

2016

Barings
CORPORATE INVESTORS
2016 Annual Report



BARINGS CORPORATE INVESTORS

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

INVESTMENT OBJECTIVE & POLICY

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 newspapers under either the New York Stock Exchange listings or Closed-End Fund Listings.

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

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 four times a year in January, May, August, and November. The Trust pays dividends to its shareholders in cash, unless the shareholder elects to participate in the Dividend Reinvestment and Share Purchase Plan.

In this report, you will find a complete listing of the Trust's holdings. We encourage you to read this section carefully for a better understanding of the Trust. We cordially invite all shareholders to attend the Trust's Annual Meeting of Shareholders, which will be held on April 21, 2017 at 1:00 P.M. in Springfield, Massachusetts.

PROXY VOTING POLICIES & PROCEDURES; PROXY VOTING RECORD

The Trustees of the Trust have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Barings. A description of Barings' proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 1-866-399-1516; (2) on the Trust's website at <http://www.barings.com/mci>; and (3) on the U.S. Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>. Information regarding how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, 2016 is available (1) on the Trust's website at <http://www.barings.com/mci>; and (2) on the SEC's website at <http://www.sec.gov>.

FORM N-Q

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

BARINGS CORPORATE INVESTORS

c / o Barings LLC
1500 Main Street
P.O. Box 15189
Springfield, Massachusetts 01115-5189
(413) 226-1516
<http://www.barings.com/mci>

ADVISER

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
Boston, Massachusetts 02111

COUNSEL TO THE TRUST

Ropes & Gray LLP
Boston, Massachusetts 02111

CUSTODIAN

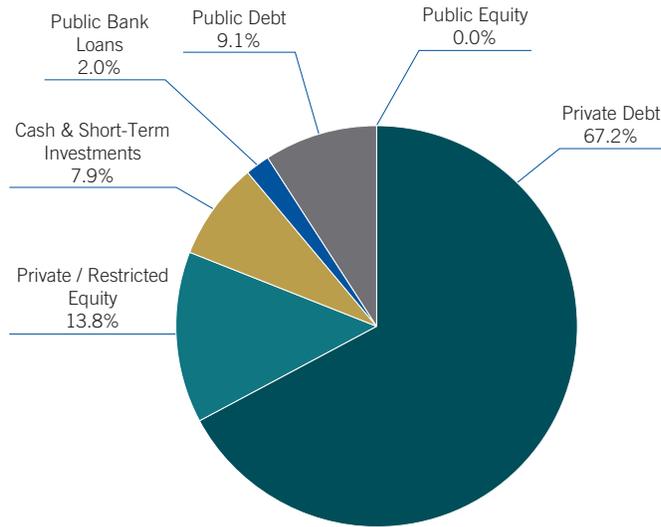
State Street Bank and Trust Company
Boston, MA 02110

TRANSFER AGENT & REGISTRAR

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

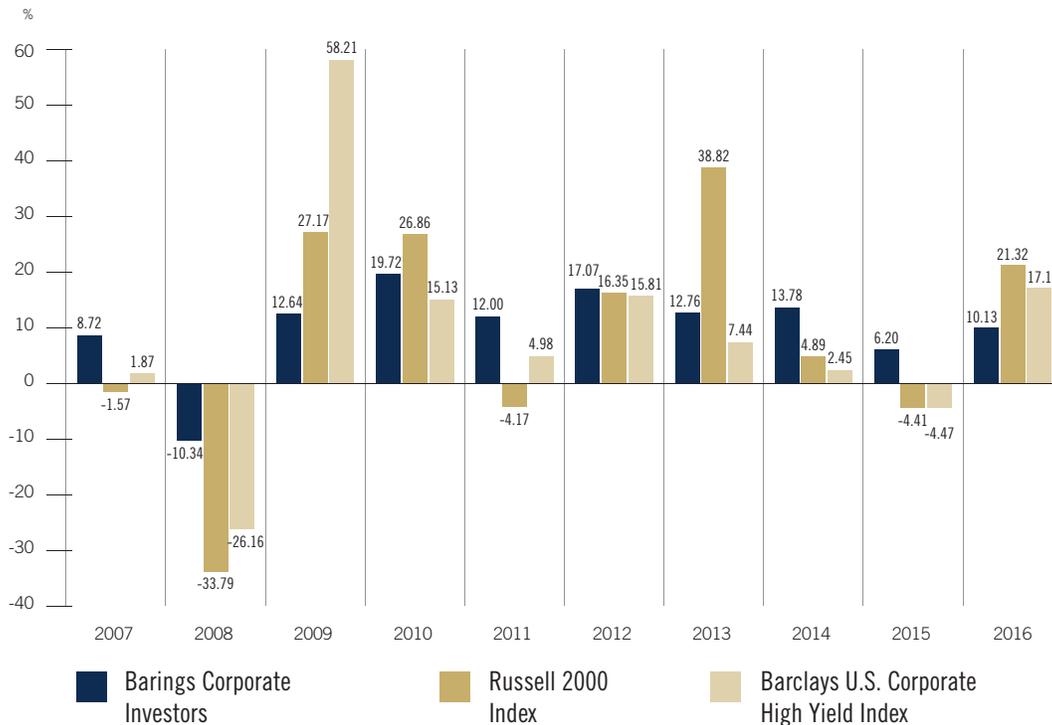


PORTFOLIO COMPOSITION AS OF 12/31/16*



* Based on market value of total investments

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



* Data for Barings Corporate Investors (the "Trust") represents returns based on the change in the Trust's net asset value (net of all fees and expenses) assuming the reinvestment of all dividends and distributions. These returns differ from the total investment return based on market value of the Trust's shares due to the difference between the Trust's net asset value of its shares outstanding (See page 12 for total investment return based on market value). Past performance is no guarantee of future results.

TO OUR SHAREHOLDERS

I am pleased to share with you the Trust's Annual Report for the year ended December 31, 2016.

PORTFOLIO PERFORMANCE

The Trust's net total portfolio rate of return for 2016 was 10.1%, as measured by the change in net asset value assuming the reinvestment of all dividends and distributions. The Trust's total net assets were \$281,570,891 or \$14.23 per share, as of December 31, 2016. This compares to \$275,915,289 or \$14.03 per share, as of December 31, 2015. The Trust paid a quarterly dividend of \$0.30 per share for each of the four quarters of 2016, for a total annual dividend of \$1.20 per share. In 2015, the Trust also paid four quarterly dividends of \$0.30 per share, for a total annual dividend of \$1.20 per share. Net taxable investment income for 2016 was \$1.21 per share, including approximately \$0.16 per share of non-recurring income, compared to 2015 net taxable investment income of \$1.21 per share, which included approximately \$0.27 per share of non-recurring income.

The Trust's stock price decreased 10.3% during 2016, from \$17.25 as of December 31, 2015 to \$15.48 as of December 31, 2016. The Trust's stock price of \$15.48 as of December 31, 2016 equates to a 8.8% premium over the December 31, 2016 net asset value per share of \$14.23. The Trust's average quarter-end premium for the 3-, 5-, 10- and 25-year periods ended December 31, 2016 was 11.1%, 14.8%, 13.0%, and 6.2%, respectively.

The table below lists the average annual net returns of the Trust's portfolio, based on the change in net assets and assuming the reinvestment of all dividends and distributions. Average annual returns of the Barclays U.S. Corporate High Yield Index and the Russell 2000 Index for the 1-, 3-, 5-, 10- and 25-year periods ended December 31, 2016 are provided for comparison purposes only.

	The Trust	Barclays Capital U.S. Corporate High Yield Index	Russell 2000 Index
1 Year	10.13%	17.13%	21.32%
3 Years	9.99%	4.66%	6.74%
5 Years	11.93%	7.36%	14.46%
10 Years	9.98%	7.45%	7.07%
25 Years	13.57%	8.04%	9.69%

Past performance is no guarantee of future results.

PORTFOLIO ACTIVITY

In 2016, the Trust closed 15 new private placement investments, as well as 10 "add-on" investments in existing portfolio companies. The 15 new investments were in AM Conservation Holding Corp; API Technologies Corp.; CORA Health Services, Inc.; Del Real LLC; Dunn Paper; Elite Sportswear Holding, LLC; Glynlyon Holding Companies, Inc.; Happy Floors Acquisition, Inc.; Midwest Industrial Rubber, Inc.; Money Mailer Equity LLC; NSi Industries Holdings, Inc.; PANOS Brands LLC; Software Paradigms International Group, LLC; Veritext Corporation and Wolf-Gordon, Inc. In addition, the Trust added to existing private placement investments in Church Services Holding Company; Clarion Brands Holding Corp.; CTM Holding, Inc.; ERG Holding Company LLC; Hollandia

Produce LLC; HVAC Holdings, Inc.; JMH Investors LLC; Merex Holding Corporation; Petroplex Inv Holdings LLC and PPC Event Services. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$55,320,585, which was only slightly less than the \$55,820,480 of new private placement investments made by the Trust in 2015, and the third highest dollar volume over the past ten years. We are pleased to have generated strong new investment volume for the Trust three years in a row.

The Trust's level of new investment activity in 2016 benefited from larger average transaction sizes as compared to 2015, a steady flow of investment opportunities from an established network of private equity sponsors, and several follow-on investments in companies which the Trust had an existing investment. After spending most of 2016 at levels below prior year, middle market buyout volume ended the year flat compared to 2015, due to strong fourth quarter activity, particularly at the upper end of the middle market. Competition for new investment opportunities remains intense, as there continues to be an ever increasing abundance of private debt and equity capital looking to be invested. As a result, attractive companies are being aggressively pursued by both buyers and lenders alike. As a result, high purchase multiples and leverage levels continue to be prevalent in the market. In 2016, average purchase price multiples for middle market companies decreased modestly (approximately 3%) but remain higher than any year since 2000 (other than 2015). Average leverage multiples also remained elevated in 2016, albeit modestly lower than 2015. However, the average leverage multiple steadily increased each quarter during 2016 resulting in the fourth quarter average being the fourth highest since 2003.

Though we remained very active investors on behalf of the Trust in 2016, we did so, and will continue to do so, cautiously and with discipline, consistent with our longstanding investment philosophy of seeking to take prudent levels of risk and getting paid appropriately for the risk taken. In 2016, in the face of these aggressive market conditions, we continued our history of investing in companies at lower than market leverage levels. The average leverage of the Trust's new private placement investments in 2016 was 4.9 times EBITDA, compared to the average market multiple of 5.3 times EBITDA. This approach has served us well over the long term and through all kinds of market cycles.

In addition to strong new investment activity, the condition of the Trust's existing portfolio remained solid throughout the year. Sales and earnings for the Trust's portfolio companies as a whole continued their upward momentum. In addition, the number of companies on our watch list or in default remained at acceptable levels in 2016.

We had 19 companies exit from the Trust's portfolio during 2016. This level of exit activity remains relatively high for the Trust's portfolio, especially after the unprecedented 32 exits experienced in 2014 and 21 exits in 2015, and is another indicator of how active and aggressive the markets continued to be in 2016. In all but four of these exits, the Trust realized a positive return on its investment. Of note, 14 of the 19 exits in 2016 were the realization of stub equity holdings in companies where the interest bearing debt securities had previously been prepaid.

During 2016, the Trust had five portfolio companies fully or partially prepay their debt obligations. The level of refinancing activity in the portfolio in 2016 was notably lower than in each of the prior three years when prepayments numbered 15, 20, and 32 in 2015, 2014, and 2013, respectively. These transactions, in which the debt instruments held by the Trust were fully or partially prepaid, are generally driven by performing companies seeking to take advantage of lower interest rates and the abundant availability of debt capital. Unless replaced by new private debt investments, these prepayments reduce net investment income.

As a result of the level of new investment activity, combined with the composition of the realizations (majority being the sale of non-cash pay equity securities) and lower level of prepayments, the Trust's recurring net investment income, increased nearly 14% to \$1.05 per share as compared to \$0.92 per share in 2015.

