

# **Barings** **Corporate Investors**

Report for the  
Three Months Ended March 31, 2017



## Adviser

Barings LLC  
1500 Main Street, P.O. Box 15189  
Springfield, Massachusetts 01115-5189

## Independent Registered Public Accounting Firm

KPMG LLP  
Boston, Massachusetts 02110

## Counsel to the Trust

Ropes & Gray LLP  
Boston, Massachusetts 02110

## Custodian

State Street Bank and Trust Company  
Boston, Massachusetts 02116

## Transfer Agent & Registrar

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

## Internet Website

[www.barings.com/mci](http://www.barings.com/mci)



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

## Investment Objective and Policy

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

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

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

## Form N-Q

The Trust files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. This information is available (i) on the SEC's website at <http://www.sec.gov>; and (ii) at the SEC's Public Reference Room in Washington, DC (which information on

their operation may be obtained by calling 1-800-SEC-0330). A complete schedule of portfolio holdings as of each quarter-end is available upon request by calling, toll-free, 866-399-1516.

## Proxy Voting Policies & Procedures; Proxy Voting Record

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

## Legal Matters

The Trust has entered into contractual arrangements with an investment adviser, transfer agent and custodian (collectively "service providers") who each provide services to the Trust. Shareholders are not parties to, or intended beneficiaries of, these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the Trust.

Under the Trust's Bylaws, any claims asserted against or on behalf of the Trust, including claims against Trustees and officers must be brought in courts located within the Commonwealth of Massachusetts.

The Trust's registration statement and this shareholder report are not contracts between the Trust and its shareholders and do not give rise to any contractual rights or obligations or any shareholder rights other than any rights conferred explicitly by federal or state securities laws that may not be waived.



## TO OUR SHAREHOLDERS

April 30, 2017

We are pleased to present the March 31, 2017 Quarterly Report of Barings Corporate Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of \$0.30 per share, payable on May 12, 2017 to shareholders of record on May 4, 2017. The Trust paid a \$0.30 per share dividend for the preceding quarter. The Trust earned \$0.33 per share of net investment income, including \$0.04 per share of non-recurring income, for the first quarter of 2017, compared to \$0.34 per share, including \$0.05 per share of non-recurring income, in the previous quarter.

During the first quarter, the net assets of the Trust increased to \$292,381,934 or \$14.74 per share compared to \$281,570,891 or \$14.23 per share on December 31, 2016. This translates into a 3.6% total return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 11.5%, 10.2%, 12.3%, 10.1%, and 13.5% for the 1-, 3-, 5-, 10-, and 25-year periods ended March 31, 2017, respectively, based on the change in the Trust's net asset value (net of all fees and expenses) assuming the reinvestment of all dividends and distributions.

The Trust's share price decreased 1.4% during the quarter, from \$15.48 per share as of December 31, 2016 to \$15.27 per share as of March 31, 2017. The Trust's market price of \$15.27 per share equates to a 3.6% premium over the March 31, 2017 net asset value per share of \$14.74. The Trust's average quarter-end premium for the 3-, 5- and 10-year periods was 10.6%, 14.3% and 12.8%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 2.5% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 2.7% for the quarter.

The Trust closed two new private placement investments, as well as six add-on investments in existing portfolio companies, during the first quarter. The two new investments were in SR Smith LLC and Worldwide Express Operations, LLC, while the six add-on investments were in Handi Quilter Holding Company, MC Sign Holdings LLC, Merex Holding Corporation, Panos Brands LLC, Tranzonic Holdings LLC and Veritext Corporation. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$9,555,000.

Despite overall optimism heading into 2017, middle market merger and acquisition activity did not meet expectations for the quarter ending March 31, 2017. The lower M&A activity combined with a significant inflow of new capital into the private debt markets in 2016 and thus far in 2017 has exacerbated already hyper-competitive market conditions. High purchase price multiples for companies and aggressive credit terms being offered by debt providers have, and continue to be prevalent in the market. The net result of all of these factors was the Trust's new investment activity being below average for the quarter. While deal flow remains stable and we continue to actively pursue new investment opportunities on behalf of the Trust, we do so cautiously in order to generate attractive investment returns without taking inappropriate levels of risk, a strategy that has served us well over the years.

The Trust's remaining portfolio remains in good condition with the number of companies on our watch list and/or in default remaining stable and at acceptable levels. Two private companies in which the Trust had outstanding investments were sold during the quarter resulting in favorable outcomes. In addition, two companies refinanced their debt, resulting in the prepayment of subordinated notes held by the Trust while also paying a dividend on the equity portion of the Trust's investment. At quarter-end, there were fourteen companies in which the Trust had outstanding investments which were in an active sale process. We would expect these companies to be sold over the next two to three quarters.

The Trust was able to maintain its \$0.30 per share quarterly dividend in the first quarter. However, it was necessary to supplement recurring investment income with \$0.01 per share of earnings carry forward in order to maintain the \$0.30 per share dividend. As has been discussed in prior reports, recurring investment income alone has not been sufficient, and while improving, may not be sufficient in the near term, to fully fund the current dividend rate. Net investment income has been below the dividend rate since 2013 due principally to the considerable reduction in the number of private debt securities in the portfolio resulting from the high level of exits and prepayment activity that occurred from 2013 through 2015, combined with generally lower investment returns available due to market and competitive dynamics over the past several years. As mentioned above, we made good progress in growing recurring investment income over the past several quarters, but it remains below the dividend rate and may continue to require supplementation from non-recurring income in the near term. The level of expected recurring investment income generated by the Trust in 2017, combined with the availability of earnings carry forwards and other non-recurring

income, is expected to be sufficient to maintain the current dividend rate over the next several quarters. However, over time, the Trust's dividend paying ability tends to correlate with its recurring earnings capacity. As such, until recurring investment income reaches a level equal to the current dividend rate, there is the risk that the dividend may need to be reduced in the future.

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

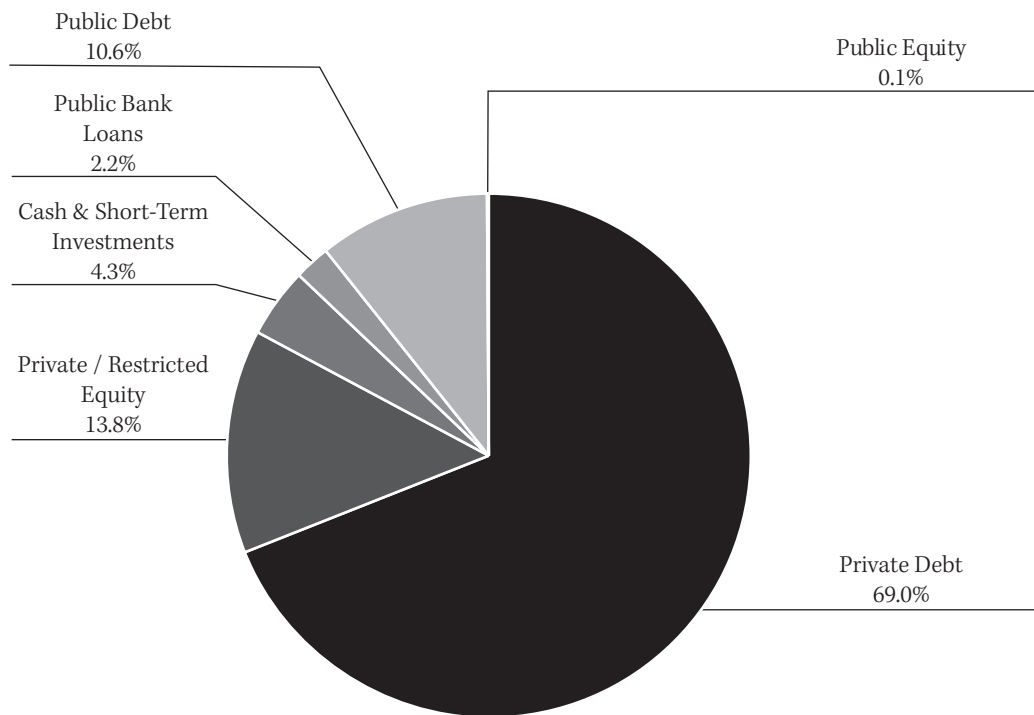
Sincerely,



Robert M. Shettle

President

### Portfolio Composition as of 3/31/17\*



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

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

**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**

March 31, 2017

(Unaudited)

<b>Assets:</b>	
Investments	
(See Consolidated Schedule of Investments)	
Corporate restricted securities at fair value	
(Cost - \$209,290,593)	\$ 207,046,804
Corporate restricted securities at market value	
(Cost - \$59,489,703)	60,351,069
Corporate public securities at market value	
(Cost - \$39,691,062)	41,724,170
Short-term securities at amortized cost	5,898,559
Total investments (Cost - \$314,369,917)	315,020,602
Cash	7,880,975
Interest receivable	2,961,824
Receivable for investments sold	935,771
Other assets	28,861
<b>Total assets</b>	<b>326,828,033</b>
<b>Liabilities:</b>	
Note payable	30,000,000
Payable for investments purchased	2,071,000
Investment advisory fee payable	913,694
Deferred tax liability	912,469
Interest payable	202,400
Tax payable	149,547
Accrued expenses	196,989
<b>Total liabilities</b>	<b>34,446,099</b>
<b>Total net assets</b>	<b>\$ 292,381,934</b>
<b>Net Assets:</b>	
Common shares, par value \$1.00 per share	\$ 19,830,088
Additional paid-in capital	111,594,359
Retained net realized gain on investments, prior years	145,980,019
Undistributed net investment gain	8,052,754
Accumulated net realized gain on investments	7,186,498
Net unrealized depreciation of investments	(261,784)
<b>Total net assets</b>	<b>\$ 292,381,934</b>
<b>Common shares issued and outstanding ( 28,054,782 authorized)</b>	<b>19,830,088</b>
<b>Net asset value per share</b>	<b>\$ 14.74</b>

See Notes to Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF OPERATIONS

For the three months ended March 31, 2017

(Unaudited)

### Investment Income:

Interest	\$ 6,226,155
Dividends	1,692,225
Other	71,918
Total investment income	<u>7,990,298</u>

### Expenses:

Investment advisory fees	913,694
Interest	396,000
Trustees' fees and expenses	90,000
Professional fees	48,542
Reports to shareholders	28,500
Custodian fees	8,400
Other	31,547
Total expenses	<u>1,516,683</u>
Investment income - net	<u>6,473,615</u>

### Net realized and unrealized gain on investments:

Net realized gain on investments before taxes	686,282
Income tax expense	(323,331)
Net realized gain on investments after taxes	<u>362,951</u>
Net increase (decrease) in unrealized appreciation (depreciation) of investments before taxes	3,282,098
Net (increase) decrease in deferred income tax expense	100,732
Net increase (decrease) in unrealized appreciation (depreciation) of investments after taxes	<u>3,382,830</u>
Net gain on investments	<u>3,745,781</u>
Net increase in net assets resulting from operations	<u>\$ 10,219,396</u>

See Notes to Consolidated Financial Statements

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three months ended March 31, 2017

(Unaudited)

**Net decrease in cash:**

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ 5,023,666
Purchases of portfolio securities	(19,807,740)
Proceeds from disposition of portfolio securities	10,290,880
Interest, dividends and other income received	7,228,456
Interest expense paid	(396,000)
Operating expenses paid	(1,084,099)
Income taxes paid	(2,317,943)
<b>Net cash used for operating activities</b>	<b><u>(1,062,780)</u></b>

Cash flows from financing activities:

Cash dividends paid from net investment income	(5,937,122)
Receipts for shares issued on reinvestment of dividends	591,647
<b>Net cash used for financing activities</b>	<b><u>(5,345,475)</u></b>

Net decrease in cash

(6,408,255)

Cash - beginning of year

14,289,230

Cash - end of period

**\$ 7,880,975****Reconciliation of net increase in net assets to net cash used for operating activities:**

Net increase in net assets resulting from operations	\$ 10,219,396
Increase in investments	(11,108,419)
Decrease in interest receivable	751,852
Increase in receivable for investments sold	(935,771)
Increase in other assets	(2,078)
Increase in payable for investments purchased	2,071,000
Increase in investment advisory fee payable	33,785
Decrease in deferred tax liability	(100,732)
Decrease in tax payable	(1,994,612)
Increase in accrued expenses	2,799
<b>Total adjustments to net assets from operations</b>	<b><u>(11,282,176)</u></b>
<b>Net cash used for operating activities</b>	<b><u>\$ (1,062,780)</u></b>

