (B) | 128 shs. | 10/20/08 | \$ 127,677 | \$ 504,735 |
| Common Stock (B) | 393 shs. | * | 423,985 | 121,176 |
| Warrant, exercisable until 2017, to purchase common stock at \$.02 per share (B) | 81 shs. | * | 84,650 | 25,025 |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 558 shs. | 10/20/08 | — | 172,099 |
| * 07/19/05 and 12/22/05. | | | 636,312 | 823,035 |
| TruStile Doors, Inc. | | | | |
| A manufacturer and distributor of interior doors. | | | | |
| Limited Liability Company Unit (B) | 5,888 uts. | 02/28/11 | 78,125 | 373,764 |
| Vitex Packaging Group, Inc. | | | | |
| A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags. | | | | |
| Class B Unit (B) | 406,525 uts. | 10/29/09 | 184,266 | — |
| Class C Unit (B) | 450,000 uts. | 10/29/09 | 413,244 | 331,785 |
| Limited Liability Company Unit Class A (B) | 383,011 uts. | * | 229,353 | — |
| Limited Liability Company Unit Class B (B) | 96,848 uts. | 07/19/04 | 96,848 | — |
| * 07/19/04 and 10/29/09. | | | 923,711 | 331,785 |
| VP Holding Company | | | | |
| A provider of school transportation services for special-needs and homeless children in Massachusetts. | | | | |
| 13% Senior Subordinated Note due 03/31/2021 | \$ 504,354 | 03/31/14 | 495,534 | 519,485 |
| Common Stock (B) | 3,632 shs. | 03/31/14 | 363,158 | 410,884 |
| | | | 858,692 | 930,369 |

Wellborn Forest Holding
Company

A manufacturer of
semi-custom kitchen and
bath cabinetry.

8% Senior Subordinated

| | | | | | |
|-------------------------|----|-----------|----------|---------|---|
| Note due 09/30/2017 (D) | \$ | 1,680,931 | 11/30/06 | 867,531 | — |
|-------------------------|----|-----------|----------|---------|---|

| | | | | | |
|------------------|--|----------|----------|---------|---|
| Common Stock (B) | | 101 shs. | 11/30/06 | 101,250 | — |
|------------------|--|----------|----------|---------|---|

Warrant, exercisable until
2016, to purchase
common stock at \$.01 per
share (B)

| | | | | | |
|--|--|---------|----------|--------|---|
| | | 51 shs. | 11/30/06 | 45,790 | — |
|--|--|---------|----------|--------|---|

| | | | | | |
|--|--|--|--|-----------|---|
| | | | | 1,014,571 | — |
|--|--|--|--|-----------|---|

Wheaton Holding
Corporation

A distributor and manufacturer of laboratory supply
products and packaging.

| | | | | | |
|------------------------------|--|----------|----------|--------|---------|
| Preferred Stock Series B (B) | | 703 shs. | 06/08/10 | 70,308 | 109,020 |
|------------------------------|--|----------|----------|--------|---------|

| | | | | | |
|------------------|--|----------|----------|-----|--------|
| Common Stock (B) | | 353 shs. | 06/08/10 | 353 | 83,647 |
|------------------|--|----------|----------|-----|--------|

| | | | | | |
|--|--|--|--|--------|---------|
| | | | | 70,661 | 192,667 |
|--|--|--|--|--------|---------|