OUTLOOK FOR 2017

As we enter 2017, the pipeline of investment opportunities remains relatively healthy. The market appears optimistic that the new Presidential administration will result in a favorable economic environment, particularly for middle market companies, the very type of companies in which we focus our investment activities. Various surveys of middle market investment banks and capital providers would suggest the same. However, as previously mentioned, the market dynamics have, and are expected to continue to remain aggressive. And while there is much economic optimism, there is also a level of uncertainty that always comes with changes in governmental leadership. Rest assured that despite constantly changing market conditions, we will continue to employ on behalf of the Trust the same investment philosophy that has served it well since its inception: investing in companies which we believe have a strong business proposition, solid cash flow, and experienced, ethical management. We believe this philosophy, along with Barings' seasoned investment management team, positions the Trust well to meet its long-term investment objectives.

The Trust was able to maintain its \$0.30 per share quarterly dividend in 2016 for a total annual dividend of \$1.20 per share. However, it was once again necessary to supplement recurring investment income in each quarter of 2016 with non-recurring income and earnings carry forward in order to maintain the \$1.20 per share annual dividend. As has been discussed in prior reports, recurring investment income alone has not been sufficient, and while improving, is not projected to 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 in 2016, but it remains below the dividend rate and will 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, maintenance of the current dividend rate over the next several quarters is expected. But over time, the Trust's dividend paying ability tends to be correlated 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.

As always, I would like to thank you for your continued interest in and support of Barings Corporate Investors. I look forward to seeing you at the Trust's annual shareholder meeting in Springfield on April 21, 2017.

Sincerely,



Robert M. Shettle
President

2016 Dividends	Record Date	Total Paid	Ordinary Income	Short-Term Gains	Long-Term Gains
Regular	5/2/2016	0.3000	0.3000	-	-
Regular	8/1/2016	0.3000	0.3000	-	-
Regular	11/7/2016	0.3000	0.3000	-	-
Regular	12/30/2016	0.3000	0.3000	-	-
		\$1.2000	\$1.2000	\$0.0000	\$0.0000

The following table summarizes the tax effects of the relation of capital gains for 2016:

	Amount per Share	Form 2439
2016 Gains Retained	0.1140	Line 1a
Long-Term Gains Retained	0.1140	
Taxes Paid	0.0399	Line 2*
Basis Adjustment	0.0741	**

* If you are not subject to federal capital gains tax (e.g. charitable organizations, IRAs and Keogh Plans) you may be able to claim a refund by filing Form 990-T.

** For federal income tax purposes, you may increase the adjusted cost basis of your shares by this amount (the excess of Line 1a over Line 2).

Annual Dividend	Qualified for Dividend Received Deduction***	Qualified Dividends****	Interest Earned on U.S. Gov't. Obligations
Amount Per Share	Percent	Amount Per Share	Percent
\$ 1.20	13.4944%	0.1479	0%

*** Not available to individual shareholders

**** Qualified dividends are reported in Box 1b on IRS Form 1099-Div for 2016

BARINGS CORPORATE INVESTORS

Financial Report

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CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**December 31, 2016****Assets:**

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value

(Cost - \$205,902,622)

\$ 201,207,921

Corporate restricted securities at market value

(Cost - \$56,286,708)

56,486,517

Corporate public securities at market value

(Cost - \$33,455,796)

35,319,275

Short-term securities at amortized cost

10,898,470

Total investments (Cost - \$306,543,596)

303,912,183

Cash

14,289,230

Interest receivable

3,713,676

Other assets

26,783

Total assets**321,941,872****Liabilities:**

Note payable

30,000,000

Dividend payable

5,937,122

Tax payable

2,144,159

Deferred tax liability

1,013,201

Investment advisory fee payable

879,909

Interest payable

202,400

Accrued expenses

194,190

Total liabilities**40,370,981****Total net assets****\$281,570,891****Net Assets:**

Common shares, par value \$1.00 per share

\$ 19,790,407

Additional paid-in capital

111,042,303

Retained net realized gain on investments, prior years

145,980,019

Undistributed net investment income

1,579,139

Accumulated net realized gain on investments

6,823,547

Net unrealized depreciation of investments

(3,644,614)

Total net assets**\$281,570,891**

Common shares issued and outstanding (28,054,782 authorized)

19,790,407

Net asset value per share

\$ 14.23

CONSOLIDATED STATEMENT OF OPERATIONS**For the year ended December 31, 2016****Investment Income:**

Interest	\$ 26,574,892
Dividends	1,038,025
Other	<u>569,890</u>
Total investment income	<u>28,182,807</u>

Expenses:

Investment advisory fees	3,566,151
Interest	1,584,000
Trustees' fees and expenses	340,000
Professional fees	131,710
Reports to shareholders	84,000
Custodian fees	19,068
Other	<u>286,039</u>
Total expenses	<u>6,010,968</u>

Investment income - net	<u>22,171,839</u>
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Net realized and unrealized gain on investments:

Net realized gain on investments before taxes	5,989,120
Income tax expense	<u>(2,277,985)</u>
Net realized gain on investments after taxes	<u>3,711,135</u>
Net increase (decrease) in unrealized appreciation (depreciation) of investments before taxes	1,242,106
Net (increase) decrease in deferred income tax expense	<u>114,976</u>
Net increase (decrease) in unrealized appreciation (depreciation) of investments after taxes	<u>1,357,082</u>
Net gain on investments	<u>5,068,217</u>
Net increase in net assets resulting from operations	<u>\$27,240,056</u>

CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended December 31, 2016**

Net increase in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ (3,970,079)
Purchases of portfolio securities	(88,965,684)
Proceeds from disposition of portfolio securities	102,536,585
Interest, dividends and other income received	24,956,934
Interest expense paid	(1,584,000)
Operating expenses paid	(4,541,197)
Income taxes paid	(1,524,058)
Net cash provided by operating activities	<u>26,908,501</u>

Cash flows from financing activities:

Cash dividends paid from net investment income	(23,650,298)
Receipts for shares issued on reinvestment of dividends	<u>2,103,555</u>
Net cash used for financing activities	<u>(21,546,743)</u>

Net increase in cash	5,361,758
Cash - beginning of year	<u>8,927,472</u>
Cash - end of year	<u>\$ 14,289,230</u>

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

Net increase in net assets resulting from operations	<u>\$ 27,240,056</u>
Increase in investments	(691,890)
Increase in interest receivable	(203,798)
Decrease in other assets	39,411
Increase in tax payable	753,927
Decrease in deferred tax liability	(114,976)
Increase in investment advisory fee payable	17,674
Decrease in accrued expenses	<u>(131,903)</u>
Total adjustments to net assets from operations	<u>(331,555)</u>
Net cash provided by operating activities	<u>\$ 26,908,501</u>

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	<u>2016</u>	<u>2015</u>
Increase in net assets:		
Operations:		
Investment income - net	\$ 22,171,839	\$ 20,423,963
Net realized gain on investments after taxes	3,711,135	1,884,370
Net change in unrealized appreciation/(depreciation) of investments after taxes	<u>1,357,082</u>	<u>(5,025,211)</u>
Net increase in net assets resulting from operations	27,240,056	17,283,122
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2016 - 125,703; 2015 - 131,288)	2,103,555	2,041,729
Dividends to shareholders from:		
Net investment income (2016 - \$1.20 per share; 2015 - \$1.20 per share)	<u>(23,688,009)</u>	<u>(23,539,826)</u>
Total increase/(decrease) in net assets	5,655,602	(4,214,975)
Net assets, beginning of year	<u>275,915,289</u>	<u>280,130,264</u>
Net assets, end of year (including undistributed net investment income of \$1,579,139 and \$4,260,165, respectively)	<u>\$281,570,891</u>	<u>\$275,915,289</u>

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

	For the years ended December 31,				
	2016	2015	2014	2013	2012
Net asset value:					
Beginning of year	\$ 14.03	\$ 14.34	\$ 13.85	\$ 13.38	\$ 12.69
Net investment income (a)	1.12	1.04	1.23	1.18	1.28
Net realized and unrealized gain (loss) on investments	0.26	(0.16)	0.45	0.48	0.69
Total from investment operations	1.38	0.88	1.68	1.66	1.97
Dividends from net investment income to common shareholders	(1.20)	(1.20)	(1.20)	(1.20)	(1.25)
Dividends from realized gain on investments to common shareholders	-	-	-	-	(0.05)
Increase from dividends reinvested	0.02	0.01	0.01	0.01	0.02
Total dividends	(1.18)	(1.19)	(1.19)	(1.19)	(1.28)
Net asset value: End of year	\$ 14.23	\$ 14.03	\$ 14.34	\$ 13.85	\$ 13.38
Per share market value: End of year	\$ 15.48	\$ 17.25	\$ 15.89	\$ 14.93	\$ 15.28
Total investment return					
Net asset value (b)	10.13%	6.20%	13.78%	12.76%	17.07%
Market value (b)	(3.49%)	17.01%	16.53%	5.93%	(7.11%)
Net assets (in millions):					
End of year	\$ 281.57	\$ 275.92	\$ 280.13	\$ 268.69	\$ 257.38
Ratio of total expenses to average net assets	2.92%	2.56%	3.66%	2.42%	3.17%
Ratio of operating expenses to average net assets	1.56%	1.67%	1.65%	1.64%	1.66%
Ratio of interest expense to average net assets	0.56%	0.55%	0.57%	0.59%	0.63%
Ratio of income tax expense to average net assets (c)	0.80%	0.34%	1.44%	0.19%	0.88%
Ratio of net investment income to average net assets	7.80%	7.12%	8.57%	8.50%	9.78%
Portfolio turnover	29%	29%	38%	34%	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	\$ 10,386	\$ 10,197	\$ 10,338	\$ 9,956	\$ 9,579