See Notes to Consolidated Financial Statements

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the three months ended 3/31/2017 (Unaudited)	For the year ended 12/31/2016
<b>Increase in net assets:</b>		
Operations:		
Investment income - net	\$ 6,473,615	\$ 22,171,839
Net realized gain on investments after taxes	362,951	3,711,135
Net change in unrealized appreciation of investments after taxes	<u>3,382,830</u>	<u>1,357,082</u>
Net increase in net assets resulting from operations	10,219,396	27,240,056
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2017 - 39,681; 2016 - 125,703)	591,647	2,103,555
Dividends to shareholders from:		
Net investment income (2017 - \$0.00 per share; 2016 - \$1.20 per share)	<u>-</u>	<u>(23,688,009)</u>
Total increase in net assets	10,811,043	5,655,602
Net assets, beginning of period/year	<u>281,570,891</u>	<u>275,915,289</u>
Net assets, end of period/year (including undistributed net investment income of \$8,052,754 and \$1,579,139, respectively)	<u>\$ 292,381,934</u>	<u>\$ 281,570,891</u>

See Notes to Consolidated Financial Statements



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

	For the three months ended 03/31/2017 (Unaudited)	For the years ended December 31,			
		2016	2015	2014	2013
Net asset value:					
Beginning of period/year	\$ 14.23	\$ 14.03	\$ 14.34	\$ 13.85	\$ 13.38
Net investment income (a)	0.33	1.12	1.04	1.23	1.18
Net realized and unrealized gain (loss) on investments	0.19	0.26	(0.16)	0.45	0.48
Total from investment operations	0.52	1.38	0.88	1.68	1.66
Dividends from net investment income to common shareholders	-	(1.20)	(1.20)	(1.20)	(1.20)
Dividends from net realized gain on investments to common shareholders	-	-	-	-	-
(Decrease)/Increase from dividends reinvested	(0.01)	0.02	0.01	0.01	0.01
Total dividends	(0.01)	(1.18)	(1.19)	(1.19)	(1.19)
Net asset value: End of period/year	\$ 14.74	\$ 14.23	\$ 14.03	\$ 14.34	\$ 13.85
Per share market value:					
End of period/year	\$ 15.27	\$ 15.48	\$ 17.25	\$ 15.89	\$ 14.93
Total investment return					
Net asset value (b)	3.58%	10.13%	6.20%	13.78%	12.76%
Market value (b)	(1.36%)	(3.49%)	17.01%	16.53%	5.93%
Net assets (in millions):					
End of period/year	\$ 292.38	\$ 281.57	\$ 275.92	\$ 280.13	\$ 268.69
Ratio of total expenses to average net assets	2.60%	2.92%	2.56%	3.66%	2.42%
Ratio of operating expenses to average net assets	1.58%	1.56%	1.67%	1.65%	1.64%
Ratio of interest expense to average net assets	0.56%	0.56%	0.55%	0.57%	0.59%
Ratio of income tax expense to average net assets (c)	0.46%	0.80%	0.34%	1.44%	0.19%
Ratio of net investment income to average net assets	9.15%	7.80%	7.12%	8.57%	8.50%
Portfolio turnover	3%	29%	29%	38%	34%

(a) Calculated using average shares.

(b) 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.

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

**Senior borrowings:**

Total principal amount (in millions)	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
Asset coverage per \$1,000 of indebtedness	\$ 10,746	\$ 10,386	\$ 10,197	\$ 10,338	\$ 9,956

See Notes to Consolidated Financial Statements

## CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2017

(Unaudited)

Corporate Restricted Securities - 91.45%: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Private Placement Investments - 70.81%: (C)</b>				
<b>1492 Acquisition LLC</b>				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
Limited Liability Company Unit Class A Preferred (B)	245 uts.	10/17/12	\$ 245,450	\$ 342,522
Limited Liability Company Unit Class A Common (B)	27,273 uts.	10/17/12	27,273	411,746
			<u>272,723</u>	<u>754,268</u>
<b>ABC Industries, Inc.</b>				
A manufacturer of mine and tunneling ventilation products in the U.S.				
13% Senior Subordinated Note due 07/31/2019	\$ 334,091	08/01/12	318,145	329,753
Preferred Stock Series A (B)	300,000 shs.	08/01/12	300,000	498,828
Warrant, exercisable until 2022, to purchase common stock at \$.02 per share (B)	53,794 shs.	08/01/12	101,870	83,444
			<u>720,015</u>	<u>912,025</u>
<b>Advanced Manufacturing Enterprises LLC</b>				
A designer and manufacturer of large, custom gearing products for a number of critical customer applications.				
Limited Liability Company Unit (B)	4,669 uts.	*	498,983	-
* 12/07/12, 07/11/13 and 06/30/15.				
<b>AFC - Dell Holding Corporation</b>				
A distributor and provider of inventory management services for "C-Parts" used by OEMs in their manufacturing and production facilities.				
12.5% (1% PIK) Senior Subordinated Note due 09/27/2020	\$ 2,447,642	03/27/15	2,413,515	2,472,119
Preferred Stock (B)	2,276 shs.	03/27/15	227,558	204,184
Common Stock (B)	703 shs.	03/27/15	703	-
			<u>2,641,776</u>	<u>2,676,303</u>
<b>Airxcel Holdings</b>				
A leading manufacturer of a broad range of climate control solutions, including air-conditioners, heat pumps, cooking appliances, furnaces, powered vents, and water heaters.				
Limited Liability Company Unit	583 uts.	11/18/14	583,000	669,159
<b>AM Conservation Holding Corp</b>				
A supplier of energy efficiency ("EE") products, including lighting, shower heads and aerators, and weatherization products such as door seals and weather stripping.				
11.75% (1.5% PIK) Senior Subordinated Note due 04/30/2023	\$ 3,181,818	10/31/16	3,120,974	3,155,947
Common Stock (B)	318,182 shs.	10/31/16	318,182	338,087
			<u>3,439,156</u>	<u>3,494,034</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>AMS Holding LLC</b>				
A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.				
Limited Liability Company Unit Class A Preferred (B) (F)				
	273 uts.	10/04/12	\$ 272,727	\$ 582,187
<b>API Technologies Corp.</b>				
A designer, developer and manufacturer of electronic systems, subsystems, modules and secure communications for technically demanding defense, aerospace and commercial applications in the U.S. and internationally.				
12% (1% PIK) Senior Subordinated Note due 04/22/2023				
	\$ 2,826,368	04/22/16	2,791,431	2,838,449
Limited Liability Company Unit (B)				
	0.90% int.	04/20/16	700,000	644,000
			<u>3,491,431</u>	<u>3,482,449</u>
<b>ARI Holding Corporation</b>				
A leading national supplier of products used primarily by specialty contractors.				
11.5% (0.5% PIK) Senior Subordinated Note due 02/01/2020				
	\$ 3,430,507	*	3,398,593	3,430,507
Limited Partnership Interest				
	1,048 uts.	08/01/14	1,047,900	1,087,013
* 05/21/13 and 08/01/14.				
			<u>4,446,493</u>	<u>4,517,520</u>
<b>ASC Holdings, Inc.</b>				
A manufacturer of capital equipment used by corrugated box manufacturers.				
13% (1% PIK) Senior Subordinated Note due 05/18/2021				
	\$ 1,523,007	11/19/15	1,498,529	1,447,512
Limited Liability Company Unit (B)				
	225,300 uts.	11/18/15	225,300	45,961
			<u>1,723,829</u>	<u>1,493,473</u>
<b>Aurora Parts &amp; Accessories LLC</b>				
A distributor of aftermarket over-the-road semi-trailer parts and accessories sold to customers across North America.				
11% Senior Subordinated Note due 02/17/2022				
	\$ 3,074,700	08/17/15	3,026,135	3,119,921
Preferred Stock (B)				
	425 shs.	08/17/15	424,875	353,588
Common Stock (B)				
	425 shs.	08/17/15	425	-
			<u>3,451,435</u>	<u>3,473,509</u>
<b>Avantech Testing Services LLC</b>				
A manufacturer of custom Non-Destructive Testing ("NDT") systems and provider of NDT and inspections services primarily to the oil country tubular goods market.				
15% (3.75% PIK) Senior Subordinated Note due 01/31/2021 (D)				
	\$ 1,015,684	07/31/14	996,694	-
Limited Liability Company Unit (B) (F)				
	92,327 uts.	*	-	-
* 07/31/14 and 10/14/15.				
			<u>996,694</u>	<u>-</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Blue Wave Products, Inc.</b>				
A distributor of pool supplies.				
10% Senior Secured Term Note due 09/30/2018	\$ 268,085	10/12/12	\$ 266,430	\$ 268,085
13% (1% PIK) Senior Subordinated Note due 09/30/2019	\$ 747,549	10/12/12	722,373	747,549
Common Stock (B)	114,894 shs.	10/12/12	114,894	658,925
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	45,486 shs.	10/12/12	45,486	260,865
			<u>1,149,183</u>	<u>1,935,424</u>
<b>BlueSpire Holding, Inc.</b>				
A marketing services firm that integrates strategy, technology, and content to deliver customized marketing solutions for clients in the senior living, financial services and healthcare end markets.				
12.5% (1.5% PIK) Senior Subordinated Note due 06/30/2021 (D)	\$ 3,217,730	06/30/15	3,167,754	-
Common Stock (B)	2,876 shs.	06/30/15	318,200	-
			<u>3,485,954</u>	<u>-</u>
<b>BP SCI LLC</b>				
A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.				
Limited Liability Company Unit Class A (B) (F)	1,000 uts.	10/17/12	100,000	152,358
Limited Liability Company Unit Class B (B) (F)	400 uts.	10/17/12	400,000	662,415
			<u>500,000</u>	<u>814,773</u>
<b>CG Holdings Manufacturing Company</b>				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note 11/01/2019	\$ 3,390,252	*	3,287,274	3,390,252
Preferred Stock (B)	3,241 shs.	*	324,054	414,254
Preferred Stock (B)	1,174 shs.	*	116,929	150,088
Common Stock (B)	337 shs.	*	35,673	479,869
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	137 shs.	*	13,033	195,238
			<u>3,776,963</u>	<u>4,629,701</u>
* 05/09/13 and 11/01/13.				
<b>CHG Alternative Education Holding Company</b>				
A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at therapeutic day schools and "at risk" youth through alternative education programs.				
13.5% (1.5% PIK) Senior Subordinated Note due 06/19/2020	\$ 2,348,439	01/19/11	2,325,051	2,348,439
14% (2% PIK) Senior Subordinated Note due 06/19/2020	\$ 618,103	08/03/12	613,022	618,103
Common Stock (B)	1,125 shs.	01/19/11	112,500	130,320
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750	102,440
			<u>3,138,323</u>	<u>3,199,302</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

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.				
Limited Liability Company Unit (B) (F)	3 uts.	03/26/12	\$ 569,935	\$ -
<b>Clarion Brands Holding Corp.</b>				
A portfolio of six over-the-counter (OTC) pharmaceutical brands whose products are used to treat tinnitus or ringing of the ear, excessive sweating, urinary tract infections, muscle pain, and skin conditions.				
12.5% (1.5% PIK) Senior Subordinated Note due 04/01/2021	\$ 4,120,926	*	4,059,589	4,135,056
Limited Liability Company Unit (B)	3,759 uts.	07/18/16	384,020	374,015
* 10/01/14 and 07/18/16.			4,443,609	4,509,071
<b>Clough, Harbour and Associates</b>				
An engineering service firm that is located in Albany, NY.				
Preferred Stock (B)	277 shs.	12/02/08	276,900	1,446,684
<b>Compass Chemical International LLC</b>				
A manufacturer and supplier of standard and specialty formulated chemicals, primarily phosphoric acid derivatives called phosphonates.				
Limited Liability Company Unit (B) (F)	467 uts.	03/04/15	298,900	233,098
<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	229,585
Limited Liability Company Unit Class C (B)	112,873 uts.	01/12/07	112,873	182,651
Limited Liability Company Unit Class D (B)	1,268,437 uts.	05/03/10	-	1,959,476
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	-	413,598
			268,919	2,785,310
<b>CORA Health Services, Inc.</b>				
A provider of outpatient rehabilitation therapy services.				
12.75% (1.75% PIK) Senior Subordinated Note due 06/30/2023	\$ 1,558,817	06/30/16	1,530,355	1,575,548
Preferred Stock Series A (B)	1,538 shs.	06/30/16	146,154	155,431
Common Stock Class A (B)	7,692 shs.	06/30/16	7,692	2,692
			1,684,201	1,733,671
<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% (3% PIK) Senior Subordinated Note due 11/22/2019	\$ 2,613,217	11/22/13	2,587,091	2,613,217
Common Stock (B)	180 shs.	*	1,028,568	727,399
* 11/22/13 and 09/16/16.			3,615,659	3,340,616