Babson Capital Participation 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 |
|--|--|---------------------|----------------------|----------------------|
| Whitcraft Holdings, Inc. | | | | |
| A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components. | | | | |
| 12% Senior Subordinated Note due 12/16/2018 | \$ 794,521 | 12/16/10 | \$ 755,974 | \$ 794,521 |
| Common Stock (B) | 205 shs. | 12/16/10 | 205,480 | 105,697 |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 55 shs. | 12/16/10 | 49,334 | 28,405 |
| | | | 1,010,788 | 928,623 |
| W P S u p p l y H o l d i n g Corporation | | | | |
| A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest. | | | | |
| 14.5% Senior Subordinated Note due 06/12/2020 | \$ 925,425 | 11/03/11 | 914,563 | 930,115 |
| Common Stock | 1,500 shs. | 11/03/11 | 150,000 | 167,490 |
| | | | 1,064,563 | 1,097,605 |
| York Wall Holding Company | | | | |
| A designer, manufacturer and marketer of wall covering products for both residential and commercial wall coverings. | | | | |
| 12.5% Senior Subordinated Note due 03/04/2021 | \$ 1,543,170 | 03/04/15 | 1,512,606 | 1,552,800 |
| Common Stock (B) | 1,835 shs. | 03/04/15 | 183,500 | 174,325 |
| | | | 1,696,106 | 1,727,125 |
| Total Private Placement Investments (E) | | | \$ 87,663,033 | \$ 88,118,442 |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Corporate Restricted Securities: (A) (Continued) | Interest Rate | Due Date | Principal Amount | Cost | Market Value |
|---|------------------|-------------|---------------------|------------|-----------------|
| Rule 144A Securities - 15.85%: | | | | | |
| Bonds - 15.85% | | | | | |
| Acadia Healthcare Company Inc. | 5.625 | % 02/15/23 | \$ 317,000 | \$ 317,000 | \$ 322,548 |
| Alliant Techsystems Inc. | 5.250 | 10/01/21 | 500,000 | 500,000 | 507,500 |
| Amsted Industries | 5.375 | 09/15/24 | 240,000 | 240,000 | 240,000 |
| ArcelorMittal | 6.125 | 06/01/18 | 500,000 | 508,867 | 537,250 |
| Audatex North America, Inc. | 6.125 | 11/01/23 | 210,000 | 219,142 | 222,075 |
| Belden Inc. | 5.250 | 07/15/24 | 210,000 | 210,000 | 211,575 |
| California Resources Corporation | 6.000 | 11/15/24 | 480,000 | 480,000 | 421,200 |
| CITGO Petroleum Corporation | 6.250 | 08/15/22 | 425,000 | 425,000 | 412,250 |
| Consolidated Energy Finance S.A. | 6.750 | 10/15/19 | 447,000 | 442,534 | 450,353 |
| Cornerstone Chemical Company | 9.375 | 03/15/18 | 375,000 | 381,637 | 388,125 |
| CTP Transportation Products, LLC | 8.250 | 12/15/19 | 310,000 | 310,000 | 319,300 |
| Dean Foods | 6.500 | 03/15/23 | 329,000 | 329,000 | 330,645 |
| Endo Finance LLC | 5.375 | 01/31/23 | 500,000 | 490,602 | 498,750 |
| Family Tree Escrow, LLC | 5.750 | 03/01/23 | 156,000 | 156,000 | 164,190 |
| First Data Corporation | 7.375 | 06/15/19 | 250,000 | 250,000 | 261,250 |
| Forest Laboratories, Inc. | 5.000 | 12/15/21 | 370,000 | 370,000 | 411,423 |
| Forest Laboratories, Inc. | 4.875 | 02/15/21 | 500,000 | 500,000 | 551,227 |
| Harron Communications, L.P. | 9.125 | 04/01/20 | 250,000 | 271,457 | 273,750 |
| HD Supply, Inc. | 5.250 | 12/15/21 | 127,000 | 127,000 | 130,810 |
| Hilcorp Energy Company | 5.000 | 12/01/24 | 335,000 | 335,000 | 314,900 |
| H.J. Heinz Company | 4.875 | 02/15/25 | 500,000 | 500,000 | 541,875 |
| Huntington Ingalls Industries | 5.000 | 12/15/21 | 500,000 | 500,000 | 521,250 |
| International Wire Group | 8.500 | 10/15/17 | 500,000 | 523,083 | 517,500 |
| J.B. Poindexter Co., Inc. | 9.000 | 04/01/22 | 500,000 | 500,000 | 542,500 |
| JBS USA Holdings, Inc. | 7.750 | 10/28/20 | 375,000 | 392,572 | 396,563 |
| Jupiter Resources Inc. | 8.500 | 10/01/22 | 500,000 | 475,531 | 410,000 |
| Kenan Advantage Group, Inc. | 8.375 | 12/15/18 | 500,000 | 515,303 | 520,000 |
| Kindred Escrow Corp. II | 8.750 | 01/15/23 | 500,000 | 500,000 | 547,500 |
| LBC Tank Terminals Holding | | | | | |
| Netherlands B.V. | 6.875 | 05/15/23 | 663,000 | 681,962 | 677,917 |
| Mallinckrodt PLC | 5.750 | 08/01/22 | 500,000 | 500,000 | 516,250 |
| MEG Energy Corporation | 6.375 | 01/30/23 | 500,000 | 500,000 | 460,000 |
| MEG Energy Corporation | 7.000 | 03/31/24 | 500,000 | 500,000 | 471,250 |
| Micron Technology, Inc. | 5.250 | 08/01/23 | 494,000 | 494,000 | 502,645 |
| Moog Inc. | 5.250 | 12/01/22 | 246,000 | 246,000 | 253,380 |
| Netflix, Inc. | 5.500 | 02/15/22 | 299,000 | 299,000 | 305,728 |
| Nielsen Finance LLC | 5.000 | 04/15/22 | 271,000 | 273,009 | 272,694 |

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Corporate Restricted Securities: (A) (Continued) | Interest Rate | Due Date | Shares or Principal Amount | Cost | Market Value |
|---|------------------|-------------|----------------------------------|----------------|-----------------|
| Numericable Group SA | 4.875 | % 05/15/19 | \$ 240,000 | \$ 240,000 | \$ 238,800 |
| NXP BV/NXP Funding LLC | 3.750 | 06/01/18 | 750,000 | 750,000 | 765,000 |
| OpenText Corporation | 5.625 | 01/15/23 | 382,000 | 382,000 | 396,325 |
| Paperworks Industries, Inc. | 9.500 | 08/15/19 | 500,000 | 510,642 | 512,500 |
| Paragon Offshore plc. | 6.750 | 07/15/22 | 500,000 | 161,455 | 165,000 |
| Penske Corporation | 4.875 | 07/11/22 | 500,000 | 498,309 | 540,927 |
| Prestige Brands Holdings, Inc. | 5.375 | 12/15/21 | 650,000 | 650,000 | 658,125 |
| Safeway Group Holding LLC/Finance Corporation | 7.000 | 05/15/18 | 250,000 | 250,000 | 247,500 |
| Sirius XM Radio Inc. | 5.875 | 10/01/20 | 445,000 | 445,000 | 463,913 |
| Sunoco LP | 6.375 | 04/01/23 | 500,000 | 500,000 | 515,000 |
| Topaz Marine S.A. | 8.625 | 11/01/18 | 500,000 | 500,000 | 440,020 |
| Townsquare Radio, LLC | 9.000 | 04/01/19 | 500,000 | 534,888 | 532,930 |
| Unitymedia KabelBW GmbH | 6.125 | 01/15/25 | 500,000 | 500,000 | 528,750 |
| Univision Communications | 5.125 | 05/15/23 | 160,000 | 160,000 | 162,400 |
| UPCB Finance IV Limited | 5.375 | 01/15/25 | 208,000 | 208,000 | 208,000 |
| Valeant Pharmaceuticals International | 7.000 | 10/01/20 | 250,000 | 250,609 | 260,938 |
| VRX Escrow Corp. | 6.125 | 04/15/25 | 382,000 | 382,000 | 395,370 |
| Welltec A/S | 8.000 | 02/01/19 | 375,000 | 370,180 | 352,500 |
| West Corporation | 5.375 | 07/15/22 | 500,000 | 490,682 | 488,750 |
| XPO Logistics, Inc. | 7.875 | 09/01/19 | 451,000 | 464,200 | 477,495 |
| Total Bonds | | | | 22,511,664 | 22,776,416 |
| Convertible Preferred Stock - 0.00% | | | | | |
| ETEX Corporation (B) | | | 194 | — | — |
| Total Convertible Preferred Stock | | | | — | — |
| Preferred Stock - 0.00% | | | | | |
| TherOX, Inc. (B) | | | 26 | — | — |
| Total Preferred Stock | | | | — | — |
| Common Stock - 0.00% | | | | | |
| Touchstone Health Partnership (B) | | | 292 | — | — |
| Total Common Stock | | | | — | — |
| Total Rule 144A Securities | | | | 22,511,664 | 22,776,416 |
| | | | | \$ 110,174,697 | \$ 110,894,858 |