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS**December 31, 2016**

Corporate Restricted Securities - 91.52%: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Private Placement Investments - 71.46%: (C)				
1492 Acquisition LLC				
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	\$ 335,660
Limited Liability Company Unit Class A Common (B)	27,273 uts.	10/17/12	27,273	368,971
			<u>272,723</u>	<u>704,631</u>
ABC Industries, Inc.				
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	316,744	329,009
Preferred Stock Series A (B)	300,000 shs.	08/01/12	300,000	474,201
Warrant, exercisable until 2022, to purchase common stock at \$.02 per share (B)	53,794 shs.	08/01/12	101,870	79,094
			<u>718,614</u>	<u>882,304</u>
Advanced Manufacturing Enterprises LLC				
A designer and manufacturer of large, custom gearing products for a number of critical customer applications.				
Limited Liability Company Unit (B)	4,669 uts.	*	498,983	-
* 12/07/12, 07/11/13 and 06/30/15.				
AFC - Dell Holding Corporation				
A distributor and provider of inventory management services for "C-Parts" used by OEMs in their manufacturing and production facilities.				
12.5% (1% PIK) Senior Subordinated Note due 09/27/2020	\$2,441,538	03/27/15	2,405,501	2,490,369
Preferred Stock (B)	2,276 shs.	03/27/15	227,558	228,273
Common Stock (B)	703 shs.	03/27/15	703	-
			<u>2,633,762</u>	<u>2,718,642</u>
Airxcel Holdings				
A leading manufacturer of a broad range of climate control solutions, including air-conditioners, heat pumps, cooking appliances, furnaces, powered vents, and water heaters.				
12.5% (1.5% PIK) Senior Subordinated Note due 11/18/2020	\$3,011,052	11/18/14	2,968,482	3,011,052
Limited Liability Company Unit	583 uts.	11/18/14	583,000	1,031,760
			<u>3,551,482</u>	<u>4,042,812</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
AM Conservation Holding Corp				
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	\$3,190,038	10/31/16	\$ 3,127,515	\$ 3,156,412
Common Stock	318,182 shs.	10/31/16	318,182	318,182
			<u>3,445,697</u>	<u>3,474,594</u>
AMS Holding LLC				
A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.				
Limited Liability Company Unit Class A Preferred (B) (F)	273 uts.	10/04/12	272,727	611,133
API Technologies Corp.				
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	\$2,819,320	04/22/16	2,778,756	2,825,505
Limited Liability Company Unit (B)	0.90% int.	04/20/16	700,000	539,000
			<u>3,478,756</u>	<u>3,364,505</u>
ARI Holding Corporation				
A leading national supplier of products used primarily by specialty contractors.				
11.5% (0.5% PIK) Senior Subordinated Note due 02/01/2020	\$3,426,224	*	3,391,971	3,426,224
Limited Partnership Interest	1,048 uts.	08/01/14	1,047,900	1,298,514
* 05/21/13 and 08/01/14.			<u>4,439,871</u>	<u>4,724,738</u>
ASC Holdings, Inc.				
A manufacturer of capital equipment used by corrugated box manufacturers.				
13% (1% PIK) Senior Subordinated Note due 05/18/2021	\$1,519,209	11/19/15	1,493,643	1,498,333
Limited Liability Company Unit (B)	225,300 uts.	11/18/15	225,300	70,294
			<u>1,718,943</u>	<u>1,568,627</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Aurora Parts & Accessories LLC				
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	\$ 3,024,856	\$ 3,115,602
Preferred Stock (B)	425 shs.	08/17/15	424,875	354,346
Common Stock (B)	425 shs.	08/17/15	425	-
			<u>3,450,156</u>	<u>3,469,948</u>
Avantech Testing Services LLC				
A manufacturer of custom Non-Destructive Testing ("NDT") systems and provider of NDT and inspections services primarily to the oil country tubular goods market.				
15% (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>
Blue Wave Products, Inc.				
A distributor of pool supplies.				
10% Senior Secured Term Note due 09/30/2018	\$ 312,766	10/12/12	310,537	312,766
13% (1% PIK) Senior Subordinated Note due 09/30/2019	\$ 745,685	10/12/12	718,442	745,685
Common Stock (B)	114,894 shs.	10/12/12	114,894	522,426
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	45,486 shs.	10/12/12	45,486	206,826
			<u>1,189,359</u>	<u>1,787,703</u>
BlueSpire Holding, Inc.				
A marketing services firm that integrates strategy, technology, and content to deliver customized marketing solutions for clients in the senior living, financial services and healthcare end markets.				
12.5% (1.5% PIK) Senior Subordinated Note due 06/30/2021	\$3,254,065	06/30/15	3,202,134	-
Common Stock (B)	2,876 shs.	06/30/15	318,200	-
			<u>3,520,334</u>	<u>-</u>
BP SCI LLC				
A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.				
Limited Liability Company Unit Class A (B) (F)	1,000 uts.	10/17/12	100,000	185,723
Limited Liability Company Unit Class B (B) (F)	400 uts.	10/17/12	400,000	642,705
			<u>500,000</u>	<u>828,428</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
CG Holdings Manufacturing Company				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note 11/01/2019	\$3,390,252	*	\$ 3,279,577	\$ 3,390,252
Preferred Stock (B)	3,241 shs.	*	324,054	406,604
Preferred Stock (B)	1,174 shs.	*	116,929	147,317
Common Stock (B)	337 shs.	*	35,673	317,618
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	137 shs.	*	13,033	129,226
* 05/09/13 and 11/01/13.			<u>3,769,266</u>	<u>4,391,017</u>
CHG Alternative Education Holding Company				
A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at therapeutic day schools and "at risk" youth through alternative education programs.				
13.5% (1.5% PIK) Senior Subordinated Note due 01/19/2018	\$2,339,665	01/19/11	2,311,710	2,339,665
14% (2% PIK) Senior Subordinated Note due 08/03/2019	\$ 615,028	08/03/12	609,553	615,028
Common Stock (B)	1,125 shs.	01/19/11	112,500	130,115
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750	102,279
			<u>3,121,513</u>	<u>3,187,087</u>
Church Services Holding Company				
A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
14.5% (2% PIK) Senior Subordinated Note due 03/26/2018 (D)	\$ 575,664	03/26/12	569,935	-
Preferred Stock Series A (B)	205 shs.	09/22/16	20,475	-
Preferred Stock (B)	1,672 shs.	04/11/16	167,240	-
Common Stock (B)	3,981 shs.	*	398,100	-
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	172 shs.	03/26/12	17,220	-
* 03/26/12, 05/25/12 and 06/19/12.			<u>1,172,970</u>	<u>-</u>
Clarion Brands Holding Corp.				
A portfolio of six over-the-counter (OTC) pharmaceutical brands whose products are used to treat tinnitus or ringing of the ear, excessive sweating, urinary tract infections, muscle pain, and skin conditions.				
12.5% (1.5% PIK) Senior Subordinated Note due 04/01/2021	\$4,105,530	*	4,041,604	4,047,181
Limited Liability Company Unit (B)	3,759 uts.	07/18/16	384,020	315,270
* 10/01/14 and 07/18/16.			<u>4,425,624</u>	<u>4,362,451</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Clough, Harbour and Associates				
An engineering service firm that is located in Albany, NY.				
Preferred Stock (B)	277 shs.	12/02/08	\$ 276,900	\$ 1,178,497
Compass Chemical International LLC				
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	239,250
Connecticut Electric, Inc.				
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	209,024
Limited Liability Company Unit Class C (B)	112,873 uts.	01/12/07	112,873	163,104
Limited Liability Company Unit Class D (B)	1,268,437 uts.	05/03/10	-	1,729,565
Limited Liability Company Unit Class E (B)	2,081 uts.	05/03/10	-	297,954
			<u>268,919</u>	<u>2,399,647</u>
CORA Health Services, Inc.				
A provider of outpatient rehabilitation therapy services.				
12.75% (1.75% PIK) Senior Subordinated Note due 06/30/2023	\$1,552,027	06/30/16	1,523,483	1,565,670
Preferred Stock Series A (B)	1,538 shs.	06/30/16	146,154	150,723
Common Stock Class A (B)	7,692 shs.	06/30/16	7,692	5,462
			<u>1,677,329</u>	<u>1,721,855</u>
CTM Holding, Inc.				
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	\$2,593,764	11/22/13	2,565,680	2,580,619
Common Stock (B)	180 shs.	*	1,028,568	754,072
* 11/22/13 and 09/16/16.			<u>3,594,248</u>	<u>3,334,691</u>
Del Real LLC				
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	2,826,144	2,835,049
Limited Liability Company Unit (B) (F)	617,647 uts.	10/07/16	617,647	617,647
			<u>3,443,791</u>	<u>3,452,696</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
DPL Holding Corporation				
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	\$3,369,504	05/04/12	\$ 3,341,475	\$ 3,263,924
Preferred Stock (B)	61 shs.	05/04/12	605,841	469,034
Common Stock (B)	61 shs.	05/04/12	67,316	-
			<u>4,014,632</u>	<u>3,732,958</u>
Dunn Paper				
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	3,432,206	3,430,000
Eagle Family Foods, Inc.				
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	3,456,290	3,484,560
ECG Consulting Group				
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	\$2,666,799	11/21/14	2,623,346	2,693,467
Limited Liability Company Unit (B) (F)	467 uts.	11/19/14	145,833	180,539
			<u>2,769,179</u>	<u>2,874,006</u>
Elite Sportswear Holding, LLC				
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	\$3,182,895	10/14/16	3,129,111	3,147,190
Limited Liability Company Unit (B) (F)	204 uts.	10/14/16	324,074	324,077
			<u>3,453,185</u>	<u>3,471,267</u>
ERG Holding Company LLC				
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	\$1,966,787	04/04/14	1,944,315	1,986,455
14% (2% PIK) Senior Subordinated Note due 10/04/2019	\$ 516,395	07/01/16	507,446	531,887
Common Stock (B)	0.64% int.	04/04/14	157,314	176,804
			<u>2,609,075</u>	<u>2,695,146</u>

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
F F C Holding Corporation				
A leading U.S. manufacturer of private label frozen novelty and ice cream products.				
Limited Liability Company Unit Preferred (B)	512 uts.	09/27/10	\$ 175,035	\$ 240,923
Limited Liability Company Unit Common (B)	512 uts.	09/27/10	51,220	698,544
			<u>226,255</u>	<u>939,467</u>
F G I Equity LLC				
A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.				
Limited Liability Company Unit Preferred (B)	483,355 uts.	04/15/14	-	483,355
Limited Liability Company Unit Class B-1 (B)	394,737 uts.	12/15/10	394,737	1,006,991
Limited Liability Company Unit Class B-2 (B)	49,488 uts.	12/15/10	49,488	126,246
Limited Liability Company Unit Class B-3 (B)	39,130 uts.	08/30/12	90,000	109,997
Limited Liability Company Unit Class C (B)	9,449 uts.	12/20/10	96,056	195,822
			<u>630,281</u>	<u>1,922,411</u>
FMH Holdings Corporation				
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	424,416
GD Dental Services LLC				
A provider of convenient "onestop" general, specialty, and cosmetic dental services with 21 offices located throughout South and Central Florida.				
Limited Liability Company Unit Preferred (B)	182 uts.	10/05/12	182,209	246,703
Limited Liability Company Unit Common (B)	1,840 uts.	10/05/12	1,840	37,690
			<u>184,049</u>	<u>284,393</u>
GenNx Novel Holding, Inc.				
A manufacturer and distributor of nutraceutical ingredients.				
15% (1% PIK) Senior Subordinated Note due 03/27/2020	\$3,266,502	03/27/14	3,225,805	2,087,295
Common Stock (B)	31,500 shs.	03/27/14	315,000	-
			<u>3,540,805</u>	<u>2,087,295</u>

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
gloProfessional Holdings, Inc.				
A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician's office channels.				
14% (2% PIK) Senior Subordinated Note due 03/27/2019	\$2,928,048	03/27/13	\$ 2,902,276	\$ 2,928,048
Common Stock (B)	2,835 shs.	03/27/13	283,465	294,987
			<u>3,185,741</u>	<u>3,223,035</u>
Glynlyon Holding Companies, Inc.				
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	\$3,231,730	01/15/16	3,175,079	3,310,273
Common Stock (B)	299 shs.	01/15/16	299,145	336,185
			<u>3,474,224</u>	<u>3,646,458</u>
GlynDevins Acquisition Corporation				
A marketing communications agency that service senior living facilities.				
Preferred Stock Series A (B)	695 shs.	06/19/15	143,414	158,385
Common Stock (B)	695 shs.	06/19/15	5,976	57,712
			<u>149,390</u>	<u>216,097</u>
Grakon Parent				
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	301,996
GTI Holding Company				
A designer, developer, and marketer of precision specialty hand tools and handheld test instruments.				
12% Senior Subordinated Note due 02/05/2020	\$1,455,729	02/05/14	1,392,422	1,424,859
Common Stock (B)	1,693 shs.	02/05/14	169,271	180,652
Warrant, exercisable until 2024, to purchase common stock at \$.01 per share (B)	795 shs.	02/05/14	73,633	84,830
			<u>1,635,326</u>	<u>1,690,341</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Handi Quilter Holding Company (Premier Needle Arts)				
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	\$2,916,667	12/19/14	\$ 2,871,883	\$ 2,961,995
Limited Liability Company Unit Preferred (B)	729 uts.	*	729,169	657,644
Limited Liability Company Unit Common Class A (B)	7,292 uts.	12/19/14	-	-
* 12/19/14 and 4/29/16.			<u>3,601,052</u>	<u>3,619,639</u>

Happy Floors Acquisition, Inc.

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	\$3,212,670	07/01/16	3,154,096	3,231,530
Common Stock (B)	303 shs.	07/01/16	303,333	267,951
			<u>3,457,429</u>	<u>3,499,481</u>

Hartland Controls Holding Corporation

A manufacturer and distributor of electronic and electromechanical components.

14% (2% PIK) Senior Subordinated Note due 08/14/2019	\$2,244,827	02/14/14	2,219,418	2,267,275
12% Senior Subordinated Note due 08/14/2019	\$ 875,000	06/22/15	869,026	892,500
Preferred Stock Series A (B)	2,313 shs.	02/14/14	231,326	262,423
Common Stock (B)	1,666 shs.	02/14/14	1,667	543,475
			<u>3,321,437</u>	<u>3,965,673</u>

Healthcare Direct Holding Company

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

Common Stock (B)	1,552 shs.	03/09/12	64,254	253,805
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HHI Group, LLC

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

14% (2% PIK) Senior Subordinated Note due 01/17/2020	\$3,428,755	01/17/14	3,392,810	1,885,815
Limited Liability Company Unit (B) (F)	203 uts.	01/17/14	203,125	-
			<u>3,595,935</u>	<u>1,885,815</u>

Hollandia Produce LLC

A hydroponic greenhouse producer of branded root vegetables.