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Del Real LLC</b>				
A manufacturer and distributor of fully-prepared fresh refrigerated Hispanic entrees as well as side dishes that are typically sold on a heat-and-serve basis at retail grocers.				
11% Senior Subordinated Note due 04/06/2023	\$ 2,882,353	10/07/16	\$ 2,827,710	\$ 2,842,484
Limited Liability Company Unit (B) (F)	617,647 uts.	10/07/16	<u>617,647</u>	<u>611,471</u>
			<u>3,445,357</u>	<u>3,453,955</u>
<b>DPL Holding Corporation</b>				
A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.				
14% (2% PIK) Senior Subordinated Note due 11/04/2020	\$ 3,386,352	05/04/12	3,359,697	3,288,799
Preferred Stock (B)	61 shs.	05/04/12	605,841	580,446
Common Stock (B)	61 shs.	05/04/12	<u>67,316</u>	<u>-</u>
			<u>4,032,854</u>	<u>3,869,245</u>
<b>Dunn Paper</b>				
A provider of specialty paper for niche product applications.				
9.75% Second Lien Term Loan due 08/31/2023	\$ 3,500,000	09/28/16	<u>3,434,719</u>	<u>3,430,000</u>
<b>Eagle Family Foods, Inc.</b>				
A producer of low-cost branded and private label canned milk.				
10.05% Last Out Term Loan due 12/31/2021	\$ 3,500,000	12/22/15	<u>3,458,445</u>	<u>3,500,000</u>
<b>ECG Consulting Group</b>				
A healthcare management consulting company who provides strategic, financial, operational, and technology related consulting services to healthcare providers.				
11.75% (0.75% PIK) Senior Subordinated Note due 11/21/2020	\$ 2,671,800	11/21/14	2,630,552	2,698,518
Limited Liability Company Unit (B) (F)	467 uts.	11/19/14	<u>145,833</u>	<u>169,264</u>
			<u>2,776,385</u>	<u>2,867,782</u>
<b>Elite Sportswear Holding, LLC</b>				
A designer and manufacturer of gymnastics, competitive cheerleading and swimwear apparel in the U.S. and internationally.				
11.5% (1% PIK) Senior Subordinated Note due 10/13/2021	\$ 3,190,853	10/14/16	3,139,190	3,161,988
Limited Liability Company Unit (B) (F)	204 uts.	10/14/16	<u>324,074</u>	<u>365,725</u>
			<u>3,463,264</u>	<u>3,527,713</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>ERG Holding Company LLC</b>				
A provider of inpatient and outpatient clinical trial services to pharmaceutical companies and contract research organizations.				
13.5% (1.5% PIK) Senior Subordinated Note due 10/04/2019	\$ 1,974,163	04/04/14	\$ 1,953,392	\$ 1,993,904
14% (2% PIK) Senior Subordinated Note due 10/04/2019	\$ 518,977	07/01/16	510,700	534,547
Common Stock (B)	0.64% int.	04/04/14	157,314	175,639
			<u>2,621,406</u>	<u>2,704,090</u>
<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	245,781
Limited Liability Company Unit Common (B)	512 uts.	09/27/10	51,220	827,383
			<u>226,255</u>	<u>1,073,164</u>
<b>F G I Equity LLC</b>				
A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.				
Limited Liability Company Unit Preferred (B)	483,355 uts.	04/15/14	-	483,355
Limited Liability Company Unit Class B-1 (B)	394,737 uts.	12/15/10	394,737	1,217,916
Limited Liability Company Unit Class B-2 (B)	49,488 uts.	12/15/10	49,488	152,690
Limited Liability Company Unit Class B-3 (B)	39,130 uts.	08/30/12	90,000	130,906
Limited Liability Company Unit Class C (B)	9,449 uts.	12/20/10	96,056	225,306
			<u>630,281</u>	<u>2,210,173</u>
<b>FMH Holdings Corporation</b>				
A designer and manufacturer of highly engineered components for the aerospace, defense and space industries.				
Common Stock (B)	300 shs.	05/01/15	300,485	530,031
			<u>300,485</u>	<u>530,031</u>
<b>GD Dental Services LLC</b>				
A provider of convenient "onestop" general, specialty, and cosmetic dental services with 21 offices located throughout South and Central Florida.				
Limited Liability Company Unit Preferred (B)	182 uts.	10/05/12	182,209	250,436
Limited Liability Company Unit Common (B)	1,840 uts.	10/05/12	1,840	33,468
			<u>184,049</u>	<u>283,904</u>
<b>GenNx Novel Holding, Inc.</b>				
A manufacturer and distributor of nutraceutical ingredients.				
15% (1% PIK) Senior Subordinated Note due 03/27/2020	\$ 3,274,668	03/27/14	3,234,579	2,947,201
Common Stock (B)	31,500 shs.	03/27/14	315,000	97,366
			<u>3,549,579</u>	<u>3,044,567</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>gloProfessional Holdings, Inc.</b>				
A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician's office channels.				
14% (2% PIK) Senior Subordinated Note due 03/27/2019	\$ 2,942,689	03/27/13	\$ 2,919,407	\$ 2,942,689
Common Stock (B)	2,835 shs.	03/27/13	283,465	308,965
			<u>3,202,872</u>	<u>3,251,654</u>
<b>Glynlyon Holding Companies, Inc.</b>				
A technology-enabled curriculum provider of K-12 and support services predominantly to small and medium public school districts.				
12% (1% PIK) Senior Subordinated Note due 01/15/2022	\$ 3,239,809	01/15/16	3,185,213	3,304,605
Common Stock (B)	299 shs.	01/15/16	299,145	443,423
			<u>3,484,358</u>	<u>3,748,028</u>
<b>GlynnDevins Acquisition Corporation</b>				
A marketing communications agency that service senior living facilities.				
Preferred Stock Series A (B)	695 shs.	06/19/15	143,414	161,508
Common Stock (B)	695 shs.	06/19/15	5,976	42,234
			<u>149,390</u>	<u>203,742</u>
<b>Grakon Parent</b>				
The leading designer and manufacturer of highly-engineered and customized LED and incandescent lighting systems for transportation-based markets.				
Common Stock (B)	355 shs.	10/31/14	354,730	319,958
<b>GTI Holding Company</b>				
A designer, developer, and marketer of precision specialty hand tools and handheld test instruments.				
12% Senior Subordinated Note due 02/05/2020	\$ 1,455,729	02/05/14	1,396,596	1,428,620
Common Stock (B)	1,693 shs.	02/05/14	169,271	110,880
Warrant, exercisable until 2024, to purchase common stock at \$.01 per share (B)	795 shs.	02/05/14	73,633	52,067
			<u>1,639,500</u>	<u>1,591,567</u>
<b>Handi Quilter Holding Company (Premier Needle Arts)</b>				
A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.				
12% (1% PIK) Senior Subordinated Note due 06/19/2021	\$ 3,500,632	*	3,446,310	3,499,486
Limited Liability Company Unit Preferred (B)	754 uts.	**	754,061	765,104
Limited Liability Company Unit Common Class A (B)	7,292 uts.	12/19/14	-	-
			<u>4,200,371</u>	<u>4,264,590</u>

\* 12/19/14 and 03/31/17.

\*\* 12/19/14 and 04/29/16.



**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Happy Floors Acquisition, Inc.</b>				
A wholesale importer and value-added distributor of premium European flooring tile to residential and commercial end markets.				
12.5% (1% PIK) Senior Subordinated Note due 07/01/2022	\$ 3,220,702	07/01/16	\$ 3,162,706	\$ 3,245,656
Common Stock (B)	303 shs.	07/01/16	303,333	255,407
			<u>3,466,039</u>	<u>3,501,063</u>
<b>Hartland Controls Holding Corporation</b>				
A manufacturer and distributor of electronic and electromechanical components.				
14% (2% PIK) Senior Subordinated Note due 08/14/2020	\$ 2,256,051	02/14/14	2,232,365	2,256,051
12% Senior Subordinated Note due 08/14/2020	\$ 875,000	06/22/15	869,452	892,500
Common Stock (B)	1,666 shs.	02/14/14	1,667	431,190
			<u>3,103,484</u>	<u>3,579,741</u>
<b>Healthcare Direct Holding Company</b>				
A direct-to-consumer marketer of discount dental plans.				
Common Stock (B)	1,552 shs.	03/09/12	64,254	274,825
<b>HHI Group, LLC</b>				
A developer, marketer, and distributor of hobby-grade radio control products.				
14% (2% PIK) Senior Subordinated Note due 01/17/2020	\$ 3,445,899	01/17/14	3,411,266	1,895,245
Limited Liability Company Unit (B) (F)	203 uts.	01/17/14	203,125	-
			<u>3,614,391</u>	<u>1,895,245</u>
<b>Hollandia Produce LLC</b>				
A hydroponic greenhouse producer of branded root vegetables.				
14.25% (2.75% PIK) Senior Subordinated Note due 03/31/2021	\$ 2,772,885	*	2,729,496	2,653,528
* 12/30/15 and 12/23/16				
<b>HOP Entertainment LLC</b>				
A provider of post production equipment and services to producers of television shows and motion pictures.				
Limited Liability Company Unit Class F (B) (F)	89 uts.	10/14/11	-	-
Limited Liability Company Unit Class G (B) (F)	215 uts.	10/14/11	-	-
Limited Liability Company Unit Class H (B) (F)	89 uts.	10/14/11	-	-
Limited Liability Company Unit Class I (B) (F)	89 uts.	10/14/11	-	-
			<u>-</u>	<u>-</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Hospitality Mints Holding Company</b>				
A manufacturer of individually-wrapped imprinted promotional mints.				
12% Senior Subordinated Note due 10/01/2018	\$ 2,075,581	08/19/08	\$ 2,069,090	\$ 1,962,046
Common Stock (B)	474 shs.	08/19/08	474,419	20,781
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	123 shs.	08/19/08	113,773	5,371
			<u>2,657,282</u>	<u>1,988,198</u>
<b>HVAC Holdings, Inc.</b>				
A provider of integrated energy efficiency services and maintenance programs for HVAC systems.				
12% (1% PIK) Senior Subordinated Note due 7/19/2022	\$ 2,296,147	*	2,271,651	2,296,147
Limited Liability Company Unit Class A Preferred (B)	2,705 uts.	09/27/12	270,542	406,818
Limited Liability Company Unit Class A Common (B)	2,185 uts.	09/27/12	2,185	250,445
* 7/19/16 and 9/6/16.			<u>2,544,378</u>	<u>2,953,410</u>
<b>Ideal Tridon Holdings, Inc.</b>				
A designer and manufacturer of clamps and couplings used in automotive and industrial end markets.				
Common Stock	279 shs.	10/27/11	232,385	524,412
<b>Impact Confections</b>				
An independent manufacturer and marketer of confectionery products including Warheads® brand sour candies, Melster® brand classic candies, and co-manufactured/private label classic candies.				
13% (1% PIK) Senior Subordinated Note due 11/10/2020	\$ 2,210,511	11/10/14	2,180,604	2,171,318
Common Stock (B)	4,667 shs.	11/10/14	466,667	238,316
			<u>2,647,271</u>	<u>2,409,634</u>
<b>Insurance Claims Management, Inc.</b>				
A third party administrator providing auto and property claim administration services for insurance companies.				
Common Stock (B)	89 shs.	02/27/07	2,689	197,512
<b>Janus Group Holdings LLC</b>				
A manufacturer of roll-up doors and hallway systems that are primarily used in self-storage facilities.				
Limited Liability Company Unit Class A (B) (F)	565 uts.	12/11/13	-	1,817,417
<b>JMH Investors LLC</b>				
A developer and manufacturer of custom formulations for a wide variety of foods.				
Limited Liability Company Unit (B) (F)	2,493,253 uts.	12/05/12	557,301	-
Limited Liability Company Unit Class A-2 (B) (F)	2,478,261 uts.	10/31/16	-	-
Limited Liability Company Unit Class A-1 (B) (F)	391,304 uts.	10/31/16	391,304	391,304
			<u>948,605</u>	<u>391,304</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>K N B Holdings Corporation</b>				
A designer, manufacturer and marketer of products for the custom framing market.				
Common Stock (B)	134,210 shs.	05/24/06	\$ 134,210	\$ 89,099
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	82,357 shs.	05/25/06	71,534	54,675
			<u>205,744</u>	<u>143,774</u>
<b>K P I Holdings, Inc.</b>				
The largest player in the U.S. non-automotive, non-ferrous die casting segment.				
Limited Liability Company Unit Class C Preferred (B)	75 uts.	06/30/15	-	148,868
Common Stock (B)	667 shs.	07/15/08	539,502	154,080
			<u>539,502</u>	<u>302,948</u>
<b>Kyjen Company</b>				
A designer and distributor of branded and private label dog toys and accessories primarily in the U.S.				
13% (1% PIK) Senior Subordinated Note due 10/14/2021	\$ 2,663,588	10/14/15	2,620,355	2,705,516
<b>Mail Communications Group, Inc.</b>				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				
Limited Liability Company Unit	24,109 uts.	*	314,464	354,757
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B) (F)	3,375 shs.	05/04/07	43,031	49,662
			<u>357,495</u>	<u>404,419</u>
* 05/04/07 and 01/02/08.				
<b>Manhattan Beachwear Holding Company</b>				
A designer and distributor of women's swimwear.				
12.5% Senior Subordinated Note due 01/15/2018 (D)	\$ 1,259,914	01/15/10	1,212,363	-
15% (2.5% PIK) Senior Subordinated Note due 01/15/2018 (D)	\$ 345,759	10/05/10	343,820	-
Common Stock (B)	106 shs.	10/05/10	106,200	-
Common Stock Class B (B)	353 shs.	01/15/10	352,941	-
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	312 shs.	10/05/10	283,738	-
			<u>2,299,062</u>	<u>-</u>
<b>Master Cutlery LLC</b>				
A designer and marketer of a wide assortment of knives and swords.				
13% Senior Subordinated Note due 04/17/2020	\$ 1,740,646	04/17/15	1,726,669	1,566,865
Limited Liability Company Unit	9 uts.	04/17/15	1,356,658	249,217
			<u>3,083,327</u>	<u>1,816,082</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>MC Sign Holdings LLC</b>				
A provider of sign and lighting services nationwide.				
11.75% (0.75% PIK) Senior Subordinated Note due 09/15/2021	\$ 1,561,846	09/22/15	\$ 1,566,865	\$ 1,562,461
11.75% (0.75% PIK) Senior Subordinated Note due 08/09/2022	\$ 437,965	02/09/17	429,370	438,137
Limited Liability Company Unit Class B (B)	205,900 uts.	09/22/15	205,900	335,185
			<u>2,172,038</u>	<u>2,335,783</u>