Total Corporate Restricted
Securities

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Corporate Public Securities -28.05%: (A) | Interest Rate | Due Date | Principal Amount | Cost | Market Value |
|---|------------------|-------------|---------------------|--------------|-----------------|
| Bank Loans - 0.12% | | | | | |
| Aquilex Holdings LLC | 5.000 | % 12/31/20 | 169,262 | 168,911 | 167,147 |
| Total Bank Loans | | | | \$ 168,911 | \$ 167,147 |
| Bonds - 27.93% | | | | | |
| AAAR Corporation | 7.250 | % 01/15/22 | \$ 1,000,000 | \$ 1,051,056 | \$ 1,135,000 |
| Access Midstream Partners, L.P. | 4.875 | 03/15/24 | 500,000 | 500,000 | 502,500 |
| Accuride Corp | 9.500 | 08/01/18 | 500,000 | 488,187 | 521,250 |
| ADT Corporation | 6.250 | 10/15/21 | 500,000 | 516,198 | 532,500 |
| Alcoa, Inc. | 6.150 | 08/15/20 | 600,000 | 622,165 | 676,986 |
| Ally Financial, Inc. | 5.500 | 02/15/17 | 750,000 | 757,286 | 780,000 |
| Alta Mesa Financial Services | 9.625 | 10/15/18 | 383,000 | 372,324 | 291,080 |
| American Axle & Manufacturing, Inc. | 5.125 | 02/15/19 | 120,000 | 120,000 | 123,600 |
| Anglogold Holdings PLC | 5.375 | 04/15/20 | 600,000 | 603,846 | 593,456 |
| Anixter, Inc. | 5.125 | 10/01/21 | 165,000 | 165,000 | 169,538 |
| Antero Resources Corporation | 5.375 | 11/01/21 | 395,000 | 395,000 | 383,150 |
| Avis Budget Car Rental | 9.750 | 03/15/20 | 375,000 | 375,000 | 408,525 |
| B&G Foods, Inc. | 4.625 | 06/01/21 | 440,000 | 440,000 | 439,450 |
| Bank of America Corporation | 4.000 | 04/01/24 | 500,000 | 498,281 | 531,858 |
| Bonanza Creek Energy, Inc. | 5.750 | 02/01/23 | 500,000 | 500,000 | 460,000 |
| Brunswick Corporation | 7.125 | 08/01/27 | 500,000 | 504,443 | 535,000 |
| Calpine Corporation | 5.750 | 01/15/25 | 340,000 | 340,000 | 342,550 |
| Calumet Specialty Products Partners L.P. | 7.625 | 01/15/22 | 500,000 | 501,345 | 505,000 |
| CCO Holdings Capital Corporation | 5.250 | 09/30/22 | 500,000 | 496,013 | 511,250 |
| CCO Holdings Capital Corporation | 5.750 | 01/15/24 | 500,000 | 484,067 | 519,375 |
| CHC Helicopter SA | 9.250 | 10/15/20 | 900,000 | 848,382 | 760,500 |
| Chrysler Group, LLC | 8.000 | 06/15/19 | 210,000 | 224,057 | 220,238 |
| Chrysler Group, LLC | 8.250 | 06/15/21 | 210,000 | 229,236 | 232,913 |
| Cimarex Energy Co. | 5.875 | 05/01/22 | 500,000 | 533,141 | 532,500 |
| CIT Group, Inc. | 5.000 | 08/15/22 | 500,000 | 500,000 | 513,125 |
| CIT Group, Inc. | 3.875 | 02/19/19 | 500,000 | 500,000 | 495,000 |
| Clearwater Paper Corporation | 4.500 | 02/01/23 | 500,000 | 495,837 | 492,500 |
| Commercial Metals Company | 4.875 | 05/15/23 | 750,000 | 751,337 | 708,750 |
| Continental Resources, Inc. | 5.000 | 09/15/22 | 500,000 | 509,282 | 493,125 |
| CVR Refining LLC | 6.500 | 11/01/22 | 350,000 | 339,343 | 350,000 |
| Dana Holding Corporation | 5.500 | 12/15/24 | 265,000 | 265,000 | 272,950 |
| DaVita, Inc. | 5.750 | 08/15/22 | 500,000 | 500,000 | 531,250 |
| D.R. Horton, Inc. | 4.000 | 02/15/20 | 500,000 | 500,000 | 507,000 |
| Duke Realty Limited Partnership | 3.875 | 10/15/22 | 500,000 | 504,724 | 522,449 |