14.25% (2.75% PIK) Senior Subordinated Note due 03/31/2021	\$2,750,537	*	2,705,013	2,622,812
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* 12/30/15 and 12/23/16

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
HOP Entertainment LLC				
A provider of post production equipment and services to producers of television shows and motion pictures.				
Limited Liability Company Unit Class F (B) (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>
Hospitality Mints Holding Company				
A manufacturer of individually-wrapped imprinted promotional mints.				
12% Senior Subordinated Note due 10/01/2018	\$2,075,581	08/19/08	2,068,159	1,944,120
Common Stock (B)	474 shs.	08/19/08	474,419	37,801
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	123 shs.	08/19/08	113,773	9,770
			<u>2,656,351</u>	<u>1,991,691</u>
HVAC Holdings, Inc.				
A provider of integrated energy efficiency services and maintenance programs for HVAC systems.				
12% (1% PIK) Senior Subordinated Note due 7/19/2022	\$2,290,421	*	2,265,925	2,293,188
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	221,297
* 7/19/16 and 9/6/16			<u>2,538,652</u>	<u>2,921,303</u>
Ideal Tridon Holdings, Inc.				
A designer and manufacturer of clamps and couplings used in automotive and industrial end markets.				
Common Stock	279 shs.	10/27/11	232,385	519,893
Impact Confections				
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	\$2,204,999	11/10/14	2,173,507	2,193,140
Common Stock (B)	4,667 shs.	11/10/14	466,667	423,909
			<u>2,640,174</u>	<u>2,617,049</u>
Insurance Claims Management, Inc.				
A third party administrator providing auto and property claim administration services for insurance companies.				
Common Stock (B)	89 shs.	02/27/07	2,689	268,869

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Janus Group Holdings LLC				
A manufacturer of roll-up doors and hallway systems that are primarily used in self-storage facilities.				
13.5% (1.5% PIK) Senior Subordinated Note due 06/10/2019	\$1,155,163	12/11/13	\$ 1,142,744	\$ 1,155,163
Limited Liability Company Unit Class A (B) (F)	565 uts.	12/11/13	759,165	3,113,552
			<u>1,901,909</u>	<u>4,268,715</u>
JMH Investors LLC				
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>
K N B Holdings Corporation				
A designer, manufacturer and marketer of products for the custom framing market.				
Common Stock (B)	134,210 shs.	05/24/06	134,210	165,116
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	82,357 shs.	05/25/06	71,534	101,322
			<u>205,744</u>	<u>266,438</u>
K P I Holdings, Inc.				
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	-	145,949
Common Stock (B)	667 shs.	07/15/08	539,502	408,552
			<u>539,502</u>	<u>554,501</u>
Kyjen Company				
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	\$2,656,946	10/14/15	2,612,008	2,695,688
Mail Communications Group, Inc.				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				
Limited Liability Company Unit	24,109 uts.	*	314,464	362,451
Warrant, exercisable until 2017, to purchase common stock at \$.01 per share (B) (F)	3,375 shs.	05/04/07	43,031	50,739
			<u>357,495</u>	<u>413,190</u>

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Manhattan Beachwear Holding Company				
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>
Master Cutlery LLC				
A designer and marketer of a wide assortment of knives and swords.				
13% Senior Subordinated Note due 04/17/2020 Limited Liability Company Unit	\$1,745,086 9 uts.	04/17/15 04/17/15	1,730,616 1,356,658	1,641,542 366,251
			<u>3,087,274</u>	<u>2,007,793</u>
MC Sign Holdings LLC				
A provider of sign and lighting services nationwide.				
11.75% (0.75% PIK) Senior Subordinated Note due 09/15/2021	\$1,558,922	09/22/15	1,532,927	1,574,511
Limited Liability Company Unit Class B (B)	205,900 uts.	09/22/15	205,900	355,116
			<u>1,738,827</u>	<u>1,929,627</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	1,022,165
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	\$ 94,476	10/21/16	94,476	93,735
Common Stock Class A	231,353 shs.	*	512,114	-
* 08/18/15 and 10/20/16.			<u>2,025,295</u>	<u>1,115,900</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
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	\$2,245,350	09/30/14	\$ 2,211,735	\$ 2,189,149
Common Stock Class B (B)	445,455 shs.	09/30/14	445,455	184,319
			<u>2,657,190</u>	<u>2,373,468</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	\$3,154,857	12/02/16	3,092,404	3,168,127
Preferred Stock	3,472 shs.	12/02/16	347,191	347,191
Common Stock	491 shs.	12/02/16	491	491
			<u>3,440,086</u>	<u>3,515,809</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	\$3,143,440	11/02/12	3,113,040	3,143,440
Common Stock (B)	107 shs.	11/02/12	107,143	81,994
			<u>3,220,183</u>	<u>3,225,434</u>
Money Mailer Equity LLC				
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	\$3,520,654	04/29/16	3,458,121	3,453,798
Motion Controls Holdings				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% (1.75% PIK) Senior Subordinated Note due 08/15/2020	\$3,028,436	11/30/10	3,007,578	3,028,436
Limited Liability Company Unit Class B-1 (B) (F)	225,000 uts.	11/30/10	-	142,858
Limited Liability Company Unit Class B-2 (B) (F)	20,403 uts.	11/30/10	-	12,954
			<u>3,007,578</u>	<u>3,184,248</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
NetShape Technologies, Inc.				
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.				
12% Senior Subordinated Note due 06/10/2020 (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>
NSi Industries Holdings, Inc.				
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	3,043,968	3,110,644
Common Stock (B)	420 shs.	05/17/16	420,000	508,898
			<u>3,463,968</u>	<u>3,619,542</u>
O E C Holding Corporation				
A provider of elevator maintenance, repair and modernization services.				
Preferred Stock Series A (B)	1,661 shs.	06/04/10	166,062	215,372
Preferred Stock Series B (B)	934 shs.	06/04/10	93,376	166,596
Common Stock (B)	1,032 shs.	06/04/10	1,032	209,430
			<u>260,470</u>	<u>591,398</u>
PANOS Brands LLC				
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	2,888,516	3,011,624
Common Stock Class A (B)	560,000 shs.	01/29/16	560,000	656,149
			<u>3,448,516</u>	<u>3,667,773</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Pearlman Enterprises, Inc.				
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	459,326
Common Stock (B)	40,540 shs.	05/22/09	1,877,208	-
			<u>2,536,588</u>	<u>2,793,676</u>
Petroplex Inv Holdings LLC				
A leading provider of acidizing services to E&P customers in the Permian Basin.				
Limited Liability Company	0.90% int.	*	420,814	45,814
* 11/29/12 and 12/20/16				
Polytex Holdings LLC				
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	\$2,154,782	07/31/14	2,127,539	2,102,658
Limited Liability Company Unit	300,485 uts.	07/31/14	300,485	97,598
			<u>2,428,024</u>	<u>2,200,256</u>
Power Stop Holdings LLC				
A supplier of performance upgrade aftermarket brake products.				
11% Senior Subordinated Note due 05/29/2022	\$3,266,800	05/29/15	3,215,171	3,332,136
Limited Liability Company Unit Preferred (B) (F)	2,332 uts.	05/29/15	233,200	266,329
Limited Liability Company Unit Common (B) (F)	2,332 uts.	05/29/15	-	160,673
			<u>3,448,371</u>	<u>3,759,138</u>
PPC Event Services				
A special event equipment rental business.				
14% (2% PIK) Senior Subordinated Note due 05/20/2020	\$2,367,609	11/20/14	2,335,834	2,367,609
Limited Liability Company Unit (B)	7,000 uts.	11/20/14	350,000	956,942
Limited Liability Company Unit Series A-1 (B)	689 uts.	03/16/16	86,067	109,051
			<u>2,771,901</u>	<u>3,433,602</u>
Randy's Worldwide Automotive				
A designer and distributor of automotive aftermarket parts.				
11.5% Senior Subordinated Note due 05/12/2021	\$2,304,719	05/12/15	2,270,521	2,350,813
Common Stock (B)	240 shs.	05/12/15	240,388	364,237
			<u>2,510,909</u>	<u>2,715,050</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Safety Infrastructure Solutions				
A provider of trench safety equipment to a diverse customer base across multiple end markets in Texas and the Southwestern United States.				
Preferred Stock (B)	6,294 shs.	03/30/12	\$ 251,758	\$ 379,460
Common Stock (B)	2,949 shs.	03/30/12	<u>29,492</u>	<u>581,564</u>
			<u>281,250</u>	<u>961,024</u>
Signature Systems Holdings Company				
A seller and installer of a variety of modular surfaces, industrial matting and related products used for ground protection.				
Common Stock (B)	181 shs.	03/15/13	181,221	83,396
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	74 shs.	03/15/13	<u>67,958</u>	<u>34,068</u>
			<u>249,179</u>	<u>117,464</u>
Smart Source Holdings LLC				
A short-term computer rental company.				
Limited Liability Company Unit (B)	619 uts.	*	493,496	784,547
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	157 shs.	*	<u>127,437</u>	<u>198,752</u>
			<u>620,933</u>	<u>983,299</u>
* 08/31/07 and 03/06/08.				
SMB Machinery Holdings, Inc.				
A reseller of used, rebuilt and refurbished packaging and processing equipment, primarily serving the bottling and food manufacturing industries.				
14% (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	<u>168,100</u>	-
			<u>1,620,395</u>	-
Software Paradigms International Group, LLC				
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	<u>3,435,552</u>	<u>3,506,348</u>

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Strahman Holdings Inc				
A manufacturer of industrial valves and wash down equipment for a variety of industries, including chemical, petrochemical, polymer, pharmaceutical, food processing, beverage and mining.				
14% (2% PIK) Senior Subordinated Note due 06/13/2019	\$2,119,565	12/13/13	\$ 2,090,673	\$ 2,085,668
Preferred Stock Series A (B)	317,935 shs.	12/13/13	317,935	270,245
Preferred Stock Series A-2 (B)	53,086 shs.	09/10/15	59,987	45,123
			<u>2,468,595</u>	<u>2,401,036</u>
Sunrise Windows Holding Company				
A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.				
16% Senior Subordinated Note due 12/14/2017 (D)	\$4,117,068	*	4,075,756	2,881,947
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>2,881,947</u>
Sunvair Aerospace Group Inc.				
An aerospace maintenance, repair, and overhaul provider servicing landing gears on narrow body aircraft.				
12% (1% PIK) Senior Subordinated Note due 07/31/2021	\$2,472,606	07/31/15	2,423,277	2,418,215
Common Stock (B)	139 shs.	07/31/15	158,560	75,951
			<u>2,581,837</u>	<u>2,494,166</u>
Team Drive-Away Holdings LLC				
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	1,529,608	1,578,784
Limited Liability Company Unit (B)	194,400 uts.	10/15/15	194,400	217,922
			<u>1,724,008</u>	<u>1,796,706</u>
Torrent Group Holdings, Inc.				
A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.				
15% (7.5% PIK) Senior Subordinated Note due 12/05/2020 (D)	\$ 126,792	12/05/13	414,051	126,792
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	53,038 shs.	12/05/13	-	21,745
			<u>414,051</u>	<u>148,537</u>

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Tranzonic Holdings LLC				
A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.				
Limited Liability Company Unit Preferred Class A (B)	295,455 uts.	07/05/13	\$ 295,455	\$ 437,166
Tristar Global Energy Solutions, Inc.				
A hydrocarbon and decontamination services provider serving refineries worldwide.				
12.5% (1.5% PIK) Senior Subordinated Note due 07/31/2020	\$2,319,923	01/23/15	2,287,761	2,366,322
Veritext Corporation				
A provider of stenographic staffing and other services used during the legal deposition process.				
10.75% Second Lien Term Loan due 01/29/2023	\$3,500,000	01/21/16	3,439,253	3,500,000
VP Holding Company				
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	813,922
Wellborn Forest Holding Company				
A manufacturer of semi-custom kitchen and bath cabinetry.				
8% Senior Subordinated Note due 09/30/2017 (D)	\$3,175,092	11/30/06	1,638,669	2,857,583
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	-
			<u>1,916,412</u>	<u>2,857,583</u>
Westminster Acquisition LLC				
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	\$ 761,854	08/03/15	750,376	768,953
Limited Liability Company Unit (B) (F)	751,212 uts.	08/03/15	751,212	925,671
			<u>1,501,588</u>	<u>1,694,624</u>