**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.

16% Senior Subordinated Note due 10/30/2019 (D)	\$ 1,362,886	09/22/11	1,347,188	1,226,597
15% PIK Senior Subordinated Note due 04/30/2022 (D)	\$ 71,517	08/18/15	71,517	-
14% PIK Senior Subordinated Note due 06/30/2019	\$ 113,117	10/21/16	113,117	112,410
Common Stock Class A (B)	260,870 shs.	*	512,114	-
			<u>2,043,936</u>	<u>1,339,007</u>

\* 08/18/15, 10/20/16 and 01/27/17.

**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% (1% PIK) Senior Subordinated Note due 09/30/2021	\$ 2,250,963	09/30/14	2,218,674	2,200,587
Common Stock Class B (B)	445,455 shs.	09/30/14	445,455	143,176
			<u>2,664,129</u>	<u>2,343,763</u>

**Midwest Industrial Rubber, Inc.**

A supplier of industrial maintenance, repair, and operations ("MRO") products, specializing in the fabrication and distribution of lightweight conveyor belting and related conveyor components and accessories.

12% (1% PIK) Senior Subordinated Note due 12/02/2022	\$ 3,162,745	12/02/16	3,102,084	3,182,131
Preferred Stock	3,472 shs.	12/02/16	347,191	292,890
Common Stock	491 shs.	12/02/16	491	-
			<u>3,449,766</u>	<u>3,475,021</u>

**MNX Holding Company**

An international third party logistics company providing customized logistics services to customers across the globe.

14% (2% PIK) Senior Subordinated Note due 11/02/2019	\$ 3,159,157	11/02/12	3,130,975	3,159,157
Common Stock (B)	107 shs.	11/02/12	107,143	57,441
			<u>3,238,118</u>	<u>3,216,598</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Money Mailer Equity LLC</b>				
A leading provider of hyperlocal shared direct mail advertising as well as interactive and online advertising solutions through its nationwide production and distribution network.				
12% (1% PIK) Senior Subordinated Note due 10/29/2021	\$ 3,529,335	04/29/16	\$ 3,468,532	\$ 3,411,312
<b>Motion Controls Holdings</b>				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% (1.75% PIK) Senior Subordinated Note due 08/15/2020	\$ 3,041,685	11/30/10	3,021,980	3,041,685
Limited Liability Company Unit Class B-1 (B) (F)	225,000 uts.	11/30/10	-	164,373
Limited Liability Company Unit Class B-2 (B) (F)	20,403 uts.	11/30/10	-	14,905
			<u>3,021,980</u>	<u>3,220,963</u>
<b>NetShape Technologies, Inc.</b>				
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.				
12% Senior Subordinated Note due 06/10/2020 (D)	\$ 1,530,000	02/02/07	1,528,882	-
Limited Partnership Interest of Saw Mill PCG Partners LLC (B)	2.76% int.	02/01/07	1,110,810	-
Limited Liability Company Unit Class D of Saw Mill PCG Partners LLC (B)	17 uts.	*	16,759	-
Limited Liability Company Unit Class D-1 of Saw Mill PCG Partners LLC (B)	229 uts.	09/30/09	228,858	-
Limited Liability Company Unit Class D-2 of Saw Mill PCG Partners LLC (B)	128 uts.	04/29/11	65,256	-
Limited Liability Company Unit Class D-3 of Saw Mill PCG Partners LLC (B)	196 uts.	12/10/14	196,263	-
* 12/18/08 and 09/30/09.			<u>3,146,828</u>	<u>-</u>
<b>NSi Industries Holdings, Inc.</b>				
A manufacturer and distributor of electrical components and accessories to small to mid-sized electrical wholesalers.				
12.75% (1.75% PIK) Senior Subordinated Note due 5/17/2023	\$ 3,099,913	06/30/16	3,044,723	3,116,936
Common Stock (B)	420 shs.	05/17/16	420,000	471,343
			<u>3,464,723</u>	<u>3,588,279</u>
<b>O E C Holding Corporation</b>				
A provider of elevator maintenance, repair and modernization services.				
Preferred Stock Series A (B)	1,661 shs.	06/04/10	166,062	227,341
Preferred Stock Series B (B)	934 shs.	06/04/10	93,376	181,421
Common Stock (B)	1,032 shs.	06/04/10	1,032	177,495
			<u>260,470</u>	<u>586,257</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>PANOS Brands LLC</b>				
A marketer and distributor of branded consumer foods in the specialty, natural, better-for-you, "free from" healthy and gluten-free categories.				
12% (1% PIK) Senior Subordinated Note due 07/29/2021	\$ 2,940,000	01/29/16	\$ 2,890,628	\$ 2,998,800
12% (1% PIK) Senior Subordinated Note due 08/17/2022	\$ 662,879	02/17/17	649,823	663,139
Common Stock Class B (B)	772,121 shs.	*	772,121	876,717
* 01/29/16 and 02/17/17.			<u>4,312,572</u>	<u>4,538,656</u>
<b>Pearlman Enterprises, Inc.</b>				
A developer and distributor of tools, equipment, and supplies to the natural and engineered stone industry.				
Preferred Stock Series A (B)	2,334 shs.	05/22/09	111,508	2,334,350
Preferred Stock Series B (B)	13,334 shs.	05/22/09	547,872	427,821
Common Stock (B)	40,540 shs.	05/22/09	1,877,208	-
			<u>2,536,588</u>	<u>2,762,171</u>
<b>Petroplex Inv Holdings LLC</b>				
A leading provider of acidizing services to E&P customers in the Permian Basin.				
Limited Liability Company Unit	0.90% int.	*	420,814	11,784
* 11/29/12 and 12/20/16.				
<b>Polytex Holdings LLC</b>				
A manufacturer of water based inks and related products serving primarily the wall covering market.				
13% (1% PIK) Senior Subordinated Note due 01/31/2020	\$ 2,160,169	07/31/14	2,134,746	2,113,704
Limited Liability Company Unit	300,485 uts.	07/31/14	300,485	169,954
			<u>2,435,231</u>	<u>2,283,658</u>
<b>Power Stop Holdings LLC</b>				
A supplier of performance upgrade aftermarket brake products.				
11% Senior Subordinated Note due 05/29/2022	\$ 3,266,800	05/29/15	3,216,792	3,332,136
Limited Liability Company Unit Preferred (B) (F)	2,332 uts.	05/29/15	233,200	273,042
Limited Liability Company Unit Common (B) (F)	2,332 uts.	05/29/15	-	199,133
			<u>3,449,992</u>	<u>3,804,311</u>
<b>PPC Event Services</b>				
A special event equipment rental business.				
14% (2% PIK) Senior Subordinated Note due 05/20/2020	\$ 2,379,447	11/20/14	2,349,534	2,379,447
Limited Liability Company Unit (B)	7,000 uts.	11/20/14	350,000	983,416
Limited Liability Company Unit Series A-1 (B)	689 uts.	03/16/16	86,067	112,306
			<u>2,785,601</u>	<u>3,475,169</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Randy's Worldwide Automotive</b>				
A designer and distributor of automotive aftermarket parts.				
11.5% Senior Subordinated Note due 05/12/2021	\$ 2,304,719	05/12/15	\$ 2,271,561	\$ 2,350,813
Common Stock (B)	240 shs.	05/12/15	240,388	366,229
			<u>2,511,949</u>	<u>2,717,042</u>
<b>Signature Systems Holdings Company</b>				
A seller and installer of a variety of modular surfaces, industrial matting and related products used for ground protection.				
Common Stock (B)	181 shs.	03/15/13	181,221	18,206
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	74 shs.	03/15/13	67,958	7,437
			<u>249,179</u>	<u>25,643</u>
<b>Smart Source Holdings LLC</b>				
A short-term computer rental company.				
Limited Liability Company Unit (B)	619 uts.	*	493,496	728,246
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	157 shs.	*	127,437	184,489
			<u>620,933</u>	<u>912,735</u>
* 08/31/07 and 03/06/08.				
<b>SMB Machinery Holdings, Inc.</b>				
A reseller of used, rebuilt and refurbished packaging and processing equipment, primarily serving the bottling and food manufacturing industries.				
14% (2% PIK) Senior Subordinated Note due 10/18/2019 (D)	\$ 1,477,388	10/18/13	1,452,295	-
Common Stock (B)	1,681 shs.	10/18/13	168,100	-
			<u>1,620,395</u>	<u>-</u>
<b>Software Paradigms International Group, LLC</b>				
An outsourced IT services provider focused on the retail industry.				
12.5% (1.5% PIK) Senior Subordinated Note due 11/23/2021	\$ 3,500,000	05/23/16	3,437,940	3,512,229
<b>SR Smith LLC</b>				
A manufacturer of mine and tunneling ventilation products in the United States.				
11% Senior Subordinated Note due 03/27/2022	\$ 1,760,454	03/27/17	1,738,494	1,756,445
Limited Liability Company Unit Class A (B) (F)	29 uts.	03/27/17	1,717,802	1,739,560
			<u>3,456,296</u>	<u>3,496,005</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Strahman Holdings Inc</b>				
A manufacturer of industrial valves and wash down equipment for a variety of industries, including chemical, petrochemical, polymer, pharmaceutical, food processing, beverage and mining.				
14% (2% PIK) Senior Subordinated Note due 06/13/2019	\$ 2,119,565	12/13/13	\$ 2,092,055	\$ 2,090,545
Preferred Stock Series A (B)	317,935 shs.	12/13/13	317,935	279,783
Preferred Stock Series A-2 (B)	53,086 shs.	09/10/15	59,987	46,716
			<u>2,469,977</u>	<u>2,417,044</u>
<b>Sunrise Windows Holding Company</b>				
A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.				
16% Senior Subordinated Note due 01/31/2019 (D)	\$ 4,285,410	*	4,075,756	2,999,787
Common Stock (B)	115 shs.	12/14/10	114,504	-
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	112 shs.	12/14/10	111,747	-
* 12/14/10, 08/17/12 and 03/31/16.			<u>4,302,007</u>	<u>2,999,787</u>
<b>Sunvair Aerospace Group Inc.</b>				
An aerospace maintenance, repair, and overhaul provider servicing landing gears on narrow body aircraft.				
12% (1% PIK) Senior Subordinated Note due 07/31/2021	\$ 2,478,788	07/31/15	2,429,459	2,430,539
Common Stock (B)	139 shs.	07/31/15	158,560	68,961
			<u>2,588,019</u>	<u>2,499,500</u>
<b>Team Drive-Away Holdings LLC</b>				
An asset-light provider of over the road driveaway services for class 8 trucks and specialized equipment.				
12.5% (1.5% PIK) Senior Subordinated Note due 04/15/2021	\$ 1,555,600	10/15/15	1,530,761	1,580,216
Limited Liability Company Unit (B)	194,400 uts.	10/15/15	194,400	198,482
			<u>1,725,161</u>	<u>1,778,698</u>
<b>Torrent Group Holdings, Inc.</b>				
A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.				
15% (7.5% PIK) Senior Subordinated Note due 12/05/2020	\$ 131,605	12/05/13	414,051	131,605
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	53,038 shs.	12/05/13	-	14,320
			<u>414,051</u>	<u>145,925</u>