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Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Corporate Public Securities: (A) (Continued) | Interest Rate | Due Date | Principal Amount | Cost | Market Value |
|---|------------------|-------------|---------------------|------------|-----------------|
| Forum Energy Technologies | 6.250 | % 10/01/21 | \$ 160,000 | \$ 160,000 | \$ 150,000 |
| Frontier Communications Corporation | 6.875 | 01/15/25 | 500,000 | 491,148 | 495,000 |
| General Electric Capital Corporation | 5.500 | 01/08/20 | 500,000 | 498,913 | 578,951 |
| HCA Holdings, Inc. | 3.750 | 03/15/19 | 500,000 | 500,000 | 506,720 |
| Headwaters, Inc. | 7.625 | 04/01/19 | 305,000 | 305,093 | 317,719 |
| HealthSouth Corporation | 7.750 | 09/15/22 | 365,000 | 365,678 | 385,531 |
| Hertz Corporation | 6.750 | 04/15/19 | 220,000 | 217,886 | 227,150 |
| Hilton Worldwide Holdings, Inc. | 5.625 | 10/15/21 | 750,000 | 750,000 | 789,375 |
| Hornbeck Offshore Services, Inc. | 5.000 | 03/01/21 | 500,000 | 500,000 | 397,500 |
| Icahn Enterprises L.P. | 4.875 | 03/15/19 | 475,000 | 475,000 | 483,906 |
| Icahn Enterprises L.P. | 6.000 | 08/01/20 | 600,000 | 610,104 | 623,280 |
| International Game Technology | 7.500 | 06/15/19 | 500,000 | 499,855 | 533,428 |
| Jabil Circuit, Inc. | 4.700 | 09/15/22 | 500,000 | 499,975 | 517,500 |
| Johnson Controls, Inc. | 5.500 | 01/15/16 | 500,000 | 484,963 | 518,250 |
| Kraft Foods, Inc. | 5.375 | 02/10/20 | 500,000 | 509,566 | 572,942 |
| Laboratory Corporation of America Holdings | 3.600 | 02/01/25 | 500,000 | 499,229 | 502,041 |
| Lamar Media Corp. | 5.375 | 01/15/24 | 160,000 | 160,000 | 166,800 |
| Lazard Group LLC | 4.250 | 11/14/20 | 500,000 | 498,641 | 534,364 |
| Lear Corporation | 4.750 | 01/15/23 | 375,000 | 368,732 | 376,875 |
| Lennar Corporation | 4.500 | 11/15/19 | 250,000 | 250,602 | 256,875 |
| Lennar Corporation | 4.750 | 11/15/22 | 375,000 | 370,137 | 381,563 |
| Lifepoint Hospitals, Inc. | 5.500 | 12/01/21 | 350,000 | 359,437 | 366,625 |
| MarkWest Energy Partners, L.P. | 4.875 | 12/01/24 | 500,000 | 500,000 | 511,200 |
| Masco Corporation | 7.125 | 03/15/20 | 350,000 | 349,999 | 410,375 |
| MasTec, Inc. | 4.875 | 03/15/23 | 500,000 | 490,960 | 467,500 |
| Meritor, Inc. | 6.750 | 06/15/21 | 1,000,000 | 1,000,000 | 1,035,000 |
| Morgan Stanley | 5.500 | 01/26/20 | 500,000 | 498,507 | 568,246 |
| NBC Universal Media LLC | 5.150 | 04/30/20 | 500,000 | 499,573 | 573,847 |
| NRG Energy, Inc. | 6.250 | 07/15/22 | 500,000 | 500,000 | 513,750 |
| Omnova Solutions, Inc. | 7.875 | 11/01/18 | 600,000 | 607,420 | 609,000 |
| Perry Ellis International, Inc. | 7.875 | 04/01/19 | 375,000 | 372,514 | 387,188 |
| Precision Drilling Corporation | 6.625 | 11/15/20 | 250,000 | 255,685 | 235,625 |
| Qwest Diagnostic, Inc. | 4.750 | 01/30/20 | 500,000 | 499,273 | 548,039 |
| Regency Energy Partners LP | 5.875 | 03/01/22 | 425,000 | 418,768 | 461,125 |
| Rosetta Resources Inc. | 5.875 | 06/01/22 | 500,000 | 500,000 | 471,250 |
| R.R. Donnelley & Sons Company | 6.000 | 04/01/24 | 500,000 | 500,000 | 516,250 |
| Sprint Corporation | 7.125 | 06/15/24 | 155,000 | 155,000 | 151,125 |
| Sprint Nextel Corporation | 6.000 | 12/01/16 | 500,000 | 505,205 | 522,000 |
| Steelcase, Inc. | 6.375 | 02/15/21 | 500,000 | 505,756 | 573,593 |