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Whitcraft Holdings, Inc.				
A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components.				
Common Stock (B)	616 shs.	12/16/10	\$ 616,438	\$ 877,116
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	166 shs.	12/16/10	<u>148,003</u>	<u>235,685</u>
			<u>764,441</u>	<u>1,112,801</u>
Wolf-Gordon, Inc.				
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	\$3,226,999	01/22/16	3,171,350	3,279,639
Common Stock (B)	318 shs.	01/22/16	<u>318,182</u>	<u>349,380</u>
			<u>3,489,532</u>	<u>3,629,019</u>
WP Supply Holding Corporation				
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	\$2,900,039	11/03/11	2,881,219	2,900,039
Common Stock (B)	4,500 shs.	11/03/11	<u>450,000</u>	<u>435,060</u>
			<u>3,331,219</u>	<u>3,335,099</u>
York Wall Holding Company				
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	\$3,214,210	03/04/15	3,165,959	2,777,965
Common Stock (B)	3,723 shs.	03/04/15	<u>372,300</u>	<u>135,599</u>
			<u>3,538,259</u>	<u>2,913,564</u>
Total Private Placement Investments (E)			<u>\$205,902,622</u>	<u>\$201,207,921</u>

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
Rule 144A Securities - 20.06%:					
Bonds - 20.06%					
A. Schulman Inc.	6.875%	06/01/23	\$1,000,000	\$ 1,012,175	\$ 1,045,000
Altice S.A.	7.750	05/15/22	1,000,000	1,000,000	1,067,500
American Airlines Group Inc.	5.500	10/01/19	870,000	893,932	898,274
Amsted Industries	5.375	09/15/24	520,000	520,000	510,900
Beazer Homes USA Inc.	8.750	03/15/22	320,000	320,000	345,600
Belden Inc.	5.250	07/15/24	410,000	410,000	412,050
Boise Cascade Company	5.625	09/01/24	259,000	259,000	257,058
Boyd Gaming Corporation	6.375	04/01/26	197,000	197,000	212,169
CITGO Holding, Inc.	10.750	02/15/20	1,000,000	1,018,559	1,072,500
CITGO Petroleum Corporation	6.250	08/15/22	925,000	925,000	962,000
Consolidated Energy Finance S.A.	6.750	10/15/19	1,000,000	991,655	1,000,000
Constellium N.V.	7.875	04/01/21	743,000	743,000	798,724
Cornerstone Chemical Company	9.375	03/15/18	1,000,000	1,007,491	1,002,500
Coveris Holdings S.A.	7.875	11/01/19	1,000,000	1,000,000	992,500
CTP Transportation Products, LLC	8.250	12/15/19	635,000	635,000	547,687
CVR Partners, LP.	9.250	06/15/23	1,000,000	976,440	1,030,000
Dean Foods	6.500	03/15/23	663,000	663,000	697,807
Diamond 1 Finance Corp / Diamond 2 Finance Corp (Dell)	5.875	06/15/21	228,000	228,000	242,575
Digicel Group Limited	6.000	04/15/21	1,000,000	918,443	904,470
Endo Finance LLC	5.375	01/31/23	1,000,000	981,624	847,500
Gates Global LLC	6.000	07/15/22	1,000,000	789,008	978,000
Hilcorp Energy Company	5.000	12/01/24	500,000	500,000	496,250
Hill-Rom Holdings, Inc.	5.750	09/01/23	385,000	385,000	397,513
Hub International Ltd.	7.875	10/01/21	1,000,000	1,000,000	1,056,410
Hughes Satellite Systems Corporation	6.625	08/01/26	1,250,000	1,233,350	1,256,250
Infor (US), Inc.	5.750	08/15/20	226,000	224,283	236,735
International Automotive Component	9.125	06/01/18	1,000,000	983,758	975,000
J.B. Poindexter Co., Inc.	9.000	04/01/22	1,000,000	1,036,317	1,050,000
JBS USA Holdings, Inc.	7.750	10/28/20	750,000	775,415	795,975
JDA Escrow LLC	7.375	10/15/24	179,000	179,000	185,712
Jupiter Resources Inc.	8.500	10/01/22	1,000,000	945,849	862,500
KeHE Distributors, LLC	7.625	08/15/21	1,000,000	1,045,866	995,000
Acelity L.P. Inc. fka Kinetic Concepts Inc.	9.625	10/01/21	1,000,000	1,000,000	1,057,500
LBC Tank Terminals Holding Netherlands B.V.	6.875	05/15/23	1,315,000	1,345,781	1,344,588

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
Level 3 Communications Inc.	5.250%	03/15/26	\$ 858,000	\$ 879,008	\$ 849,420
Mallinckrodt PLC	5.750	08/01/22	1,000,000	1,000,000	962,500
Micron Technology, Inc.	5.250	08/01/23	1,000,000	1,000,000	1,003,750
Micron Technology, Inc.	7.500	09/15/23	403,000	403,000	446,323
Milacron Financial	7.750	02/15/21	500,000	500,000	513,750
Moog Inc.	5.250	12/01/22	1,000,000	1,006,317	1,020,000
NRG Energy, Inc.	6.625	01/15/27	1,000,000	953,245	945,000
Numericable Group SA	6.000	05/15/22	1,000,000	978,302	1,026,250
Onex Corporation	8.500	10/01/22	352,000	352,000	293,920
OPE KAG Finance Sub	7.875	07/31/23	1,750,000	1,814,928	1,767,500
Pinnacle Operating Corporation	9.000	11/15/20	1,000,000	1,029,218	440,000
Prime Security Services Borrower	9.250	05/15/23	1,000,000	1,000,000	1,088,750
PSPC Escrow Corp	6.500	02/01/22	299,000	256,140	301,243
Sabre GLBL Inc.	5.250	11/15/23	251,000	251,000	257,744
Signode Industrial Group	6.375	05/01/22	1,265,000	1,236,948	1,261,838
Sinclair Television Group, Inc.	5.125	02/15/27	1,000,000	1,000,000	950,000
Sirius XM Radio Inc.	5.375	04/15/25	250,000	250,000	248,750
Sirius XM Radio Inc.	5.375	07/15/26	1,000,000	995,078	977,500
SunCoke Energy	7.375	02/01/20	1,000,000	945,903	995,000
Surgical Care Affiliates, Inc.	6.000	04/01/23	918,000	918,000	947,835
Tallgrass Operations LLC	5.500	09/15/24	605,000	605,000	600,463
TeamHealth Holdings Inc	7.250	12/15/23	235,000	235,000	267,313
Teine Energy Ltd.	6.875	09/30/22	900,000	894,429	919,125
Topaz Marine S.A.	8.625	11/01/18	1,000,000	1,000,000	970,000
Tullow Oil Plc	6.250	04/15/22	725,000	540,683	674,250
United States Steel Corp.	8.375	07/01/21	195,000	195,000	215,578
Unitymedia KabelBW GmbH	6.125	01/15/25	1,000,000	1,000,000	1,027,500
Univision Communications, Inc.	5.125	05/15/23	325,000	325,000	320,125
Univision Communications, Inc.	5.125	02/15/25	860,000	870,040	822,375
UPCB Finance IV Limited	5.375	01/15/25	425,000	425,000	428,188
Virgin Media Secured Finance PLC	5.250	01/15/26	1,000,000	1,006,517	987,500
VRX Escrow Corp.	5.875	05/15/23	1,500,000	1,117,960	1,132,500
Watco Companies, L.L.C.	6.375	04/01/23	1,000,000	1,000,000	1,035,000
Welltec A/S	8.000	02/01/19	750,000	744,281	753,750
West Corporation	5.375	07/15/22	1,000,000	985,164	966,250
Western Digital Corporation	10.500	04/01/24	494,000	494,000	584,155
WMG Acquisition Corp.	6.750	04/15/22	1,000,000	1,039,601	1,052,500

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
Wolverine World Wide, Inc.	5.000%	09/01/26	\$ 666,000	\$ 666,000	\$ 641,025
Zekelman Industries, Inc	9.875	06/15/23	230,000	230,000	257,600
Total Bonds				<u>56,286,708</u>	<u>56,486,517</u>
Common Stock - 0.00%					
TherOX, Inc. (B)			6	-	-
Touchstone Health Partnership (B)			1,168	-	-
Total Common Stock				<u>-</u>	<u>-</u>
Total Rule 144A Securities				<u>56,286,708</u>	<u>56,486,517</u>
Total Corporate Restricted Securities				<u>\$262,189,330</u>	<u>\$257,694,438</u>

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Public Securities - 12.54%: (A)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
Bank Loans - 2.30%					
Ascent Resource - Marcellus LLC	8.500%	07/09/21	\$ 209,882	\$ 207,812	\$ 25,186
Aquilex Holdings LLC	6.500	12/31/20	273,411	273,017	266,234
Caelus Energy Alaska, LLC	8.750	04/15/20	1,000,000	994,272	800,000
Fieldwood Energy LLC	8.000	08/31/20	344,430	309,389	325,486
Fieldwood Energy LLC	8.375	09/30/20	1,044,008	488,531	730,806
Fieldwood Energy LLC	8.375	09/30/20	1,455,992	785,248	1,263,073
K&N Engineering, Inc.	9.750	12/31/99	1,000,000	980,399	982,500
Kronos Incorporated	9.250	12/31/99	409,457	405,419	421,487
RadNet Management Inc.	8.000	12/31/99	1,000,000	997,569	985,000
Seadrill Partners Finco, LLC	4.000	02/21/21	989,796	476,875	674,051
Total Bank Loans				5,918,531	6,473,823
Bonds - 10.24%					
Alere Inc.	7.250	07/01/18	940,000	961,290	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	818,000
Calpine Corporation	5.750	01/15/25	700,000	700,000	675,500
Clearwater Paper Corporation	4.500	02/01/23	750,000	744,960	734,999
Commercial Metals Company	4.875	05/15/23	1,500,000	1,502,182	1,507,500
Commercial Vehicle Group Inc.	7.875	04/15/19	930,000	942,603	928,838
CPI International, Inc.	8.750	02/15/18	760,000	758,119	771,400
CVR Refining LLC	6.500	11/01/22	650,000	633,886	645,125
EP Energy Corporation	9.375	05/01/20	819,000	401,399	755,011
Ferrellgas Partners, L.P	6.750	01/15/22	465,000	465,000	459,188
Ferrellgas Partners, L.P	8.625	06/15/20	1,048,000	1,048,938	1,032,280
Forum Energy Technologies	6.250	10/01/21	325,000	325,000	325,000
GEO Group, Inc. (The)	5.875	01/15/22	1,000,000	950,132	1,012,500
HCA Holdings, Inc.	5.375	02/01/25	150,000	152,361	150,375
HealthSouth Corporation	5.750	11/01/24	579,000	582,516	586,238
Hornbeck Offshore Services, Inc.	1.500	09/01/19	1,000,000	515,000	709,375
Icahn Enterprises L.P.	6.000	08/01/20	1,150,000	1,163,577	1,174,438
Kindred Healthcare, Inc.	8.750	01/15/23	1,000,000	1,000,000	935,000
Lamar Media Corp.	5.375	01/15/24	320,000	320,000	331,200
Laredo Petroleum, Inc.	5.625	01/15/22	1,000,000	946,773	1,007,500
Meritor, Inc.	6.750	06/15/21	1,000,000	1,000,000	1,022,500
Meritor, Inc.	7.875	03/01/26	669,000	663,403	967,122