**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Tranzonic Holdings LLC</b>				
A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.				
Limited Liability Company Unit Preferred Class A (B)	305,393 uts.	*	\$ 332,498	\$ 631,838
* 07/05/13 and 02/13/17.				
<b>Tristar Global Energy Solutions, Inc.</b>				
A hydrocarbon and decontamination services provider serving refineries worldwide.				
12.5% (1.5% PIK) Senior Subordinated Note due 07/31/2020	\$ 2,328,623	01/23/15	2,297,305	2,351,909
<b>Veritext Corporation</b>				
A provider of stenographic staffing and other services used during the legal deposition process.				
10.75% Second Lien Term Loan due 01/29/2023	\$ 4,083,333	*	4,013,582	4,083,333
* 01/21/16 and 02/23/17.				
<b>VP Holding Company</b>				
A provider of school transportation services for special-needs and homeless children in Massachusetts.				
Common Stock (B)	7,368 shs.	03/31/14	736,842	808,825
<b>Wellborn Forest Holding Company</b>				
A manufacturer of semi-custom kitchen and bath cabinetry.				
8% Senior Subordinated Note due 09/30/2017 (D)	\$ 3,359,243	11/30/06	1,260,037	3,359,243
Common Stock (B)	191 shs.	11/30/06	191,250	-
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B)	95 shs.	11/30/06	86,493	-
			1,537,780	3,359,243
<b>Westminster Acquisition LLC</b>				
A manufacturer of premium, all-natural oyster cracker products sold under the Westminster and Olde Cape Cod brands.				
12% (1% PIK) Senior Subordinated Note due 02/03/2021	\$ 763,758	08/03/15	752,578	779,033
Limited Liability Company Unit (B) (F)	751,212 uts.	08/03/15	751,212	1,251,940
			1,503,790	2,030,973
<b>Whitcraft Holdings, Inc.</b>				
A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components.				
Common Stock (B)	616 shs.	12/16/10	616,438	1,239,961
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	166 shs.	12/16/10	148,003	333,183
			764,441	1,573,144

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Wolf-Gordon, Inc.</b>				
A designer and specialty distributor of wallcoverings and related building products, including textiles, paint, and writeable surfaces.				
12.5% (1.5% PIK) Senior Subordinated Note due 07/22/2021	\$ 3,239,100	01/22/16	\$ 3,185,724	\$ 3,295,164
Common Stock (B)	318 shs.	01/22/16	<u>318,182</u>	<u>307,860</u>
			<u>3,503,906</u>	<u>3,603,024</u>
<b>Worldwide Express Operations, LLC</b>				
A third party logistics company providing parcel, less than truck load and truck load services focused on the small and medium business market through both company owned and franchise locations.				
9.78% Second Lien Term Loan due 01/19/2025	\$ 3,500,000	02/13/17	<u>3,448,347</u>	<u>3,459,116</u>
<b>WP Supply Holding Corporation</b>				
A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest.				
14.5% (2.5% PIK) Senior Subordinated Note due 06/12/2020	\$ 2,918,164	11/03/11	2,901,612	2,918,164
Common Stock (B)	4,500 shs.	11/03/11	<u>450,000</u>	<u>328,036</u>
			<u>3,351,612</u>	<u>3,246,200</u>
<b>York Wall Holding Company</b>				
A designer, manufacturer and marketer of wall covering products for both residential and commercial wall coverings.				
12.5% (1.5% PIK) Senior Subordinated Note due 03/04/2021 (D)	\$ 3,190,238	03/04/15	3,144,098	2,778,940
Common Stock (B)	3,723 shs.	03/04/15	<u>372,300</u>	<u>107,151</u>
			<u>3,516,398</u>	<u>2,886,091</u>
<b>Total Private Placement Investments (E)</b>			<u>\$ 209,290,593</u>	<u>\$ 207,046,804</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
<b>Rule 144A Securities - 20.64%:</b>					
<b>Bonds - 20.64%</b>					
Altice financing S.A.	7.500%	05/15/26	\$1,000,000	\$ 1,061,250	\$ 1,062,500
Altice S.A.	7.750	05/15/22	1,000,000	1,000,000	1,061,250
American Airlines Group Inc.	5.500	10/01/19	870,000	891,899	904,799
Amsted Industries	5.375	09/15/24	520,000	520,000	521,300
Beazer Homes USA Inc.	8.750	03/15/22	320,000	320,000	350,400
Beazer Homes USA Inc.	6.750	03/15/25	598,000	598,000	600,990
Belden Inc.	5.250	07/15/24	410,000	410,000	408,975
Boise Cascade Company	5.625	09/01/24	259,000	259,000	262,885
CITGO Holding, Inc.	10.750	02/15/20	1,000,000	1,017,256	1,075,000
CITGO Petroleum Corporation	6.250	08/15/22	925,000	925,000	936,563
Consolidated Energy Finance S.A.	6.750	10/15/19	1,000,000	992,266	1,007,500
Constellium N.V.	7.875	04/01/21	743,000	743,000	793,152
Cornerstone Chemical Company	9.375	03/15/18	1,000,000	1,005,974	1,005,000
Coveris Holdings S.A.	7.875	11/01/19	1,000,000	1,000,000	985,000
CTP Transportation Products, LLC	8.250	12/15/19	635,000	635,000	558,799
CVR Partners, LP.	9.250	06/15/23	1,000,000	977,108	1,026,250
Dean Foods	6.500	03/15/23	663,000	663,000	691,178
Diamond 1 Finance Corp / Diamond 2 Finance Corp (Dell)	5.875	06/15/21	228,000	228,000	239,704
Digicel Group Limited	6.000	04/15/21	1,000,000	922,390	908,750
Endo Finance LLC	5.375	01/31/23	1,000,000	982,058	863,120
EnPro Industries Inc.	5.875	09/15/22	250,000	252,500	258,750
First Quantum Minerals Ltd.	7.500	04/01/25	1,000,000	972,454	1,007,500
Gates Global LLC	6.000	07/15/22	1,000,000	796,046	1,017,500
Hilcorp Energy Company	5.000	12/01/24	500,000	500,000	468,750
Hill-Rom Holdings, Inc.	5.750	09/01/23	385,000	385,000	398,956
Hub International Ltd.	7.875	10/01/21	1,000,000	1,000,000	1,042,500
Hughes Satellite Systems Corporation	6.625	08/01/26	1,250,000	1,233,652	1,278,125
IAMGOLD Corporation	7.000	04/15/25	1,000,000	1,000,000	990,000
Infor (US), Inc.	5.750	08/15/20	226,000	224,389	234,972
International Automotive Component	9.125	06/01/18	1,000,000	986,426	992,500
J.B. Poindexter Co., Inc.	9.000	04/01/22	1,000,000	1,034,934	1,047,500
JBS USA Holdings, Inc.	7.750	10/28/20	750,000	773,956	785,625
JDA Escrow LLC	7.375	10/15/24	179,000	179,000	186,608
Jupiter Resources Inc.	8.500	10/01/22	1,000,000	945,059	817,500
KeHE Distributors, LLC	7.625	08/15/21	1,000,000	1,043,732	1,007,500
LBC Tank Terminals Holding Netherlands B.V.	6.875	05/15/23	1,315,000	1,344,793	1,364,470
Mallinckrodt PLC	5.750	08/01/22	1,000,000	1,000,000	985,500
Micron Technology, Inc.	5.250	08/01/23	1,000,000	1,000,000	1,025,000
Micron Technology, Inc.	7.500	09/15/23	403,000	403,000	449,849
Moog Inc.	5.250	12/01/22	1,000,000	1,006,086	1,025,000

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
New Gold Inc.	6.250%	11/15/22	\$1,000,000	\$ 1,004,981	\$ 1,002,500
NRG Energy, Inc.	6.625	01/15/27	1,000,000	953,932	997,500
Numericable Group SA	6.000	05/15/22	1,000,000	979,148	1,036,250
Onex Corporation	8.500	10/01/22	1,352,000	1,287,050	1,264,120
OPE KAG Finance Sub	7.875	07/31/23	1,750,000	1,812,969	1,789,375
Peabody Energy Corporation	6.615	03/31/25	1,000,000	985,000	995,000
Pinnacle Operating Corporation	9.000	05/15/23	756,588	948,750	752,805
Prime Security Services Borrower	9.250	05/15/23	1,000,000	1,000,000	1,096,250
PSPC Escrow Corp	6.500	02/01/22	299,000	257,767	310,213
Sabre GLOB Inc.	5.250	11/15/23	251,000	251,000	256,648
Signode Industrial Group	6.375	05/01/22	1,265,000	1,238,041	1,297,409
Sinclair Television Group, Inc.	5.125	02/15/27	1,000,000	1,000,000	965,000
Sirius XM Radio Inc.	5.375	04/15/25	250,000	250,000	255,875
Sirius XM Radio Inc.	5.375	07/15/26	1,000,000	994,529	1,022,500
Sonic Automotive, Inc.	6.125	03/15/27	352,000	352,000	352,440
SunCoke Energy	7.375	02/01/20	1,000,000	949,730	1,010,000
Surgical Care Affiliates, Inc.	6.000	04/01/23	918,000	918,000	984,555
Tallgrass Operations LLC	5.500	09/15/24	605,000	605,000	608,025
Teine Energy Ltd.	6.875	09/30/22	1,300,000	1,309,120	1,326,000
Topaz Marine S.A.	8.625	11/01/18	1,000,000	1,000,000	985,000
Tullow Oil Plc	6.250	04/15/22	725,000	546,774	677,875
United States Steel Corp.	8.375	07/01/21	195,000	195,000	216,450
Unitymedia KabelBW GmbH	6.125	01/15/25	1,000,000	1,000,000	1,052,500
Univision Communications, Inc.	5.125	05/15/23	325,000	325,000	320,938
Univision Communications, Inc.	5.125	02/15/25	860,000	869,769	846,025
UPCB Finance IV Limited	5.375	01/15/25	425,000	425,000	427,656
Virgin Media Secured Finance PLC	5.250	01/15/26	1,000,000	1,005,973	1,005,000
VRX Escrow Corp.	5.875	05/15/23	1,500,000	1,128,318	1,164,375
Watco Companies, L.L.C.	6.375	04/01/23	1,000,000	1,000,000	1,015,000
Welltec A/S	8.000	02/01/19	750,000	744,883	753,750
West Corporation	5.375	07/15/22	1,000,000	985,736	982,500
WMG Acquisition Corp.	6.750	04/15/22	1,000,000	1,038,005	1,051,250
Wolverine World Wide, Inc.	5.000	09/01/26	666,000	666,000	626,040
Zekelman Industries, Inc	9.875	06/15/23	230,000	230,000	257,025
<b>Total Bonds</b>				<b>59,489,703</b>	<b>60,351,069</b>
<b>Common Stock - 0.00%</b>					
TherOX, Inc. (B)			6	-	-
Touchstone Health Partnership (B)			1,168	-	-
<b>Total Common Stock</b>				<b>-</b>	<b>-</b>
<b>Total Rule 144A Securities</b>				<b>59,489,703</b>	<b>60,351,069</b>
<b>Total Corporate Restricted Securities</b>				<b>\$ 268,780,296</b>	<b>\$ 267,397,873</b>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Public Securities - 14.27%: (A)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
<b>Bank Loans - 2.44%</b>					
Aquilex Holdings LLC	6.500%	12/31/20	\$ 273,105	\$ 272,736	\$ 263,546
Caelus Energy Alaska, LLC	8.750	04/15/20	1,000,000	994,702	875,000
Fieldwood Energy LLC	8.000	08/31/20	344,430	311,746	324,412
Fieldwood Energy LLC	8.375	09/30/20	1,044,008	525,075	746,466
Fieldwood Energy LLC	8.375	09/30/20	1,455,992	829,376	1,252,153
K&N Engineering, Inc.	9.750	12/31/99	1,000,000	981,019	987,500
Kronos Incorporated	9.284	12/31/99	409,457	405,546	421,999
RadNet Management Inc.	8.150	12/31/99	1,000,000	997,711	1,005,000
Power Products LLC	5.530	01/24/23	268,262	266,953	269,938
Seadrill Partners Finco, LLC	4.000	02/21/21	987,245	506,098	667,447
Summit Midstream Holdings, LLC	7.022	03/06/22	306,680	303,627	312,047
<b>Total Bank Loans</b>				<b>6,394,589</b>	<b>7,125,508</b>
<b>Bonds - 11.75%</b>					
A. Schulman Inc.	6.875	06/01/23	1,000,000	1,011,786	1,037,500
Alere Inc.	7.250	07/01/18	940,000	957,829	951,750
Anixter, Inc.	5.500	03/01/23	1,000,000	1,000,000	1,037,500
Antero Resources Corporation	5.375	11/01/21	800,000	800,000	821,672
Boyd Gaming Corporation	6.375	04/01/26	197,000	197,000	210,790
Calpine Corporation	5.750	01/15/25	700,000	700,000	695,625
CHS/Community Health Systems, Inc.	5.125	08/01/21	480,000	472,173	474,600
Clearwater Paper Corporation	4.500	02/01/23	750,000	745,138	727,500
Commercial Metals Company	4.875	05/15/23	1,500,000	1,502,109	1,530,000
Commercial Vehicle Group Inc.	7.875	04/15/19	930,000	941,331	930,000
Community Health Systems Inc.	6.250	03/31/23	298,000	298,000	303,215
CVR Refining LLC	6.500	11/01/22	650,000	634,443	654,875
EP Energy Corporation	9.375	05/01/20	819,000	418,544	772,070
Ferrellgas Partners, L.P	6.750	01/15/22	1,000,000	1,005,787	945,000
Ferrellgas Partners, L.P	8.625	06/15/20	1,048,000	1,048,859	1,003,460
Forum Energy Technologies	6.250	10/01/21	325,000	325,000	320,125
GEO Group, Inc. (The)	5.875	01/15/22	1,000,000	952,214	1,032,500
HCA Holdings, Inc.	5.375	02/01/25	150,000	152,301	156,375
HealthSouth Corporation	5.750	11/01/24	579,000	582,424	583,343
Icahn Enterprises L.P.	6.000	08/01/20	1,150,000	1,162,713	1,190,250
Kindred Healthcare, Inc.	8.750	01/15/23	1,000,000	1,000,000	1,002,500
Lamar Media Corp.	5.375	01/15/24	320,000	320,000	330,400
Laredo Petroleum, Inc.	5.625	01/15/22	1,000,000	949,002	997,500
Level 3 Communications Inc.	5.250	03/15/26	858,000	878,559	862,290
Meritor, Inc.	6.750	06/15/21	1,000,000	1,000,000	1,036,250
Meritor, Inc.	7.875	03/01/26	669,000	663,403	1,169,077