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Corporate Public Securities (A) (Continued) | Interest Rate | Due Date | Principal Amount | Cost | Market Value |
|--|------------------|-------------|---------------------|---------------|-----------------|
| Stone Energy Corporation | 7.500 | % 11/15/22 | \$ 500,000 | \$ 513,296 | \$ 452,500 |
| Suburban Propane Partners, L.P. | 5.750 | 03/01/25 | 500,000 | 500,000 | 510,000 |
| Tech Data Corporation | 3.750 | 09/21/17 | 500,000 | 503,855 | 515,193 |
| Time Warner Cable, Inc. | 5.000 | 02/01/20 | 500,000 | 494,394 | 557,979 |
| T-Mobile USA Inc. | 6.464 | 04/28/19 | 340,000 | 343,457 | 350,625 |
| T-Mobile USA Inc. | 6.731 | 04/28/22 | 210,000 | 207,359 | 221,025 |
| Tronox Finance LLC | 6.375 | 08/15/20 | 375,000 | 367,724 | 366,563 |
| Tyson Foods, Inc. | 4.500 | 06/15/22 | 500,000 | 512,838 | 551,651 |
| Weatherford International | 4.500 | 04/15/22 | 500,000 | 516,701 | 456,994 |
| William Lyon Homes | 7.000 | 08/15/22 | 500,000 | 500,000 | 515,625 |
| WPX Energy, Inc. | 5.250 | 09/15/24 | 425,000 | 425,000 | 373,788 |
| Xerium Technologies, Inc. | 8.875 | 06/15/18 | 416,000 | 431,048 | 429,520 |
| Total Bonds | | | | \$ 39,279,841 | \$ 40,133,339 |

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Corporate Public Securities (A) (Continued) | Shares | Cost | Market Value |
|--|-------------------------|---------------|---------------------|
| Common Stock - 0.00% | | | |
| Nortek, Inc. (B) | 100 | \$ 1 | \$ 8,825 |
| Total Common Stock | | 1 | 8,825 |
| Total Corporate Public Securities | | \$ 39,448,753 | \$ 40,309,311 |
| | | | |
| Short-Term Securities: | | | |
| | Interest Rate/Yield^ | Due Date | Principal Amount |
| Commercial Paper - 1.39% | | | |
| Pentair Finance | 0.590 % | 4/6/15 | \$ 2,000,000 |
| Total Short-Term Securities | | | \$ 1,999,839 |
| | | | \$ 1,999,839 |
| Total Investments | 106.61 % | | \$ 151,623,289 |
| Other Assets | 5.31 | | 7,623,839 |
| Liabilities | (11.92) | | (17,123,519) |
| Total Net Assets | 100.00 % | | \$ 143,704,328 |

(A) In each of the convertible note, warrant, and common stock investments, the issuer has agreed to provide certain registration rights.

(B) Non-income producing security.

(C) Security valued at fair value using methods determined in good faith by or under the direction of the Board of Trustees.

(D) Defaulted security; interest not accrued.

(E)

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Illiquid security. As of March 31, 2015, the values of these securities amounted to \$88,118,442 or 61.32% of net assets.

^ Effective yield at purchase

PIKPayment-in-kind

-

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Industry Classification: | Fair Value/ Market Value | | Fair Value/ Market Value |
|-------------------------------------|-----------------------------|--|-----------------------------|
| | | Spartan Foods Holding Company | \$ 714,381 |
| AEROSPACE - 2.40% | | Tyson Foods, Inc. | 551,651 |
| AAR Corporation | \$ 1,135,000 | | 10,067,144 |
| Alliant Techsystems Inc. | 507,500 | BROADCASTING & ENTERTAINMENT - 2.74% | |
| Merex Holding Corporation | 622,141 | HOP Entertainment LLC | — |
| Moog Inc. | 253,380 | Lamar Media Corporation | 166,800 |
| Whitcraft Holdings, Inc. | 928,623 | Money Mailer | 1,332,865 |
| | 3,446,644 | NBC Universal Media LLC | 573,847 |
| AUTOMOBILE - 7.05% | | Numericable Group SA | 238,800 |
| Accuride Corp | 521,250 | Time Warner Cable, Inc. | 557,979 |
| American Axle & Manufacturing, Inc. | 123,600 | Sundance Investco LLC | — |
| Avis Budget Car Rental | 408,525 | Townsquare Radio, LLC | 532,930 |
| CG Holdings Manufacturing Company | 1,719,160 | Unitymedia KabelBW GmbH | 528,750 |
| Chrysler Group, LLC | 453,151 | | 3,931,971 |
| Dana Holding Corporation | 272,950 | BUILDINGS & REAL ESTATE - 3.42% | |
| | 1,810,780 | ACP Cascade Holdings LLC | — |
| DPL Holding Corporation | 1,747,857 | D.R. Horton, Inc. | 507,000 |
| Grakon Parent | 187,527 | Duke Realty Limited Partnership | 522,449 |
| Ideal Tridon Holdings, Inc. | 260,516 | Lennar Corporation | 638,438 |
| J A C Holding Enterprises, Inc. | 518,250 | Masco Corporation | 410,375 |
| Johnson Controls, Inc. | 159,147 | MasTec, Inc. | 467,500 |
| K & N Parent, Inc. | 376,875 | Safway Group Holding LLC/Finance Corporation | 247,500 |
| Lear Corporation | 1,035,000 | Sunrise Windows Holding Company | 1,231,240 |
| Meritor, Inc. | 540,927 | TruStile Doors, Inc. | 373,764 |
| Penske Corporation | 10,135,515 | William Lyon Homes | 515,625 |
| | | | 4,913,891 |
| BEVERAGE, DRUG & FOOD - 7.00% | | CHEMICAL, PLASTICS & RUBBER - 3.02% | |
| 1492 Acquisition LLC | 755,536 | Compass Chemical International LLC | 1,724,430 |
| B&G Foods, Inc. | 439,450 | Cornerstone Chemical Company | 388,125 |
| Dean Foods | 330,645 | Omnova Solutions, Inc. | 609,000 |
| Eatem Holding Company | 312,566 | Polytex Holdings LLC | 1,251,946 |
| H.J. Heinz Company | 541,875 | | |
| JBS USA Holdings, Inc. | 396,563 | | |