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Corporate Public Securities: (A) (Continued)	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Shares or Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
Oasis Petroleum Inc.	6.875%	03/15/22	\$1,000,000	\$ 1,000,000	\$ 1,025,000
Perry Ellis International, Inc.	7.875	04/01/19	250,000	248,975	250,000
P.H. Glatfelter Company	5.375	10/15/20	1,000,000	1,007,807	1,017,500
Ply Gem Industries, Inc.	6.500	02/01/22	1,000,000	946,353	1,026,250
Precision Drilling Corporation	6.625	11/15/20	448,432	455,797	455,159
Sanchez Energy Corporation	6.125	01/15/23	1,000,000	722,713	950,000
Select Medical Corporation	6.375	06/01/21	650,000	656,422	650,000
Sprint Corporation	7.125	06/15/24	315,000	315,000	324,450
Suburban Propane Partners, L.P.	5.750	03/01/25	1,000,000	1,000,000	1,015,000
Summit Midstream Holdings, LLC	5.500	08/15/22	170,000	124,716	165,750
Sunoco LP	6.250	04/15/21	840,000	835,462	855,750
Tenet Healthcare Corporation	6.750	06/15/23	725,000	721,881	639,813
William Lyon Homes	7.000	08/15/22	1,000,000	1,000,000	1,035,000
WPX Energy, Inc.	5.250	09/15/24	925,000	925,000	897,250
Total Bonds				<u>27,537,265</u>	<u>28,845,261</u>
Common Stock - 0.00%					
Chase Packaging Corporation			9,541	-	191
Total Common Stock				<u>-</u>	<u>191</u>
Total Corporate Public Securities				<u>\$ 33,455,796</u>	<u>\$ 35,319,275</u>

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Short-Term Securities:	Interest Rate/Yield [^]	Maturity Date	Principal Amount	Cost	Market Value
Commercial Paper - 3.87%					
Ameren Corporation	1.000%	01/03/17	\$2,600,000	\$ 2,599,856	\$ 2,599,856
Caterpillar Inc.	0.990	01/11/17	3,000,000	2,999,175	2,999,175
Mattel, Inc.	0.790	01/03/17	4,000,000	3,999,824	3,999,824
South Carolina Electric & Gas Company	0.970	01/12/17	1,300,000	1,299,615	1,299,615
Total Short-Term Securities				\$ 10,898,470	\$ 10,898,470
Total Investments	107.93%			\$306,543,596	\$303,912,183
Other Assets	6.40				18,029,689
Liabilities	(14.33)				(40,370,981)
Total Net Assets	100.00%				\$281,570,891

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

(B) Non-income producing security.

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

(D) Defaulted security; interest not accrued.

(E) Illiquid securities. As of December 31, 2016, the value of these securities amounted to \$201,207,921 or 71.46% of net assets.

(F) Held in CI Subsidiary Trust

[^] Effective yield at purchase

PIK - Payment-in-kind

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Industry Classification:	Fair Value/ Market Value	Fair Value/ Market Value
AEROSPACE & DEFENSE - 3.30%		
API Technologies Corp.	\$ 3,364,505	Signature Systems Holdings Company \$ 117,464
CPI International, Inc.	771,400	Sunrise Windows Holding Company 2,881,947
FMH Holdings Corporation	424,416	Torrent Group Holdings, Inc. 148,537
Merex Holding Corporation	1,115,900	Wellborn Forest Holding Company 2,857,583
Sunvair Aerospace Group Inc.	2,494,166	Wolf-Gordon, Inc. 3,629,019
Whitcraft Holdings, Inc.	1,112,801	29,824,010
	9,283,188	
AIRLINES - 0.32%		
American Airlines Group Inc.	898,274	
AUTOMOTIVE - 9.34%		
Aurora Parts & Accessories LLC	3,469,948	CABLE & SATELLITE - 1.69%
CG Holdings Manufacturing Company	4,391,017	Altice S.A. 1,067,500
Commercial Vehicle Group Inc.	928,838	Hughes Satellite Systems Corporation 1,256,250
DPL Holding Corporation	3,732,958	Unitymedia KabelBW GmbH 1,027,500
Gates Global LLC	978,000	UPCB Finance IV Limited 428,188
Grakon Parent	301,996	Virgin Media Secured Finance PLC 987,500
International Automotive Component	975,000	4,766,938
J.B. Poindexter Co., Inc.	1,050,000	CHEMICALS - 2.95%
K&N Engineering, Inc.	982,500	A. Schulman Inc. 1,045,000
Meritor, Inc.	1,989,622	Compass Chemical International LLC 239,250
Moog Inc.	1,020,000	Consolidated Energy Finance S.A. 1,000,000
Power Stop Holdings LLC	3,759,138	Cornerstone Chemical Company 1,002,500
Randy's Worldwide Automotive	2,715,050	CVR Partners, LP. 1,030,000
	26,294,067	LBC Tank Terminals Holding Netherlands B.V. 1,344,588
BROKERAGE, ASSET MANAGERS & EXCHANGES - 0.42%		
Icahn Enterprises L.P.	1,174,438	Pinnacle Operating Corporation 440,000
BUILDING MATERIALS - 10.59%		
ARI Holding Corporation	4,724,738	Polytex Holdings LLC 2,200,256
Boise Cascade Company	257,058	8,301,594
Happy Floors Acquisition, Inc.	3,499,481	CONSTRUCTION MACHINERY - 1.41%
Janus Group Holdings LLC	4,268,715	Caterpillar Inc. 2,999,175
NSi Industries Holdings, Inc.	3,619,542	Safety Infrastructure Solutions 961,024
Pearlman Enterprises, Inc.	2,793,676	3,960,199
Ply Gem Industries, Inc.	1,026,250	CONSUMER CYCLICAL SERVICES - 3.44%
		CHG Alternative Education Holding Company 3,187,087
		Church Services Holding Company -
		GEO Group, Inc. (The) 1,012,500
		PPC Event Services 3,433,602
		Prime Security Services Borrower 1,088,750

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2016**

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
West Corporation	\$ 966,250	ELECTRIC - 3.19%	
	<u>9,688,189</u>	Ameren Corporation	\$ 2,599,856
CONSUMER PRODUCTS - 10.09%		AM Conservation Holding Corp	3,474,594
AMS Holding LLC	611,133	Calpine Corporation	675,500
Blue Wave Products, Inc.	1,787,703	NRG Energy, Inc.	945,000
Elite Sportswear Holding, LLC	3,471,267	South Carolina Electric & Gas Company	<u>1,299,615</u>
gloProfessional Holdings, Inc.	3,223,035		<u>8,994,565</u>
GTI Holding Company	1,690,341	ENERGY - 0.29%	
Handi Quilter Holding Company	3,619,639	Ascent Resource – Marcellus LLC	25,186
HHI Group, LLC	1,885,815	Caelus Energy Alaska, LLC	<u>800,000</u>
K N B Holdings Corporation	266,438		<u>825,186</u>
Kyjen Company	2,695,688	FINANCIAL OTHER - 0.68%	
Manhattan Beachwear Holding Company	-	Hub International Ltd.	1,056,410
Master Cutlery LLC	2,007,793	Insurance Claims Management, Inc.	268,869
Mattel, Inc.	3,999,824	Onex Corporation	293,920
Perry Ellis International, Inc.	250,000	PSPC Escrow Corp	<u>301,243</u>
York Wall Holding Company	<u>2,913,564</u>		<u>1,920,442</u>
	<u>28,422,240</u>	FOOD & BEVERAGE - 10.47%	
DIVERSIFIED MANUFACTURING - 5.82%		1492 Acquisition LLC	704,631
ABC Industries, Inc.	882,304	Dean Foods	697,807
Advanced Manufacturing Enterprises LLC	-	Del Real LLC	3,452,696
Airxcel Holdings	4,042,812	Eagle Family Foods, Inc.	3,484,560
Amsted Industries	510,900	F F C Holding Corporation	939,467
Belden Inc.	412,050	GenNx Novel Holding, Inc.	2,087,295
BP SCI LLC	828,428	Hollandia Produce LLC	2,622,812
CTP Transportation Products, LLC	547,687	Hospitality Mints Holding Company	1,991,691
F G I Equity LLC	1,922,411	Impact Confections	2,617,049
Forum Energy Technologies	325,000	JBS USA Holdings, Inc.	795,975
Ideal Tridon Holdings, Inc.	519,893	JMH Investors LLC	391,304
K P I Holdings, Inc.	554,501	KeHE Distributors, LLC	995,000
Motion Controls Holdings	3,184,248	PANOS Brands LLC	3,667,773
NetShape Technologies, Inc.	-	Westminster Acquisition LLC	1,694,624
Strahman Holdings Inc	2,401,036	WP Supply Holding Corporation	<u>3,335,099</u>
Zekelman Industries, Inc	<u>257,600</u>		<u>29,477,783</u>
	<u>16,388,870</u>	GAMING - 1.26%	
		Boyd Gaming Corporation	212,169

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
CTM Holding, Inc.	\$ 3,334,691	INDUSTRIAL OTHER - 7.75%	
	<u>3,546,860</u>	AFC – Dell Holding Corporation	\$ 2,718,642
HEALTHCARE - 4.51%		Aquilex Holdings LLC	266,234
Acelity L.P. Inc. fka Kinetic Concepts Inc.	1,057,500	Clough, Harbour and Associates	1,178,497
Alere Inc.	951,750	Connecticut Electric, Inc.	2,399,647
CORA Health Services, Inc.	1,721,855	Hartland Controls Holding Corporation	3,965,673
ECG Consulting Group	2,874,006	HVAC Holdings, Inc.	2,921,303
GD Dental Services LLC	284,393	Mail Communications Group, Inc.	413,190
HCA Holdings, Inc.	150,375	MC Sign Holdings LLC	1,929,627
Healthcare Direct Holding Company	253,805	Midwest Industrial Rubber, Inc.	3,515,809
HealthSouth Corporation	586,238	Milacron Financial	513,750
Hill-Rom Holdings, Inc.	397,513	O E C Holding Corporation	591,398
Kindred Healthcare, Inc.	935,000	Smart Source Holdings LLC	983,299
RadNet Management Inc.	985,000	Tranzonic Holdings LLC	<u>437,166</u>
Select Medical Corporation	650,000		<u>21,834,235</u>
Surgical Care Affiliates, Inc.	947,835	MEDIA & ENTERTAINMENT - 2.97%	
TeamHealth Holdings Inc	267,313	BlueSpire Holding, Inc.	-
Tenet Healthcare Corporation	639,813	GlynnDevins Acquisition Corporation	216,097
TherOX, Inc.	-	HOP Entertainment LLC	-
Touchstone Health Partnership	-	Lamar Media Corp.	331,200
	<u>12,702,396</u>	Money Mailer Equity LLC	3,453,798
HOME CONSTRUCTION - 0.49%		Sinclair Television Group, Inc.	950,000
Beazer Homes USA Inc.	345,600	Sirius XM Radio Inc.	1,226,250
William Lyon Homes	1,035,000	Univision Communications, Inc.	1,142,500
	<u>1,380,600</u>	WMG Acquisition Corp.	<u>1,052,500</u>
INDEPENDENT - 2.79%			<u>8,372,345</u>
Antero Resources Corporation	818,000	METALS & MINING - 1.25%	
EP Energy Corporation	755,011	Commercial Metals Company	1,507,500
Fieldwood Energy LLC	2,319,365	Constellium N.V.	798,724
Jupiter Resources Inc.	862,500	SunCoke Energy	995,000
Laredo Petroleum, Inc.	1,007,500	United States Steel Corp.	<u>215,578</u>
Precision Drilling Corporation	455,159		<u>3,516,802</u>
Sanchez Energy Corporation	950,000	MIDSTREAM - 1.70%	
Tullow Oil Plc	674,250	CVR Refining LLC	645,125
	<u>7,841,785</u>	Ferrellgas Partners, L.P.	1,491,468
		Suburban Propane Partners, L.P.	1,015,000