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Corporate Public Securities - (A) (Continued)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
NRG Energy, Inc.	7.250%	05/15/26	\$ 500,000	\$ 503,121	\$ 515,000
Oasis Petroleum Inc.	6.875	03/15/22	1,000,000	1,000,000	1,025,000
PBF Holding Company LLC	7.000	11/15/23	65,000	65,000	65,163
Perry Ellis International, Inc.	7.875	04/01/19	250,000	249,070	250,250
P.H. Glatfelter Company	5.375	10/15/20	1,000,000	1,007,343	1,022,500
Ply Gem Industries, Inc.	6.500	02/01/22	1,000,000	947,936	1,036,800
Precision Drilling Corporation	6.625	11/15/20	448,432	455,370	450,674
Select Medical Corporation	6.375	06/01/21	650,000	656,100	656,500
SM Energy Company	6.750	09/15/26	1,000,000	1,000,000	1,008,125
Sprint Corporation	7.125	06/15/24	315,000	315,000	336,263
Suburban Propane Partners, L.P.	5.750	03/01/25	1,000,000	1,000,000	985,000
Summit Midstream Holdings, LLC	5.500	08/15/22	170,000	126,135	170,000
Sunoco LP	6.250	04/15/21	840,000	835,689	856,800
Tenet Healthcare Corporation	6.750	06/15/23	725,000	721,791	712,313
TransDigm Group, Inc.	6.375	06/15/26	1,000,000	977,524	1,000,590
Triumph Group, Inc.	4.875	04/01/21	1,000,000	958,925	965,000
Western Digital Corporation	10.500	04/01/24	494,000	494,000	582,303
William Lyon Homes	7.000	08/15/22	1,000,000	1,000,000	1,045,000
WPX Energy, Inc.	5.250	09/15/24	925,000	925,000	894,938
<b>Total Bonds</b>				<u>32,956,619</u>	<u>34,354,386</u>
<b>Common Stock - 0.00%</b>					
Chase Packaging Corporation			9,541	-	206
<b>Total Common Stock</b>				<u>-</u>	<u>206</u>
<b>Preferred Stock - 0.08%</b>					
Pinnacle Operating Corporation			519,298	339,854	244,070
<b>Total Preferred Stock</b>				<u>339,854</u>	<u>244,070</u>
<b>Total Corporate Public Securities</b>				<u>\$ 39,691,062</u>	<u>\$ 41,724,170</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Short-Term Securities:	<u>Interest Rate/Yield<sup>^</sup></u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
<b>Commercial Paper - 2.02%</b>					
Ameren Corporation	1.130%	04/10/17	\$4,000,000	\$ 3,998,870	\$ 3,998,870
South Carolina Electric & Gas Company	1.180	04/06/17	1,900,000	<u>1,899,689</u>	<u>1,899,689</u>
<b>Total Short-Term Securities</b>				<b><u>\$ 5,898,559</u></b>	<b><u>\$ 5,898,559</u></b>
<b>Total Investments</b>	<b>107.74%</b>			<b><u>\$ 314,369,917</u></b>	<b><u>\$ 315,020,602</u></b>
Other Assets	4.04				11,807,431
Liabilities	<u>(11.78)</u>				<u>(34,446,099)</u>
<b>Total Net Assets</b>	<b><u>100.00%</u></b>				<b><u>\$ 292,381,934</u></b>

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

(B) Non-income producing security.

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

(D) Defaulted security; interest not accrued.

(E) Illiquid securities. As of March 31, 2017, the value of these securities amounted to \$207,046,804 or 70.81% of net assets.

(F) Held in CI Subsidiary Trust.

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

PIK - Payment-in-kind

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Industry Classification:	Fair Value/ Market Value	Fair Value/ Market Value
<b>AEROSPACE &amp; DEFENSE - 3.90%</b>		
API Technologies Corp.	\$ 3,482,449	Wellborn Forest Holding Company
FMH Holdings Corporation	530,031	Wolf-Gordon, Inc.
Merex Holding Corporation	1,339,007	3,603,024
Sunvair Aerospace Group Inc.	2,499,500	27,619,757
TransDigm Group, Inc.	1,000,590	
Triumph Group, Inc.	965,000	<b>CABLE &amp; SATELLITE - 2.01%</b>
Whitcraft Holdings, Inc.	1,573,144	Altice financing S.A.
	11,389,721	Altice S.A.
		Hughes Satellite Systems Corporation
<b>AIRLINES - 0.31%</b>		Unitymedia KabelBW GmbH
American Airlines Group Inc.	904,799	UPCB Finance IV Limited
		Virgin Media Secured Finance PLC
<b>AUTOMOTIVE - 9.24%</b>		1,005,000
Aurora Parts & Accessories LLC	3,473,509	5,887,031
CG Holdings Manufacturing Company	4,629,701	
Commercial Vehicle Group Inc.	930,000	<b>CHEMICALS - 3.06%</b>
DPL Holding Corporation	3,869,245	A. Schulman Inc.
Gates Global LLC	1,017,500	Compass Chemical International LLC
Grakon Parent	319,958	Consolidated Energy Finance S.A.
International Automotive Component	992,500	Cornerstone Chemical Company
J.B. Poindexter Co., Inc.	1,047,500	CVR Partners, LP.
K&N Engineering, Inc.	987,500	LBC Tank Terminals Holding Netherlands B.V.
Meritor, Inc.	2,205,327	1,364,470
Moog Inc.	1,025,000	Pinnacle Operating Corporation
Power Stop Holdings LLC	3,804,311	Polytex Holdings LLC
Randy's Worldwide Automotive	2,717,042	2,283,658
	27,019,093	8,954,351
		<b>CONSUMER CYCLICAL SERVICES - 3.34%</b>
<b>BROKERAGE, ASSET MANAGERS &amp; EXCHANGES - 0.41%</b>		CHG Alternative Education Holding Company
Icahn Enterprises L.P.	1,190,250	3,199,302
		Church Services Holding Company
<b>BUILDING MATERIALS - 9.45%</b>		GEO Group, Inc. (The)
ARI Holding Corporation	4,517,520	1,032,500
Boise Cascade Company	262,885	PPC Event Services
Happy Floors Acquisition, Inc.	3,501,063	Prime Security Services Borrower
Janus Group Holdings LLC	1,817,417	West Corporation
NSi Industries Holdings, Inc.	3,588,279	982,500
Pearlman Enterprises, Inc.	2,762,171	9,785,721
Ply Gem Industries, Inc.	1,036,800	
Signature Systems Holdings Company	25,643	<b>CONSUMER PRODUCTS - 8.50%</b>
Sunrise Windows Holding Company	2,999,787	AMS Holding LLC
Torrent Group Holdings, Inc.	145,925	Blue Wave Products, Inc.
		Elite Sportswear Holding, LLC
		gloProfessional Holdings, Inc.
		GTI Holding Company
		Handi Quilter Holding Company
		HHI Group, LLC
		582,187
		1,935,424
		3,527,713
		3,251,654
		1,591,567
		4,264,590
		1,895,245

See Notes to Consolidated Financial Statements



**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
K N B Holdings Corporation	\$ 143,774	Onex Corporation	\$ 1,264,120
Kyjen Company	2,705,516	PSPC Escrow Corp	310,213
Manhattan Beachwear Holding Company	-		<u>2,814,345</u>
Master Cutlery LLC	1,816,082	<b>FOOD &amp; BEVERAGE - 10.80%</b>	
Perry Ellis International, Inc.	250,250	1492 Acquisition LLC	754,268
York Wall Holding Company	<u>2,886,091</u>	Dean Foods	691,178
	<u>24,850,093</u>	Del Real LLC	3,453,955
<b>DIVERSIFIED MANUFACTURING - 5.87%</b>		Eagle Family Foods, Inc.	3,500,000
ABC Industries, Inc.	912,025	F F C Holding Corporation	1,073,164
Advanced Manufacturing Enterprises LLC	-	GenNx Novel Holding, Inc.	3,044,567
Airxcel Holdings	669,159	Hollandia Produce LLC	2,653,528
Amsted Industries	521,300	Hospitality Mints Holding Company	1,988,198
Belden Inc.	408,975	Impact Confections	2,409,634
BP SCI LLC	814,773	JBS USA Holdings, Inc.	785,625
CTP Transportation Products, LLC	558,799	JMH Investors LLC	391,304
EnPro Industries Inc.	258,750	KeHE Distributors, LLC	1,007,500
F G I Equity LLC	2,210,173	PANOS Brands LLC	4,538,656
Forum Energy Technologies	320,125	Westminster Acquisition LLC	2,030,973
Ideal Tridon Holdings, Inc.	524,412	WP Supply Holding Corporation	3,246,200
K P I Holdings, Inc.	302,948		<u>31,568,750</u>
Motion Controls Holdings	3,220,963	<b>GAMING - 1.21%</b>	
NetShape Technologies, Inc.	-	Boyd Gaming Corporation	210,790
Power Products LLC	269,938	CTM Holding, Inc.	3,340,616
SR Smith LLC	3,496,005		<u>3,551,406</u>
Strahman Holdings Inc	2,417,044	<b>HEALTHCARE - 4.24%</b>	
Zekelman Industries, Inc	<u>257,025</u>	Alere Inc.	951,750
	<u>17,162,414</u>	CHS/Community Health Systems, Inc.	474,600
<b>ELECTRIC - 3.97%</b>		Community Health Systems Inc.	303,215
Ameren Corporation	3,998,870	CORA Health Services, Inc.	1,733,671
AM Conservation Holding Corp	3,494,034	ECG Consulting Group	2,867,782
Calpine Corporation	695,625	GD Dental Services LLC	283,904
NRG Energy, Inc.	1,512,500	HCA Holdings, Inc.	156,375
South Carolina Electric & Gas Company	<u>1,899,689</u>	Healthcare Direct Holding Company	274,825
	<u>11,600,718</u>	HealthSouth Corporation	583,343
<b>ENERGY - 0.30%</b>		Hill-Rom Holdings, Inc.	398,956
Caelus Energy Alaska, LLC	<u>875,000</u>	Kindred Healthcare, Inc.	1,002,500
<b>FINANCIAL OTHER - 0.96%</b>		RadNet Management Inc.	1,005,000
Hub International Ltd.	1,042,500	Select Medical Corporation	656,500
Insurance Claims Management, Inc.	197,512	Surgical Care Affiliates, Inc.	984,555