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| | | | |
|-----------------------------------|-----------|----------------------------------|-----------|
| F F C Holding Corporation | 214,932 | Tronox Finance LLC | 366,563 |
| Gennx Novel Holding, Inc. | 1,692,858 | | 4,340,064 |
| Golden County Foods Holding, Inc. | — | CONSUMER PRODUCTS - 12.33% | |
| Hospitality Mints Holding Company | 1,200,130 | AMS Holding LLC | 344,334 |
| Impact Confections | 1,240,242 | Animal Supply Company | 1,698,894 |
| JMH Investors LLC | 1,103,373 | Bravo Sports Holding Corporation | 1,207,902 |
| Kraft Foods, Inc. | 572,942 | Clearwater Paper Corporation | 492,500 |
| | | Custom Engineered Wheels, Inc. | 312,240 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Industry Classification: (Continued) | Fair Value/ Market Value | | Fair Value/ Market Value |
|--|-----------------------------|--|-----------------------------|
| gloProfessional Holdings, Inc. | \$ 1,351,045 | Hi-Rel Group LLC | \$ 916,157 |
| GTI Holding Company | 856,725 | Janus Group Holdings LLC | 1,842,687 |
| Handi Quilter Holding Company | 1,752,212 | J.B. Poindexter Co., Inc. | 542,500 |
| HHI Group, LLC | 1,643,123 | K P I Holdings, Inc. | 449,840 |
| K N B Holdings Corporation | 92,627 | Nortek, Inc. | 8,825 |
| Manhattan Beachwear Holding Company | 835,803 | O E C Holding Corporation | 512,898 |
| Micron Technology, Inc. | 502,645 | Strahman Holdings Inc | 1,253,880 |
| NXP BV/NXP Funding LLC | 765,000 | Truck Bodies & Equipment International | 823,035 |
| Perry Ellis International, Inc. | 387,188 | | 12,100,191 |
| Prestige Brands Holdings, Inc. | — | DIVERSIFIED/CONGLOMERATE, SERVICE - 9.98% | |
| R A J Manufacturing Holdings LLC | 424,216 | ADT Corporation | 532,500 |
| R.R. Donnelley & Sons Company | 516,250 | AFC - Dell Holding Corporation | 1,287,660 |
| Tranzonic Holdings LLC | 1,722,871 | A S C Group, Inc. | 1,518,156 |
| Xerium Technologies, Inc. | 429,520 | A W X Holdings Corporation | 210,000 |
| York Wall Holding Company | 1,727,125 | Advanced Technologies Holdings | 547,166 |
| | 17,062,220 | | |
| CONTAINERS, PACKAGING & GLASS - 1.10% | | Anglogold Holdings PLC | 593,456 |
| Paperworks Industries, Inc. | 512,500 | Bank of America Corporation | 531,858 |
| SMB Machinery Holdings, Inc. | 733,260 | Church Services Holding Company | 550,146 |
| Vitex Packaging Group, Inc. | 331,785 | Clough, Harbour and Associates | 386,035 |
| | 1,577,545 | Crane Rental Corporation | 896,217 |
| DISTRIBUTION - 3.49% | | EPM Holding Company | 688,643 |
| ARI Holding Corporation | 2,224,601 | Hilton Worldwide Holdings, Inc. | 789,375 |
| Blue Wave Products, Inc. | 792,670 | HVAC Holdings, Inc. | 1,375,086 |
| BP SCI LLC | 481,529 | Insurance Claims Management, Inc. | 244,680 |
| HD Supply, Inc. | 130,810 | Mail Communications Group, Inc. | 310,121 |
| Signature Systems Holding Company | 282,430 | Northwest Mailing Services, Inc. | 318,289 |
| WP Supply Holding Corporation | 1,097,605 | Pearlman Enterprises, Inc. | 1,597,541 |
| | 5,009,645 | PPC Event Services | 1,312,897 |
| DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 8.42% | | Safety Infrastructure Solutions | 181,823 |
| Advanced Manufacturing Enterprises LLC | 1,346,944 | Sirius XM Radio Inc. | 463,913 |
| Amsted Industries | 240,000 | | 14,335,562 |
| Arrow Tru-Line Holdings, Inc. | 186,450 | ELECTRONICS - 1.97% | |
| CTP Transportation Products, LLC | 319,300 | Anixter, Inc. | 169,538 |
| Dunn Paper | 1,724,632 | Belden Inc. | 211,575 |
| | | Connecticut Electric, Inc. | 899,338 |

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| | | | |
|---------------------------------------|-----------|--------------------------|-----------|
| F G I Equity LLC | 250,031 | International Wire Group | 517,500 |
| G C Holdings | 134,128 | Jabil Circuit, Inc. | 517,500 |
| Hartland Controls Holding Corporation | 1,548,884 | Tech Data Corporation | 515,193 |
| | | | 2,830,644 |