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Industry Classification: (Continued)	Fair Value/ Market Value	Fair Value/ Market Value
Summit Midstream Holdings, LLC	\$ 165,750	
Sunoco LP	855,750	
Tallgrass Operations LLC	600,463	
	<u>4,773,556</u>	
OIL FIELD SERVICES - 2.31%		
Avantech Testing Services LLC	-	
Hilcorp Energy Company	496,250	
Hornbeck Offshore Services, Inc.	709,375	
Oasis Petroleum Inc.	1,025,000	
Petroplex Inv Holdings LLC	45,814	
Sadrill Partners Finco, LLC	674,051	
Teine Energy Ltd.	919,125	
Topaz Marine S.A.	970,000	
Welltec A/S	753,750	
WPX Energy, Inc.	897,250	
	<u>6,490,615</u>	
PACKAGING - 1.36%		
ASC Holdings, Inc.	1,568,627	
Chase Packaging Corporation	191	
Coveris Holdings S.A.	992,500	
Signode Industrial Group	1,261,838	
	<u>3,823,156</u>	
PAPER - 1.84%		
Clearwater Paper Corporation	734,999	
Dunn Paper	3,430,000	
P.H. Glatfelter Company	1,017,500	
	<u>5,182,499</u>	
PHARMACEUTICALS - 3.55%		
Clarion Brands Holding Corp.	4,362,451	
Endo Finance LLC	847,500	
ERG Holding Company LLC	2,695,146	
Mallinckrodt PLC	962,500	
VRX Escrow Corp.	1,132,500	
	<u>10,000,097</u>	
		REFINING - 2.41%
		CITGO Holding, Inc.
		CITGO Petroleum Corporation
		MES Partners, Inc.
		Tristar Global Energy Solutions, Inc.
		<u>\$ 1,072,500</u>
		962,000
		2,373,468
		<u>2,366,322</u>
		<u>6,774,290</u>
		RETAILERS - 0.23%
		Wolverine World Wide, Inc.
		<u>641,025</u>
		TECHNOLOGY - 5.35%
		Anixter, Inc.
		Diamond 1 Finance Corp / Diamond 2 Finance Corp (Dell)
		Glynlyon Holding Companies, Inc.
		Infor (US), Inc.
		JDA Escrow LLC
		Kronos Incorporated
		Micron Technology, Inc.
		Sabre GLBL Inc.
		Software Paradigms International Group, LLC
		Veritext Corporation
		Western Digital Corporation
		1,037,500
		242,575
		3,646,458
		236,735
		185,712
		421,487
		1,450,073
		257,744
		3,506,348
		3,500,000
		<u>584,155</u>
		<u>15,068,787</u>
		TRANSPORTATION SERVICES - 3.07%
		MNX Holding Company
		OPE KAG Finance Sub
		Team Drive-Away Holdings LLC
		VP Holding Company
		Watco Companies, L.L.C.
		3,225,434
		1,767,500
		1,796,706
		813,922
		<u>1,035,000</u>
		<u>8,638,562</u>
		WIRELESS - 1.09%
		Digicel Group Limited
		Level 3 Communications Inc.
		Numericable Group SA
		Sprint Corporation
		904,470
		849,420
		1,026,250
		<u>324,450</u>
		<u>3,104,590</u>
		Total Investments - 107.93%
		(Cost - \$306,543,596)
		<u><u>\$303,912,183</u></u>

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 \$201,207,921 (71.46% of net assets) as of December 31, 2016 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 December 31, 2016, 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 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)**Quantitative Information about Level 3 Fair Value Measurements**

The following table represents quantitative information about Level 3 fair value measurements as of December 31, 2016:

	Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average
Bank Loans	\$4,412,500	Broker Quote	Single Broker	98% to 98.3%	98.1%
	\$6,984,560	Discounted Cash Flows	Discount Rate	8.8% to 9.2%	9.0%
Corporate Bonds	\$136,204,881	Discounted Cash Flows	Discount Rate	9.3% to 17.1%	12.5%
	\$10,734,805	Market Approach	Valuation Multiple	3.8x to 10.2x	7.3x
			EBITDA	\$0.0 million to \$9.2 million	\$5.1 million
Equity Securities	\$42,246,087	Market Approach	Valuation Multiple	3.8x to 12.2x	8.0x
			EBITDA	\$0.0 million to \$157.6 million	\$27.1 million

Certain of the Trust's Level 3 investments have been valued using unadjusted inputs that have not been internally developed by the Trust, including recently purchased securities held at cost. As a result, fair value of assets of \$1,607,588 have been excluded from the preceding table.

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 table summarizes the levels in the fair value hierarchy into which the Trusts' financial instruments are categorized as of December 31, 2016.

The fair values of our investments disaggregated into the three levels of the fair value hierarchy based upon the lowest level of significant input used in the valuation as of December 31, 2016 are as follows:

Assets:	Total	Level 1	Level 2	Level 3
Restricted Securities				
Corporate Bonds	\$203,426,203	\$ -	\$ 56,486,517	\$146,939,686
Bank Loans	10,414,560	-	-	10,414,560
Common Stock - U.S.	13,321,840	-	-	13,321,840
Preferred Stock	8,047,466	-	-	8,047,466
Partnerships and LLCs	22,484,369	-	-	22,484,369
Public Securities				
Bank Loans	6,473,823	-	5,491,323	982,500
Corporate Bonds	28,845,261	-	28,845,261	-
Common Stock - U.S.	191	191	-	-
Short-term Securities	10,898,470	-	10,898,470	-
Total	\$303,912,183	\$191	\$101,721,571	\$202,190,421

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Assets:	Beginning balance at 12/31/2015	Included in earnings	Purchases	Sales	Prepayments	Transfers into Level 3	Transfers out of Level 3	Ending balance at 12/31/2016
Restricted Securities								
Corporate Bonds	\$137,668,650	\$(9,961,618)	\$44,297,056	\$(9,907,191)	\$(15,157,211)	\$ -	\$ -	\$146,939,686
Bank Loans	6,381,040	293,520	6,860,000	(3,570,000)	-	-	-	10,414,560
Common Stock - U.S.	17,650,577	(688,129)	2,563,162	(6,203,770)	-	-	-	13,321,840
Preferred Stock	13,760,307	1,424,530	681,059	(7,818,430)	-	-	-	8,047,466
Partnerships and LLCs	21,562,089	6,311,685	2,182,645	(7,572,050)	-	-	-	22,484,369
Public Securities								
Bank Loans	-	2,500	980,000	-	-	-	-	982,500
	\$197,472,663	\$(2,617,512)	\$57,563,922	\$(35,071,441)	\$(15,157,211)	\$ -	\$ -	\$202,190,421

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)	\$ 536,455	\$ -
Net realized gain on investments before taxes	\$ 7,477,556	-
Net change in unrealized depreciation of investments before taxes	\$(10,631,523)	(11,723,837)

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. In 2016, the fund incurred \$776,619 of tax as a result of retaining 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 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.

Net investment income and net realized gains or losses of the Trust as presented under U.S. GAAP may differ from distributable taxable earnings due to earnings from the CI Subsidiary Trust as well as certain permanent and temporary differences in the recognition of income and realized gains or losses on certain investments. Permanent differences will result in reclassifications to the capital accounts. In 2016, the Trust decreased undistributed net investment income by \$1,164,856, increased accumulated net realized gains by \$1,262,232, increased retained net realized gain on investments by 2,256,038, and decreased additional paid in capital by \$2,353,414 to more accurately display the Trust's capital financial position on a tax-basis in accordance with U.S. GAAP. These re-classifications had no impact on net asset value.

The Trusts' current income tax expense as shown on the Statement of Operations is \$2,277,985 which is comprised of income tax expense on long term capital gains retained related to the regulated investment company of \$776,619 as well as taxes related to the CI Subsidiary Trust as described in the table below of \$1,501,366.

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.

The components of income taxes included in the consolidated Statement of Operations for the year ended December 31, 2016 were as follows:

Income tax expense (benefit)

Current:		
Federal		\$ 967,016
State		534,350
Total current		<u>1,501,366</u>
Deferred:		
Federal		(101,340)
State		(13,636)
Total deferred		<u>(114,976)</u>
Total income tax expense from continuing operations		<u>\$1,386,390</u>

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.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2016 were as follows:

Deferred tax liabilities:

Unrealized gain on investments	1,013,201
Total deferred tax liabilities	<u>1,013,201</u>
Net deferred tax liability	<u><u>\$(1,013,201)</u></u>

The Trust recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, the Trust measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions not deemed to meet the "more-likely-than-not" threshold are reserved and recorded as a tax benefit or expense in the current year. All penalties and interest associated with income taxes are included in income tax expense. The Trust has evaluated and determined that the tax positions did not have a material effect on the Trust's financial position and results of operations for the year ended December 31, 2016.

A reconciliation of the differences between the Trust's income tax expense and the amount computed by applying the prevailing U.S. Federal tax rate to pretax

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

income for the year ended December 31, 2016 is as follows:

	<u>Amount</u>	<u>Percentage</u>
Provision for income taxes at the U.S. federal rate	\$ 855,637	34.00%
State tax, net of federal effect	520,714	20.69%
Change in valuation allowance	-	0.00%
Other	<u>10,039</u>	<u>0.40%</u>
Income tax expense	<u>\$1,386,390</u>	<u>55.09%</u>

Each of the Trust's Federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

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.

The components of capital shown in the following table represent the Trust's undistributed net investment income, undistributed net capital gain, losses the Trust may be able to offset against gains in future taxable years, as well as unrealized appreciation (depreciation) on securities and other fund investments, if any, at December 31, 2016, each of which determined on a U.S. Federal tax basis:

Undistributed (Overdistributed) Net Investment Income	Undistributed Net Capital Gain	Accumulated Loss Carryforward	Net Unrealized Appreciation (Depreciation) on Securities and Other Investments
<u>\$2,808,212</u>	<u>\$0</u>	<u>\$0</u>	<u>\$(5,764,619)</u>

The tax character of distributions declared during the years ended December 31, 2016 and 2015 was as follows:

Distributions paid from:	<u>2016</u>	<u>2015</u>
Ordinary Income	\$23,688,009	\$23,539,826
Long-term Capital Gains	\$ -	\$ -

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 year ended December 31, 2016, the Trust incurred total interest expense on the Note of \$1,584,000.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Management estimates that the fair value of the Note was \$30,835,320 as of December 31, 2016. The fair value of the Note is categorized as a Level 3 under ASC 820.

5. Purchases and Sales of Investments

	<u>For the year ended 12/31/2016</u>	
	<u>Cost of Investments Acquired</u>	<u>Proceeds from Sales or Maturities</u>
Corporate restricted securities	\$78,502,579	\$73,978,189
Corporate public securities	10,463,105	28,558,396

The difference between book-basis and tax-basis cost is primarily due to holdings of partnerships. The net unrealized depreciation of investments for financial reporting and Federal tax purposes as of December 31, 2016 is \$2,631,413 and consists of \$26,362,755 appreciation and \$28,994,168 depreciation.

Net unrealized depreciation of investments on the Statement of Assets and Liabilities reflects the balance net of a deferred tax accrual of \$1,013,201 on net unrealized losses on the CI Subsidiary Trust.

6. Quarterly Results of Investment Operations (Unaudited)

	<u>March 31, 2016</u>	
	<u>Amount</u>	<u>Per Share</u>
Investment income	\$6,313,481	
Net investment income	4,808,831	\$0.24
Net realized and unrealized loss on investments (net of taxes)	1,368,826	0.07
	<u>June 30, 2016</u>	
	<u>Amount</u>	<u>Per Share</u>
Investment income	\$7,014,018	
Net investment income	5,503,645	\$0.28
Net realized and unrealized gain on investments (net of taxes)	2,858,595	0.15

	<u>September 30, 2016</u>	
	<u>Amount</u>	<u>Per Share</u>
Investment income	\$ 6,815,924	
Net investment income	5,290,597	\$ 0.27
Net realized and unrealized gain on investments (net of taxes)	6,058,772	\$ 0.31
	<u>December 31, 2016</u>	
	<u>Amount</u>	<u>Per Share</u>
Investment income	\$ 8,039,384	
Net investment income	6,568,766	\$ 0.33
Net realized and unrealized loss on investments (net of taxes)	(5,217,976)	(0.26)

7. 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.

8. Commitments and Contingencies

During the normal course of business, the Trust may enter into contracts and agreements that contain a variety of 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 December 31, 2016, 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Aggregate Remuneration Paid to Officers, Trustees and Their Affiliated Persons

For the year ended December 31, 2016, the Trust paid its Trustees aggregate remuneration of \$317,400. During the year, the Trust did not pay any compensation to any of its Trustees who are "interested persons" (as defined by the 1940 Act) of the Trust. The Trust classifies Messrs. Noreen and Joyal as "interested persons" of the Trust.