See Notes to Consolidated Financial Statements

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value	Industry Classification: (Continued)	Fair Value/ Market Value
Tenet Healthcare Corporation	\$ 712,313	Univision Communications, Inc.	\$ 1,166,963
	<u>12,389,289</u>	WMG Acquisition Corp.	<u>1,051,250</u>
<b>HOME CONSTRUCTION - 0.68%</b>			<u>8,407,042</u>
Beazer Homes USA Inc.	951,390	<b>METALS &amp; MINING - 2.58%</b>	
William Lyon Homes	<u>1,045,000</u>	Commercial Metals Company	1,530,000
	<u>1,996,390</u>	Constellium N.V.	793,152
<b>INDEPENDENT - 2.69%</b>		First Quantum Minerals Ltd.	1,007,500
Antero Resources Corporation	821,672	IAMGOLD Corporation	990,000
EP Energy Corporation	772,070	New Gold Inc.	1,002,500
Fieldwood Energy LLC	2,323,031	Peabody Energy Corporation	995,000
Jupiter Resources Inc.	817,500	SunCoke Energy	1,010,000
Laredo Petroleum, Inc.	997,500	United States Steel Corp.	<u>216,450</u>
Precision Drilling Corporation	450,674		<u>7,544,602</u>
SM Energy Company	1,008,125	<b>MIDSTREAM - 1.89%</b>	
Tullow Oil Plc	<u>677,875</u>	CVR Refining LLC	654,875
	<u>7,868,447</u>	Ferrellgas Partners, L.P.	1,948,460
<b>INDUSTRIAL OTHER - 7.54%</b>		Suburban Propane Partners, L.P.	985,000
AFC - Dell Holding Corporation	2,676,303	Summit Midstream Holdings, LLC	482,047
Aquilex Holdings LLC	263,546	Sunoco LP	856,800
Clough, Harbour and Associates	1,446,684	Tallgrass Operations LLC	<u>608,025</u>
Connecticut Electric, Inc.	2,785,310		<u>5,535,207</u>
Hartland Controls Holding Corporation	3,579,741	<b>OIL FIELD SERVICES - 2.10%</b>	
HVAC Holdings, Inc.	2,953,410	Avantech Testing Services LLC	-
Mail Communications Group, Inc.	404,419	Hilcorp Energy Company	468,750
MC Sign Holdings LLC	2,335,783	Oasis Petroleum Inc.	1,025,000
Midwest Industrial Rubber, Inc.	3,475,021	Petroplex Inv Holdings LLC	11,784
O E C Holding Corporation	586,257	Seadrill Partners Finco, LLC	667,447
Smart Source Holdings LLC	912,735	Teine Energy Ltd.	1,326,000
SMB Machinery Holdings, Inc.	-	Topaz Marine S.A.	985,000
Tranzonic Holdings LLC	<u>631,838</u>	Welltec A/S	753,750
	<u>22,051,047</u>	WPX Energy, Inc.	<u>894,938</u>
<b>MEDIA &amp; ENTERTAINMENT - 2.88%</b>			<u>6,132,669</u>
BlueSpire Holding, Inc.	-	<b>PACKAGING - 1.29%</b>	
GlynnDevins Acquisition Corporation	203,742	ASC Holdings, Inc.	1,493,473
HOP Entertainment LLC	-	Chase Packaging Corporation	206
Lamar Media Corp.	330,400	Coveris Holdings S.A.	985,000
Money Mailer Equity LLC	3,411,312	Signode Industrial Group	<u>1,297,409</u>
Sinclair Television Group, Inc.	965,000		<u>3,776,088</u>
Sirius XM Radio Inc.	1,278,375		

See Notes to Consolidated Financial Statements

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2017

(Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
<b>PAPER - 1.77%</b>			
Clearwater Paper Corporation	\$ 727,500	Glynlyon Holding Companies, Inc.	\$ 3,748,028
Dunn Paper	3,430,000	Infor (US), Inc.	234,972
P.H. Glatfelter Company	1,022,500	JDA Escrow LLC	186,608
	<u>5,180,000</u>	Kronos Incorporated	421,999
		Micron Technology, Inc.	1,474,849
<b>PHARMACEUTICALS - 3.50%</b>		Sabre GLBL Inc.	256,648
Clarion Brands Holding Corp.	4,509,071	Software Paradigms International Group, LLC	3,512,229
Endo Finance LLC	863,120	Veritext Corporation	4,083,333
ERG Holding Company LLC	2,704,090	Western Digital Corporation	582,303
Mallinckrodt PLC	985,500		<u>15,778,173</u>
VRX Escrow Corp.	1,164,375		
	<u>10,226,156</u>	<b>TRANSPORTATION SERVICES - 4.13%</b>	
		MNX Holding Company	3,216,598
<b>REFINING - 2.32%</b>		OPE KAG Finance Sub	1,789,375
CITGO Holding, Inc.	1,075,000	Team Drive-Away Holdings LLC	1,778,698
CITGO Petroleum Corporation	936,563	VP Holding Company	808,825
MES Partners, Inc.	2,343,763	Watco Companies, L.L.C.	1,015,000
PBF Holding Company LLC	65,163	Worldwide Express Operations, LLC	3,459,116
Tristar Global Energy Solutions, Inc.	2,351,909		<u>12,067,612</u>
	<u>6,772,398</u>	<b>WIRELESS - 1.07%</b>	
		Digicel Group Limited	908,750
<b>RETAILERS - 0.33%</b>		Level 3 Communications Inc.	862,290
Sonic Automotive, Inc.	352,440	Numericable Group SA	1,036,250
Wolverine World Wide, Inc.	626,040	Sprint Corporation	336,263
	<u>978,480</u>		<u>3,143,553</u>
		<b>Total Investments - 107.74%</b>	
<b>TECHNOLOGY - 5.40%</b>		<b>(Cost - \$314,369,917)</b>	<b>\$ 315,020,602</b>
Anixter, Inc.	1,037,500		
Diamond 1 Finance Corp / Diamond 2 Finance Corp (Dell)	239,704		

See Notes to Consolidated Financial Statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

### 1. History

Barings Corporate Investors (formerly known as Babson Capital Corporate Investors) (the "Trust") commenced operations in 1971 as a Delaware corporation. Pursuant to an Agreement and Plan of Reorganization dated November 14, 1985, approved by shareholders, the Trust was reorganized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts, effective November 28, 1985. In order to clarify the Trust's relationship to Barings LLC (formerly known as Babson Capital Management LLC), as of September 12, 2016, the Trust's name was changed to replace "Babson Capital Corporate Investors" with "Barings Corporate Investors".

The Trust is a diversified closed-end management investment company. Barings LLC ("Barings"), a wholly-owned indirect subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"), acts as its investment adviser. The Trust's investment objective is to maintain a portfolio of securities providing a current yield and at the same time offering an opportunity for capital gains. The Trust's principal investments are privately placed, below-investment grade, long-term debt obligations. Such direct placement securities may, in some cases, be accompanied by equity features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt (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 capital.

On January 27, 1998, the Board of Trustees authorized the formation of a wholly-owned subsidiary of the Trust ("CI Subsidiary Trust") for the purpose of holding certain investments. The results of CI Subsidiary Trust are consolidated in the accompanying financial statements. Footnote 2.D below discusses the Federal tax consequences of the CI Subsidiary Trust.

### 2. Significant Accounting Policies

The following is a summary of significant accounting policies followed consistently by the Trust in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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

### A. Fair Value Measurements:

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

#### Determination of Fair Value

The determination of the fair value of the Trust's investments is the responsibility of the Trust's Board of Trustees (the "Trustees"). The Trustees have adopted procedures for the valuation of the Trust's securities and has delegated responsibility for applying those procedures to Barings. Barings has established a Pricing Committee which is responsible for setting the guidelines used in following the procedures adopted by the Trustees and ensuring that those guidelines are being followed. Barings considers all relevant factors that are reasonably available, through either public information or information directly available to Barings, when determining the fair value of a security. The Trustees meet at least once each quarter to approve the value of the Trust's portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the Trust, including a majority of the Trustees who are not interested persons of the Trust or of Barings. In approving valuations, the Trustees will consider reports by Barings analyzing each portfolio security in accordance with the procedures and guidelines referred to above, which include the relevant factors referred to below. Barings has agreed to provide such reports to the Trust at least quarterly. The consolidated financial statements include private placement restricted securities valued at \$207,046,804 (70.81% of net assets) as of March 31, 2017 whose values have been estimated by the Trustees based on the process described above in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Following is a description of valuation methodologies used for assets recorded at fair value:

#### Corporate Public Securities – Bank Loans, Corporate Bonds, Preferred Stocks and Common Stocks

The Trust uses external independent third-party pricing services to determine the fair values of its Corporate Public Securities. At March 31, 2017, 100% of the carrying value of these investments was from external pricing services. In the event that the primary pricing service does not provide a price, the Trust utilizes the pricing provided by a secondary pricing service.

Public debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Trust's pricing services use multiple valuation techniques to determine fair value. In instances where significant market

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(Unaudited)**

activity exists, the pricing services may utilize a market based approach through which quotes from market makers are used to determine fair value. In instances where significant market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, option adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal underlying prepayments, collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

The Trust's investments in bank loans are normally valued at the bid quotation obtained from dealers in loans by an independent pricing service in accordance with the Trust's valuation policies and procedures approved by the Trustees.

Public equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sales price of that day.

Annually, Barings conducts reviews of the primary pricing vendors to validate that the inputs used in that vendors' pricing process are deemed to be market observable as defined in the standard. While Barings is not provided access to proprietary models of the vendors, the reviews have included on-site walk-throughs of the pricing process, methodologies and control procedures for each asset class and level for which prices are provided. The review also includes an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations, a process Barings continues to perform annually. In addition, the pricing vendors have an established challenge process in place for all security valuations, which facilitates identification and resolution of prices that fall outside expected ranges. Barings believes that the prices received from the pricing vendors are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

**Corporate Restricted Securities – Corporate Bonds**

The fair value of certain notes is determined using an internal model that discounts the anticipated cash flows of those notes using a specific discount rate. Changes to that

discount rate are driven by changes in general interest rates, probabilities of default and credit adjustments. The discount rate used within the models to discount the future anticipated cash flows is considered a significant unobservable input. Significant increases/(decreases) in the discount rate would result in a significant (decrease)/increase to the notes' fair value.

The fair value of certain distressed notes is based on an enterprise waterfall methodology which is discussed in the equity security valuation section below.

**Corporate Restricted Securities – Common Stock, Preferred Stock and Partnerships & LLC's**

The fair value of equity securities is determined using an enterprise waterfall methodology. Under this methodology, the enterprise value of the company is first estimated and that value is then allocated to the company's outstanding debt and equity securities based on the documented priority of each class of securities in the capital structure. Generally, the waterfall proceeds from senior debt tranches of the capital structure to senior then junior subordinated debt, followed by each class of preferred stock and finally the common stock.

To estimate a company's enterprise value, the company's trailing twelve months earnings before interest, taxes, depreciation and amortization ("EBITDA") is multiplied by a valuation multiple.

Both the company's EBITDA and valuation multiple are considered significant unobservable inputs. Significant increases/(decreases) to the company's EBITDA and/or valuation multiple would result in significant increases/(decreases) to the equity value. An increase/(decrease) to the discount would result in a (decrease)/increase to the equity value.

**Short-Term Securities**

Short-term securities, of sufficient credit quality, with more than sixty days to maturity are valued at fair value, using external independent third-party services. Short-term securities having a maturity of sixty days or less are valued at amortized cost, which approximates fair value.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

### Quantitative Information about Level 3 Fair Value Measurements

The following table represents quantitative information about Level 3 fair value measurements as of March 31, 2017.

	Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average
Bank Loans	\$3,430,000	Broker Quote	Single Broker	98%	98%
	\$11,042,450	Discounted Cash Flows	Discount Rate	8.6% to 9.2%	8.9%
Corporate Bonds	\$143,024,804	Discounted Cash Flows	Discount Rate	8.0% to 17.0%	12.5%
	\$5,026,636	Market Approach	Valuation Multiple	3.6x to 7.7x	5.6x
			EBITDA	\$0.0 million to \$9.4 million	\$5.8 million
Equity Securities	\$44,522,914	Market Approach	Valuation Multiple	3.6x to 13.4x	8.1x
			EBITDA	\$0.0 million to \$165.7 million	\$26.3 million
	\$244,070	Broker Quote	Single Quote	\$0.47/share	\$0.47/share

### Fair Value 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, 2017:

Assets:	Total	Level 1	Level 2	Level 3
Restricted Securities				
Corporate Bonds	\$ 208,402,509	\$ -	\$ 60,351,069	\$ 148,051,440
Bank Loans	14,472,450	-	-	14,472,450
Common Stock - U.S.	12,866,000	-	-	12,866,000
Preferred Stock	7,755,332	-	-	7,755,332
Partnerships and LLCs	23,901,582	-	-	23,901,582
Public Securities				
Bank Loans	7,125,508	-	7,125,508	-
Corporate Bonds	34,354,386	-	34,354,386	-
Common Stock - U.S.	206	206	-	-
Preferred Stock	244,070	-	-	244,070
Short-term Securities	5,898,559	-	5,898,559	-
<b>Total</b>	<b>\$ 315,020,602</b>	<b>\$ 206</b>	<b>\$ 107,729,522</b>	<b>\$ 207,290,874</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(Unaudited)**

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

Assets:	Beginning balance at 12/31/2016	Included in earnings	Purchases	Sales	Prepayments	Transfers into Level 3	Transfers out of Level 3	Ending balance at 3/31/2017
Restricted Securities								
Corporate Bonds	\$ 146,939,686	\$ 2,597,658	\$ 3,111,933	\$ -	\$ (4,597,837)	\$ -	\$ -	\$ 148,051,440
Bank Loans	10,414,560	38,723	4,019,167	-	-	-	-	14,472,450
Common Stock - U.S.	13,321,840	70,901	212,121	(738,862)	-	-	-	12,866,000
Preferred Stock	8,047,466	191,381	-	(483,515)	-	-	-	7,755,332
Partnerships and LLCs	22,484,369	(40,088)	2,349,673	(892,372)	-	-	-	23,901,582
Public Securities								
Bank Loans	982,500	-	-	-	-	-	(982,500)	-
Preferred Stock	-	(95,784)	339,854	-	-	-	-	244,070
<b>Total</b>	<b>\$ 202,190,421</b>	<b>\$ 2,762,791</b>	<b>\$ 10,032,748</b>	<b>\$ (2,114,749)</b>	<b>\$ (4,597,837)</b>	<b>\$ -</b>	<b>\$ (982,500)</b>	<b>\$ 207,290,874</b>

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

Income, Gains and Losses included in Net Increase in Net Assets resulting from Operations for the period are presented in the following accounts on the Statement of Operations:

	Net Increase in Net Assets Resulting from Operations	Change in Unrealized Gains & (Losses) in Net Assets from assets still held
Interest (Amortization)	\$ 110,147	-
Net realized gain on investments before taxes	\$ 297,515	-
Net change in unrealized depreciation of investments before taxes	\$ 2,355,129	2,093,624

**B. Accounting for Investments:**

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method. The Trust does not accrue income when payment is delinquent and when management believes payment is questionable.