See Notes to Consolidated Financial Statements

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Industry Classification: (Continued) | Fair Value/ Market Value | | Fair Value/ Market Value |
|--|-----------------------------|---|-----------------------------|
| FINANCIAL SERVICES - 6.07% | | HOME & OFFICE FURNISHINGS, HOUSEWARES, AND DURABLE CONSUMER PRODUCTS - 1.62% | |
| Ally Financial, Inc. | \$ 780,000 | Airxcel Holdings | \$ 1,755,588 |
| Alta Mesa Financial Services | 291,080 | Steelcase, Inc. | 573,593 |
| CIT Group, Inc. | 1,008,125 | Transpac Holding Company | — |
| Consolidated Energy Finance S.A. | 450,353 | Wellborn Forest Holding Company | — |
| General Electric Capital Corporation | 578,951 | | 2,329,181 |
| Harron Communications, L.P. | 273,750 | LEISURE, AMUSEMENT, ENTERTAINMENT - 1.86% | |
| Icahn Enterprises L.P. | 1,107,186 | Brunswick Corporation | 535,000 |
| Lazard Group LLC | 534,364 | CTM Holding, Inc. | 1,606,501 |
| LBC Tank Terminals Holding Netherlands B.V. | 677,917 | International Game Technology | 533,428 |
| Morgan Stanley | 568,246 | | 2,674,929 |
| Nielsen Finance LLC | 272,694 | MACHINERY - 3.22% | |
| Pentair Finance | 1,999,839 | ABC Industries, Inc. | 497,245 |
| REVSpring, Inc. | 179,387 | | |
| | 8,721,892 | Arch Global Precision LLC | 1,059,013 |
| HEALTHCARE, EDUCATION & CHILDCARE - 7.69% | | E S P Holdco, Inc. | 348,365 |
| Acadia Healthcare Company Inc. | 322,548 | Motion Controls Holdings | 1,065,515 |
| American Hospice Management Holding LLC | 1,319,546 | M V I Holding, Inc. | — |
| CHG Alternative Education Holding Company | 1,055,579 | NetShape Technologies, Inc. | 1,305,906 |
| DaVita, Inc. | 531,250 | Welltec A/S | 352,500 |
| GD Dental Services LLC | 118,403 | | 4,628,544 |
| | | MEDICAL DEVICES/BIOTECH - 0.52% | |
| ECG Consulting Group | 1,378,927 | ETEX Corporation | — |
| ERG Holding Company LLC | 1,023,380 | Mallinckrodt PLC | 516,250 |
| HCA Holdings, Inc. | 506,720 | MedSystems Holdings LLC | 230,372 |
| Healthcare Direct Holding Company | 75,360 | MicroGroup, Inc. | 816 |
| HealthSouth Corporation | 385,531 | TherOX, Inc. | — |
| Kindred Escrow Corp. II | 547,500 | | |
| Laboratory Corporation of America Holdings | 502,041 | | 747,438 |
| Lifepoint Hospitals, Inc. | 366,625 | | |

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| | | | |
|--------------------------------|------------|---|-----------|
| | | MINING, STEEL, IRON & NON-PRECIOUS METALS - 0.96% | |
| Qwest Diagnostic, Inc. | 548,039 | | |
| Synteract Holdings Corporation | 2,174,615 | Alcoa, Inc. | 676,986 |
| Touchstone Health Partnership | — | Commercial Metals Company | 708,750 |
| Wheaton Holding Corporation | 192,667 | | 1,385,736 |
| | 11,048,731 | NATURAL RESOURCES - 0.58% | |
| | | ArcelorMittal | 537,250 |
| | | Headwaters, Inc. | 317,719 |
| | | | 854,969 |

See Notes to Consolidated Financial Statements

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015

(Unaudited)

| Industry Classification: (Continued) | Fair Value/ Market Value | | Fair Value/ Market Value |
|---|-----------------------------|-------------------------------------|-----------------------------|
| OIL & GAS - 8.33% | | TECHNOLOGY - 1.13% | |
| Access Midstream Partners, L.P. | \$ 502,500 | Audatex North America, Inc. | \$ 222,075 |
| Antero Resources Corporation | 383,150 | First Data Corporation | 261,250 |
| Avantech Testing Services LLC | 772,416 | Netflix, Inc. | 305,728 |
| Bonanza Creek Energy, Inc. | 460,000 | OpenText Corporation | 396,325 |
| California Resources Corporation | 421,200 | Smart Source Holdings LLC | 433,473 |
| Calumet Specialty Products Partners L.P. | 505,000 | | 1,618,851 |
| Cimarex Energy Co. | 532,500 | TELECOMMUNICATIONS - 2.53% | |
| C I T G O P e t r o l e u m Corporation | 412,250 | CCO Holdings Capital Corporation | 1,030,625 |
| Continental Resources, Inc. | 493,125 | Frontier Communications Corporation | 495,000 |
| CVR Refining LLC | 350,000 | Sprint Corporation | 151,125 |
| Forum Energy Technologies | 150,000 | Sprint Nextel Corporation | 522,000 |
| Hilcorp Energy Company | 314,900 | T-Mobile USA Inc. | 571,650 |
| Hornbeck Offshore Services, Inc. | 397,500 | Univision Communications | 162,400 |
| Jupiter Resources Inc. | 410,000 | UPCB Finance IV Limited | 208,000 |
| MarkWest Energy Partners, L.P. | 511,200 | West Corporation | 488,750 |
| MEG Energy Corporation | 931,250 | | 3,629,550 |
| Paragon Offshore plc. | 165,000 | TRANSPORTATION - 3.71% | |
| Petroplex Inv Holdings LLC | 187,390 | CHC Helicopter SA | 760,500 |
| Precision Drilling Corporation | 235,625 | Hertz Corporation | 227,150 |
| Regency Energy Partners LP | 461,125 | Huntington Ingalls Industries | 521,250 |
| Rosetta Resources Inc. | 471,250 | Kenan Advantage Group, Inc. | 520,000 |
| Stone Energy Corporation | 452,500 | MNX Holding Company | 1,240,256 |
| Sunoco LP | 515,000 | NABCO, Inc. | 211,706 |
| Tristar Global Energy Solutions, Inc. | 1,111,678 | Topaz Marine S.A. | 440,020 |
| Weatherford International | 456,994 | VP Holding Company | 930,369 |
| WPX Energy, Inc. | 373,788 | XPO Logistics, Inc. | 477,495 |
| | 11,977,341 | | 5,328,746 |
| PHARMACEUTICALS - 2.66% | | UTILITIES - 0.60% | |
| Clarion Brands Holding Corp. | 1,699,178 | Calpine Corporation | 342,550 |