All of the Trust's officers are employees of Barings or MassMutual. Pursuant to the Contract, the Trust does not compensate its officers who are employees of Barings or MassMutual (except for the Chief Compliance Officer of the Trust unless assumed by Barings). For the year ended December 31, 2016, Barings paid the compensation of the Chief Compliance Officer of the Trust.

Mr. Noreen, one of the Trust's Trustees, is an "affiliated person" (as defined by the 1940 Act) of MassMutual and Barings.

The Trust did not make any payments to Barings for the year ended December 31, 2016, other than amounts payable to Barings pursuant to the Contract.

10. Certifications

As required under New York Stock Exchange ("NYSE") Corporate Governance Rules, the Trust's principal executive officer has certified to the NYSE that he was not aware, as of the certification date, of any violation by the Trust of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Trust's principal executive and principal financial officers have made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q, relating to, among other things, the Trust's disclosure controls and procedures and internal control over financial reporting, as applicable.

11. Subsequent Events

The Trust has evaluated the possibility of subsequent events after the balance sheet date of December 31, 2016, through the date that the financial statements are issued. The Trust has determined that there are no material events that would require recognition or disclosure in this report through this date.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM



The Shareholders and Board of Trustees of Barings Corporate Investors:

We have audited the accompanying consolidated statement of assets and liabilities of Barings Corporate Investors (f/k/a Babson Capital Corporate Investors) (the "Trust"), including the consolidated schedule of investments, as of December 31, 2016, and the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for each of the years in the two-year period then ended, and the consolidated selected financial highlights for each of the years in the five-year period then ended. These consolidated financial statements and consolidated selected financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements and consolidated selected financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and consolidated selected financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with custodian and counterparties. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements and consolidated selected financial highlights referred to above present fairly, in all material respects, the financial position of Barings Corporate Investors (f/k/a Babson Capital Corporate Investors) as of December 31, 2016, the consolidated results of their operations and cash flows for the year then ended, the consolidated changes in their net assets for each of the years in the two-year period then ended, and the consolidated selected financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Boston, Massachusetts
February 24, 2017

INTERESTED TRUSTEES

Name (Age), Address	Position With The Trust	Office Term / Length of Time Served	Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
<p>Clifford M. Noreen* (59) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Trustee, Chairman</p>	<p>Term expires 2018; Trustee since 2009</p>	<p>Deputy Chief Investment Officer and Managing Director (since 2016), MassMutual; President (2008-2016), Vice Chairman (2007-2008), Member of the Board of Managers (2006-2016), Managing Director (2000-2016), Barings; President (2005-2009), Vice President (1993-2005) of the Trust.</p>	<p>2</p>	<p>Chairman and Trustee (since 2009), President (2005-2009), Vice President (1993-2009), Barings Participation Investors; President (since 2009), Senior Vice President (1996-2009), HYP Management LLC (LLC Manager); Director (2005-2013), MassMutual Corporate Value Limited (investment company); Director (2005-2013), MassMutual Corporate Value Partners Limited (investment company); Director (since 2008), Jefferies Finance LLC (finance company); Chairman and Chief Executive Officer (since 2009), Manager (since 2007), MMC Equipment Finance LLC; Director (2011-2016), Wood Creek Capital Management, LLC (investment advisory firm); Chairman (since 2009), Trustee (since 2005), President (2005-2009), CI Subsidiary Trust and PI Subsidiary Trust; Member of Investment Committee (since 1999), Diocese of Springfield; and Member of Investment Committee (since 2015), Baystate Health Systems</p>

* Mr. Noreen is classified as an "interested person" of the Trust and Barings (as defined by the Investment Company Act of 1940, as amended) because of his position as an Officer of the Trust and his former position as President of Barings.

INTERESTED TRUSTEES

Name (Age), Address	Position With The Trust	Office Term / Length of Time Served	Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
Robert E. Joyal* (72) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Trustee	Term expires 2019; Trustee since 2003	Retired (since 2003); President (2001-2003), Barings; and President (1993-2003) of the Trust.	95	Trustee (since 2003), President (1993-2003), Barings Participation Investors; Director (2006-2014), Jefferies Group, Inc. (financial services); Director (2007-2011), Scottish Re Group Ltd. (global life reinsurance specialist); Trustee (since 2003), MassMutual Select Funds (an open-end investment company advised by MassMutual); Trustee (since 2003), MML Series Investment Fund (an open-end investment company advised by MassMutual); Trustee (since 2012), MML Series Investment Fund II (an open-ended investment company advised by MassMutual); Trustee (since 2012), MassMutual Premier Funds (an open-ended investment company advised by MassMutual); Director (since 2012), Ormat Technologies, Inc. (a geothermal energy company); Director (since 2013), Leucadia National Corporation (holding company owning businesses ranging from insurance to telecommunications); and Director (2013-2016), Baring Asset Management Korea Limited (company that engages in asset management, business administration and investment management).

* Mr. Joyal retired as President of Barings in June 2003. In addition and as noted above, Mr. Joyal is a director of Leucadia National Corporation, which is the parent company of Jefferies Group, Inc., and a former Director of Jefferies Group, Inc., which has a wholly-owned broker-dealer subsidiary that may execute portfolio transactions and/or engage in principal transactions with the Trust, other investment companies advised by Barings or any other advisory accounts over which Barings has brokerage placement discretion. Accordingly, the Trust has determined to classify Mr. Joyal as an "interested person" of the Trust and Barings (as defined by the Investment Company Act of 1940, as amended).

INDEPENDENT TRUSTEES

Name (Age), Address	Position With The Trust	Office Term / Length of Time Served	Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
<p>Michael H. Brown (59) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	Trustee/ Nominee	Term expires 2017; Trustee since 2005	Private Investor; and Managing Director (1994-2005), Morgan Stanley.	2	Trustee (since 2005), Barings Participation Investors; Independent Director (2006-2014), Invicta Holdings LLC and its subsidiaries (a derivative trading company owned indirectly by MassMutual).
<p>Barbara M. Ginader (60) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	Trustee/ Nominee	Term expires 2017; Trustee since 2013	Managing Director and General Partner (since 1993), Boston Ventures Management (private equity firm).	2	Trustee (since 2013), Barings Participation Investors; Managing Director (since 1993), Boston Ventures VI L.P. (private equity fund); Managing Director (since 1993), Boston Ventures V L.P. (private equity fund); Member of the Board Overseers (2013-2014), MSPCA-Angell; Member of the Grants Committee (2013-2014), IECA Foundation; and President of the Board (2006-2012), Codman Academy Public Charter School.
<p>Edward P. Grace III (66) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	Trustee	Term expires 2018; Trustee since 2012	President (since 1997), Phelps Grace International, Inc. (investment management); Managing Director (since 1998), Grace Ventures Partners LP (venture capital fund); Senior Advisor (since 2011), Angelo Gordon & Co. (investment adviser).	2	Trustee (since 2012), Barings Participation Investors; Director (since 2010), Larkburger, Inc. (restaurant chain); Director (since 2012), Benihana, Inc. (restaurant chain); Director (since 2011), Firebirds Wood Fired Holding Corporation (restaurant chain), Director (since 1998), Shawmut Design and Construction (construction management and general contracting firm); Director (2004-2012), Not Your Average Joe's, Inc. (restaurant chain).
<p>Susan B. Sweeney (64) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	Trustee	Term expires 2019; Trustee since 2012	Retired (since 2014); Senior Vice President and Chief Investment Officer (2010-2014), Selective Insurance Company of America; Senior Managing Director (2008-2010), Ironwood Capital.	95	Trustee (since 2012), Barings Participation Investors; Trustee (since 2009), MassMutual Select Funds (an open-ended investment company advised by MassMutual); Trustee (since 2009), MML Series Investment Fund (an open-ended investment company advised by MassMutual); Trustee (since 2012), MassMutual Premier Funds (an open-ended investment company advised by MassMutual); Trustee (since 2012), MML Series Investment Fund II (an open-ended investment company advised by MassMutual).

INDEPENDENT TRUSTEES

Name (Age), Address	Position With The Trust	Office Term / Length of Time Served	Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
<p>Maleyne M. Syracuse (60) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Trustee/ Nominee</p>	<p>Term expires 2017; Trustee since 2007</p>	<p>Private Investor; Managing Director (1999-2000), JP Morgan Securities, Inc. (investments and banking); Managing Director (1999-2000), Deutsche Bank Securities; Managing Director (1981-1999), Bankers Trust/ BT Securities</p>	<p>2</p>	<p>Trustee (since 2007), Barings Participation Investors.</p>

OFFICERS OF THE TRUST

Name (Age), Address	Position With The Trust	Office Term / Length of Time Served	Principal Occupations During Past 5 Years
Robert M. Shettle (49) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	President	Since 2016	Vice President (2015-2016) of the Trust; President (since 2016), Vice President (2015-2016), Barings Participation Investors; Managing Director (since 2006), Director (1998-2006), Barings; President (since 2016), Vice President (2005-2016), CI Subsidiary Trust and PI Subsidiary Trust.
Janice M. Bishop (52) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Vice President, Secretary and Chief Legal Officer	Since 2015	Associate Secretary (2008-2015) of the Trust; Vice President, Secretary and Chief Legal Officer (since 2015), Associate Secretary (2008-2015), Barings Participation Investors; Vice President, Secretary and Chief Legal Officer (since 2013), Barings Funds Trust; Vice President, Secretary and Chief Legal Officer (since 2012), Barings Global Short Duration High Yield Fund; Senior Counsel and Managing Director (since 2014), Counsel (2007-2014), Barings; Vice President and Secretary (since 2015), Assistant Secretary (2008-2015), CI Subsidiary Trust and PI Subsidiary Trust.
James M. Roy (54) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Vice President and Chief Financial Officer	Since 2005	Treasurer (2003-2005), Associate Treasurer (1999-2003) of the Trust; Vice President and Chief Financial Officer (since 2005), Treasurer (2003-2005), Associate Treasurer (1999-2003), Barings Participation Investors; Managing Director (since 2005), Director (2000-2005), Barings; and Trustee (since 2005), Treasurer (since 2005), Controller (2003-2005), CI Subsidiary Trust and PI Subsidiary Trust.
Melissa M. LaGrant (43) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Chief Compliance Officer	Since 2006	Chief Compliance Officer (since 2006), Barings Participation Investors; Chief Compliance Officer (since 2013), Barings Finance LLC; Chief Compliance Officer (since 2013), Barings Funds Trust; Chief Compliance Officer (since 2012), Barings Global Short Duration High Yield Fund; Managing Director (since 2005), Barings.
Daniel J. Florence (44) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Treasurer	Since 2008	Associate Treasurer (2006-2008) of the Trust; Treasurer (since 2008), Associate Treasurer (2006-2008), Barings Participation Investors; and Director (since 2013), Associate Director (2008-2013), Analyst (2000-2008), Barings.
Sean Feeley (49) Barings Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	Vice President	Since 2011	Vice President (since 2011), Barings Participation Investors; Vice President (since 2012), Barings Global Short Duration High Yield Fund; Managing Director (since 2003), Barings and Vice President (since 2011), CI Subsidiary Trust and PI Subsidiary Trust.

* Officers hold their position with the Trust until a successor has been duly elected and qualified. Officers are generally elected annually by the Board of Trustees of the Trust. The officers were last elected on July 20, 2016.

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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., Agent for Barings Corporate Investors' Dividend Reinvestment and Share Purchase Plan, P.O. Box 219086, Kansas City, MO 64121-9086.

Members of the Board of Trustees

Michael H. Brown* Private Investor	Barbara M. Ginader Managing Director and General Partner Boston Ventures Management	Edward P. Grace President Phelps Grace International, Inc
Robert E. Joyal Retired President, Barings	Clifford M. Noreen Deputy Chief Investment Officer Massachusetts Mutual Life Insurance Company	Susan B. Sweeney* Private Investor
Maleyne M. Syracuse* Private Investor		

Officers

Clifford M. Noreen Chairman	Robert M. Shettle President	James M. Roy Vice President & Chief Financial Officer
Janice M. Bishop Vice President, Secretary & Chief Legal Officer	Sean Feeley Vice President	Daniel J. Florence Treasurer
Melissa M. LaGrant Chief Compliance Officer		

* Member of the Audit Committee



Barings
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