Realized gains and losses on investment transactions and unrealized appreciation and depreciation of investments are reported for financial statement and Federal income tax purposes on the identified cost method.

**C. Use of Estimates:**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**D. Federal Income Taxes:**

The Trust has elected to be taxed as a "regulated investment company" under the Internal Revenue Code, and intends to maintain this qualification and to distribute substantially all of its net taxable income to its shareholders. In any year when net long-term capital gains are realized by the Trust, management, after evaluating the prevailing economic conditions, will recommend that the Trustees either designate the net realized long-term gains as undistributed and pay the Federal capital gains taxes thereon or distribute all or a portion of such net gains. For the three months ended March 31, 2017, the Trust did not have any realized taxable long-term capital gains.

The Trust is taxed as a regulated investment company and is therefore limited as to the amount of non-qualified income that it may receive as the result of operating a trade or business, e.g. the Trust's pro rata share of income allocable to the Trust by a partnership operating company. The Trust's violation of this limitation could result in the loss of its status as a regulated investment company, thereby subjecting all of its net income and capital gains to corporate taxes prior to distribution to its shareholders. The Trust, from time-to-time, identifies investment opportunities in the securities of entities that could cause such trade or business income to be

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (Unaudited)

allocable to the Trust. The CI Subsidiary Trust (described in Footnote 1 above) was formed in order to allow investment in such securities without adversely affecting the Trust's status as a regulated investment company.

The CI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust receiving any distributions from the CI Subsidiary Trust, all of the CI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. As of March 31, 2017, the CI Subsidiary Trust has incurred income tax expense of \$323,331.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. As of March 31, 2017, the CI Subsidiary Trust has a deferred tax liability of \$912,469.

#### E. Distributions to Shareholders:

The Trust records distributions to shareholders from net investment income and net realized gains, if any, on the ex-dividend date. The Trust's net investment income dividend is declared four times per year, in April, July, October, and December. The Trust's net realized capital gain distribution, if any, is declared in December.

### 3. Investment Services Contract

#### A. Services:

Under an Investment Services Contract (the "Contract") with the Trust, Barings agrees to use its best efforts to present to the Trust a continuing and suitable investment program consistent with the investment objectives and policies of the Trust. Barings represents the Trust in any negotiations with issuers, investment banking firms, securities brokers or dealers and other institutions or investors relating to the Trust's investments. Under the Contract, Barings also provides administration of the day-to-day operations of the Trust and provides the Trust with office space and office equipment, accounting and bookkeeping services, and necessary executive, clerical and secretarial personnel for the performance of the foregoing services.

#### B. Fee:

For its services under the Contract, Barings is paid a quarterly investment advisory fee of 0.3125% of the net asset value of the Trust as of the last business day of each fiscal quarter, which is approximately equal to 1.25% annually. A majority of the Trustees, including a majority of the Trustees who are not interested persons of the Trust or of Barings, approve the valuation of the Trust's net assets as of such day.

### 4. Senior Secured Indebtedness

MassMutual holds the Trust's \$30,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust on November 15, 2007. The Note is due November 15, 2017

and accrues interest at 5.28% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the three months ended March 31, 2017, the Trust incurred total interest expense on the Note of \$396,000.

The Trust may redeem the Note, in whole or in part, at the principal amount proposed to be redeemed together with the accrued and unpaid interest thereon through the redemption date plus a Make Whole Premium. The Make Whole Premium equals the excess of (i) the present value of the scheduled payments of principal and interest which the Trust would have paid but for the proposed redemption, discounted at the rate of interest of U.S. Treasury obligations whose maturity approximates that of the Note plus 0.50% over (ii) the principal of the Note proposed to be redeemed.

### 5. Purchases and Sales of Investments

	For the three months ended 3/31/2017	
	Cost of Investments Acquired	Proceeds from Sales or Maturities
Corporate restricted securities	\$22,637,905	\$7,828,547
Corporate public securities	-	2,462,333

The aggregate cost of investments is substantially the same for financial reporting and Federal income tax purposes as of March 31, 2017. The net unrealized depreciation of investments for financial reporting and Federal tax purposes as of March 31, 2017 is \$650,685 and consists of \$27,866,051 appreciation and \$27,215,366 depreciation.

Net unrealized depreciation of investments on the Statement of Assets and Liabilities reflects the balance net of a deferred tax accrual of \$912,469 on net unrealized losses on the CI Subsidiary Trust.

### 6. Investment Risks

In the normal course of its business, the Trust trades various financial instruments and enters into certain investment activities with investment risks. These risks include: (i) market risk, (ii) volatility risk and (iii) credit, counterparty and liquidity risk. It is the Trust's policy to identify, measure and monitor risk through various mechanisms including risk management strategies and credit policies. These include monitoring risk guidelines and diversifying exposures across a variety of instruments, markets and counterparties. There can be no assurance that the Trust will be able to implement its credit guidelines or that its risk monitoring strategies will be successful.

### 7. Commitments and Contingencies

During the normal course of business, the Trust may enter into contracts and agreements that contain a variety of



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(Unaudited)**

representations and warranties. The exposure, if any, to the Trust under these arrangements is unknown as this would involve future claims that may or may not be made against the Trust and which have not yet occurred. The Trust has no history of prior claims related to such contracts and agreements.

At March 31, 2017, the Trust had the following unfunded commitments:

<u>Investment</u>	<u>Unfunded Amount</u>
CORA Health Services, Inc.	\$1,807,693
HVAC Holdings, Inc.	\$1,218,493

**THIS PRIVACY NOTICE IS BEING PROVIDED ON BEHALF OF BARINGS LLC AND ITS AFFILIATES: BARINGS SECURITIES LLC; BARINGS AUSTRALIA PTY LTD; BARINGS ADVISERS (JAPAN) KK; BARINGS INVESTMENT ADVISERS (HONG KONG) LIMITED; BARINGS FUNDS TRUST; BARINGS GLOBAL SHORT DURATION HIGH YIELD FUND; BARINGS CORPORATE INVESTORS AND BARINGS PARTICIPATION INVESTORS (TOGETHER, FOR PURPOSES OF THIS PRIVACY NOTICE, “BARINGS”).**

When you use Barings you entrust us not only with your hard-earned assets but also with your personal and financial data. We consider your data to be private and confidential, and protecting its confidentiality is important to us. Our policies and procedures regarding your personal information are summarized below.

We may collect non-public personal information about you from:

- Applications or other forms, interviews, or by other means;
- Consumer or other reporting agencies, government agencies, employers or others;
- Your transactions with us, our affiliates, or others; and
- Our Internet website.

We may share the financial information we collect with our financial service affiliates, such as insurance companies, investment companies and securities broker-dealers. Additionally, so that we may continue to offer you products and services that best meet your investment needs and to effect transactions that you request or authorize, we may disclose the information we collect, as described above, to companies that perform administrative or marketing services on our behalf, such as transfer agents, custodian banks, service providers or printers and mailers that assist us in the distribution of investor materials or that provide operational support to Barings. These companies are required to protect this information and will use this information only for the services for which we hire them, and are not permitted to use or share this information for any other purpose. Some of these companies may perform such services in jurisdictions other than the United States. We may share some or all of the information we collect with other financial institutions with whom we jointly market products. This may be done only if it is permitted by the state in which you live. Some disclosures may be limited to your name, contact and transaction information with us or our affiliates.

Any disclosures will be only to the extent permitted by federal and state law. Certain disclosures may require us to get an “opt-in” or “opt-out” from you. If this is required, we will do so before information is shared. Otherwise, we do not share any personal information about our customers or former customers unless authorized by the customer or as permitted by law.

We restrict access to personal information about you to those employees who need to know that information to provide products and services to you. We maintain physical, electronic and procedural safeguards that comply with legal standards to guard your personal information. As an added measure, we do not include personal or account information in non-secure e-mails that we send you via the Internet without your prior consent. We advise you not to send such information to us in non-secure e-mails.

This joint notice describes the privacy policies of Barings, the Funds and Barings Securities LLC. It applies to all Barings and the Funds accounts you presently have, or may open in the future, using your social security number or federal taxpayer identification number – whether or not you remain a shareholder of our Funds or as an advisory client of Barings. As mandated by rules issued by the Securities and Exchange Commission, we will be sending you this notice annually, as long as you own shares in the Funds or have an account with Barings.

Barings Securities LLC is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Investors may obtain information about SIPC including the SIPC brochure by contacting SIPC online at [www.sipc.org](http://www.sipc.org) or calling (202)-371-8300. Investors may obtain information about FINRA including the FINRA Investor Brochure by contacting FINRA online at [www.finra.org](http://www.finra.org) or by calling (800) 289-9999.

January 2017

## **Members of the Board of Trustees**

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Edward P. Grace III  
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Susan B. Sweeney\*  
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\*Member of the Audit Committee

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Vice President  
  
Daniel J. Florence  
Treasurer  
  
Melissa M. LaGrant  
Chief Compliance Officer

## **DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN**

Barings Corporate Investors (the "Trust") offers a Dividend Reinvestment and Share Purchase Plan (the "Plan"). The Plan provides a simple way for shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the investment of cash dividends in Trust shares purchased in the open market. A shareholder may join the Plan by filling out and mailing an authorization card to DST Systems, Inc., the Transfer Agent.

Participating shareholders will continue to participate until they notify the Transfer Agent, in writing, of their desire to terminate participation. Unless a shareholder elects to participate in the Plan, he or she will, in effect, have elected to receive dividends and distributions in cash. Participating shareholders may also make additional contributions to the Plan from their own funds. Such contributions may be made by personal check or other means in an amount not less than \$10 nor more than \$5,000 per quarter. Cash contributions must be received by the Transfer Agent at least five days (but no more than 30 days) before the payment date of a dividend or distribution.

Whenever the Trust declares a dividend payable in cash or shares, the Transfer Agent, acting on behalf of each participating shareholder, will take the dividend in shares only if the net asset value is lower than the market price plus an estimated brokerage commission as of the close of business on the valuation day. The valuation day is the last day preceding the day of dividend payment.

When the dividend is to be taken in shares, the number of shares to be received is determined by dividing the cash dividend by the net asset value as of the close of business on the valuation date or, if greater than net asset value, 95% of the closing share price. If the net asset value of the shares is higher than the market value plus an estimated commission, the Transfer Agent, consistent with obtaining the best price and execution, will buy shares on the open market at current prices promptly after the dividend payment date.

The reinvestment of dividends does not, in any way, relieve participating shareholders of any federal, state or local tax. For federal income tax purposes, the amount reportable in respect of a dividend received in newly-issued shares of the Trust will be the fair market value of the shares received, which will be reportable as ordinary income and/or capital gains.

As compensation for its services, the Transfer Agent receives a fee of 5% of any dividend and cash contribution (in no event in excess of \$2.50 per distribution per shareholder.)

Any questions regarding the Plan should be addressed to DST Systems, Inc., Transfer Agent for Barings Corporate Investors' Dividend Reinvestment and Share Purchase Plan, P.O. Box 219086, Kansas City, MO 64121-9086.



**Barings**  
**Corporate Investors**