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| | | | |
|--|-----------|--------------------------------------|----------------|
| Endo Finance LLC | 498,750 | NRG Energy, Inc. | 513,750 |
| Forest Laboratories, Inc. | 962,650 | | 856,300 |
| Valeant Pharmaceuticals International | 260,938 | WASTE MANAGEMENT / POLLUTION - 1.74% | |
| VRX Escrow Corp. | 395,370 | Aquilex Holdings LLC | 167,147 |
| | 3,816,886 | MES Partners, Inc. | 1,311,232 |
| RETAIL STORES - 0.47% | | Torrent Group Holdings, Inc. | 1,023,184 |
| Family Tree Escrow, LLC | 164,190 | | 2,501,563 |
| Suburban Propane Partners, L.P. | 510,000 | | |
| | 674,190 | Total Investments - 106.61% | \$ 153,204,008 |

See Notes to Consolidated Financial Statements

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Fair Values Hierarchy

The Trust categorizes its investments measured at fair value in three levels, based on the inputs and assumptions used to determine fair value. These levels are as follows:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Trust’s own assumptions in determining the fair value of investments)

The following is a summary of the inputs used to value the Trust’s net assets as of March 31, 2015:

| Assets | Total | Level 1 | Level 2 | Level 3 |
|------------------------------|-----------------------|-----------------|----------------------|----------------------|
| Restricted Securities | | | | |
| Corporate Bonds | 85,719,001 | — | 22,776,416 | 62,942,585 |
| Common Stock - U.S. | 7,563,098 | — | — | 7,563,098 |
| Preferred Stock | 7,011,678 | — | — | 7,011,678 |
| Partnerships and LLCs | 10,601,084 | — | — | 10,601,081 |
| Public Securities | | | | |
| Bank Loans | 167,147 | — | 167,147 | — |
| Corporate Bonds | 40,133,339 | — | 40,133,339 | — |
| Common Stock - U.S. | 8,825 | 8,825 | — | — |
| Short-term Securities | 1,999,839 | — | 1,999,839 | — |
| Total | \$ 153,204,008 | \$ 8,825 | \$ 65,076,741 | \$ 88,118,442 |

See information disaggregated by security type and industry classification in the Consolidated Schedule of Investments.

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

| Assets | Beginning | | Purchases | Sales | Prepayments | Transfers in and / or out of Level 3 | Ending balance at 03/31/2015 |
|------------------------------|--------------------------|-------------------------|--------------|---------------|-----------------|--|------------------------------------|
| | balance at 12/31/2014 | Included in earnings | | | | | |
| Restricted Securities | | | | | | | |
| Corporate Bonds | | | | | | | |
| Bonds | \$ 59,265,205 | \$ 250,468 | \$ 7,135,017 | \$ (488,617) | \$ (3,219,488) | \$ — | 62,942,585 |
| | 8,548,845 | 534,262 | 182,936 | (1,702,945) | — | — | 7,563,098 |

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| | | | | | | | | |
|--------------------------|---------------|--------------|--------------|----------------|-----------------|------|------|------------|
| Common Stock - U.S. | | | | | | | | |
| Preferred Stock | 6,123,833 | 955,615 | (573) | (67,197) | — | — | — | 7,011,678 |
| Partnerships and LLCs | 9,571,615 | 847,906 | 323,337 | (141,777) | — | — | — | 10,601,081 |
| Public Securities | | | | | | | | |
| Common Stock | — | — | — | — | — | — | — | — |
| | \$ 83,509,498 | \$ 2,588,251 | \$ 7,640,717 | \$ (2,400,536) | \$ (73,219,488) | \$ — | \$ — | 88,118,442 |

There were no transfers into or out of Level 1 or Level 2 assets.

ITEM 2. CONTROLS AND PROCEDURES.

(a) The principal executive officer and principal financial officer of the Registrant evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) as of a date within 90 days of the filing date of this report and based on that evaluation have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There have been changes in the Registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act)("internal controls") that occurred during the Registrant's last fiscal quarter. The Registrant's investment adviser, Babson Capital Management LLC, who maintains the Registrant's internal controls, revised its internal controls to oversee State Street Bank & Trust who now provides certain administrative and accounting services to the Registrant.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) are attached hereto as an exhibit.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Babson Capital Participation Investors

By (Signature and Title)*

/s/ Michael L. Klofas

Michael L. Klofas, President

Date May 29, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By (Signature and Title)*

/s/ Michael L. Klofas

Michael L. Klofas, President

Date May 29, 2015

By (Signature and Title)*

/s/ James M. Roy

James M. Roy, Vice President and
Chief Financial Officer

Date May 29, 2015

* PRINT THE NAME AND TITLE OF EACH SIGNING OFFICER UNDER HIS OR HER SIGNATURE.

