

# Barings Participation Investors

Report for the  
Six Months Ended June 30, 2021



### Adviser

Barings LLC  
300 S Tryon St., Suite 2500  
Charlotte, NC 28202

### Independent Registered Public Accounting Firm

KPMG LLP  
Boston, Massachusetts 02110

### Counsel to the Trust

Ropes & Gray LLP  
Boston, Massachusetts 02111

### Custodian

State Street Bank and Trust Company  
Boston, Massachusetts 02110

### Transfer Agent & Registrar

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

### Internet Website

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



Barings Participation Investors  
c/o Barings LLC  
300 S Tryon St., Suite 2500  
Charlotte, NC 28202  
1-866-399-1516

### Investment Objective and Policy

Barings Participation Investors (the "Trust") is a closed-end management investment company, first offered to the public in 1988, whose shares are traded on the New York Stock Exchange under the trading symbol "MPV". The Trust's share price can be found in the financial section of most newspapers under either the New York Stock Exchange listings or Closed-End Fund Listings.

The Trust's investment objective is to maintain a portfolio of securities providing a current yield and, when available, an opportunity for capital gains. The Trust's principal investments are privately placed, below investment grade, long-term debt obligations including bank loans and mezzanine debt instruments. Such private placement securities may, in some cases, be accompanied by equity features such as common stock, preferred stock, warrants, conversion rights, or other equity features. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically made to small or middle market companies. In addition, the Trust may invest, subject to certain limitations, in marketable debt securities (including high yield and/or investment grade securities) and marketable common stock. 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.

The Trust distributes substantially all of its net income to shareholders each year. Accordingly, the Trust pays dividends to shareholders in January, May, August, and November. All registered shareholders are automatically enrolled in the Dividend Reinvestment and Cash Purchase Plan unless cash distributions are requested.

### Form N-PORT

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

### Proxy Voting Policies & Procedures; Proxy Voting Record

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

### Legal Matters

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

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

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



## TO OUR SHAREHOLDERS

July 31, 2021

We are pleased to present the June 30, 2021 Quarterly Report of Barings Participation Investors (the "Trust").

### PORTFOLIO PERFORMANCE

The Board of Trustees declared a quarterly dividend of \$0.20 per share, payable on August 13, 2021 to shareholders of record on August 2, 2021. The Trust paid a \$0.20 per share dividend for the preceding quarter. The Trust earned \$0.20 per share of net investment income for the second quarter of 2021, compared to \$0.19 per share in the previous quarter.

During the second quarter, the net assets of the Trust increased to \$154,442,288 or \$14.57 per share compared to \$150,359,992 or \$14.18 per share on March 31, 2021. This translates to a 4.2% total return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 18.9%, 9.5%, 9.4%, 10.1% and 11.6% for the 1, 3, 5, 10, and 25-year periods, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends.

The Trust's market price increased 6.1% during the quarter, from \$12.93 per share as of March 31, 2021 to \$13.72 per share as of June 30, 2021. The Trust's market price of \$13.72 per share equates to a 5.8% discount to the June 30, 2021 net asset value per share of \$14.57. The Trust's average quarter-end premium for the 3, 5 and 10-year periods was 3.0%, 3.5% and 5.6%, respectively. U.S. fixed income markets, as approximated by the Bloomberg Barclays U.S. Corporate High Yield Index and the Credit Suisse Leverage Loan Index, increased 2.7% and 1.4% for the quarter, respectively.

### PORTFOLIO ACTIVITY

The Trust closed nine new private placement investments and 10 add-on investments to existing portfolio companies during the second quarter. The total amount invested by the Trust in these transactions was \$16,143,789. Of note, the new platform investments were floating rate term loans, three of which included equity co-investments, and the add-on investments were eight floating rate term loans and two equity co-investments.

The robust growth in investment activity over the last 12 months continued in the second quarter of 2021 with the Trust enjoying a strong quarter in terms of deployment. As the investment landscape has improved, some key trends have emerged. First, investment activity is now back to (and even beyond) pre-pandemic levels. Secondly, in the current market, financial sponsors and other ownership groups are motivated to divest portfolio companies due to the high valuations for strong businesses. With the significant dry powder they have available, financial sponsors are also motivated to acquire high-quality businesses which have outperformed through both good times and the more recent uncertainty. Lastly, private equity clients continue to work with a smaller group of trusted lenders with whom they have long-standing relationships and who can offer certainty of execution and creative solutions. Further, the size of Barings portfolio and presence in the market leads to getting first access to high-quality and off-market new or add-on financing opportunities relating to our existing portfolio. Such circumstances naturally provide a number of benefits. From a credit perspective, we know the businesses and respective management teams well from being a lender for some time. And, from a value perspective, competing with fewer competitors can lead to more attractive pricing and terms. This also amplifies the attractiveness of Barings' more conservative financing structures, which we believe offer the best relative value in the current market.

We continue to be selective in our investment choices and maintain our underwriting discipline throughout multiple cycles. First, the Trust continues to invest in first lien senior secured loans in high-quality companies in defensive sectors and remains well diversified by industry. This was a strategy put in place more than four years ago and has provided strong risk adjusted returns for the Trust given their senior position in the capital stack. As of June 30, 2021, 58.0% of the Trust's investment portfolio is in first lien senior secured loans compared to 2.7% as of December 31, 2017. These investments have proven resilient to date and their management teams now have the benefit of having a wealth of knowledge to draw upon from working in such unique and challenging circumstances. Second, we hold meaningful investment liquidity based on the Trust's combined available cash balance and short-term investments of \$10,002,280 or 5.9% of total assets, and low leverage profile at 0.10x as of March 31, 2021. We have strengthened our liquidity position by entering into a \$15.0 million committed revolving credit facility with MassMutual (See Note 10). This facility

(Continued)

coupled with the current cash balance provides ample liquidity to support our current portfolio companies to the extent the duration of COVID-19 related stress extends as well as invest in new portfolio companies. Third, we continue to be selective in pruning our equity investments and reinvesting the proceeds into first lien senior secured investments further driving investment income. As always, the Trust continues to benefit from strong relationships with our financial sponsor partners which provides clear benefits including potential access to additional capital if needed, strategic thinking alongside their management teams and high-quality and timely information which is only available in a private market setting. This allows us to work constructively together and maximize the portfolio companies' long-term health and value.

In closing, we believe it is always appropriate to provide views on the Trust's long-term dividend policy which is to say, 'we believe that long-term dividends should be a reflection of long-term core earnings power, even when core earnings power is lower as a result of a higher quality asset mix'. The Trust's recently announced dividend of \$0.20 per share is in line with our most recently reported net investment income of \$0.20 per share. That said, as we continue to both (1) deploy the Trust's excess liquidity and (2) seek opportunities to shift the Trust's non-yielding equity investments to senior secured loans, we expect long-term earnings power to meet the dividend distribution.

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

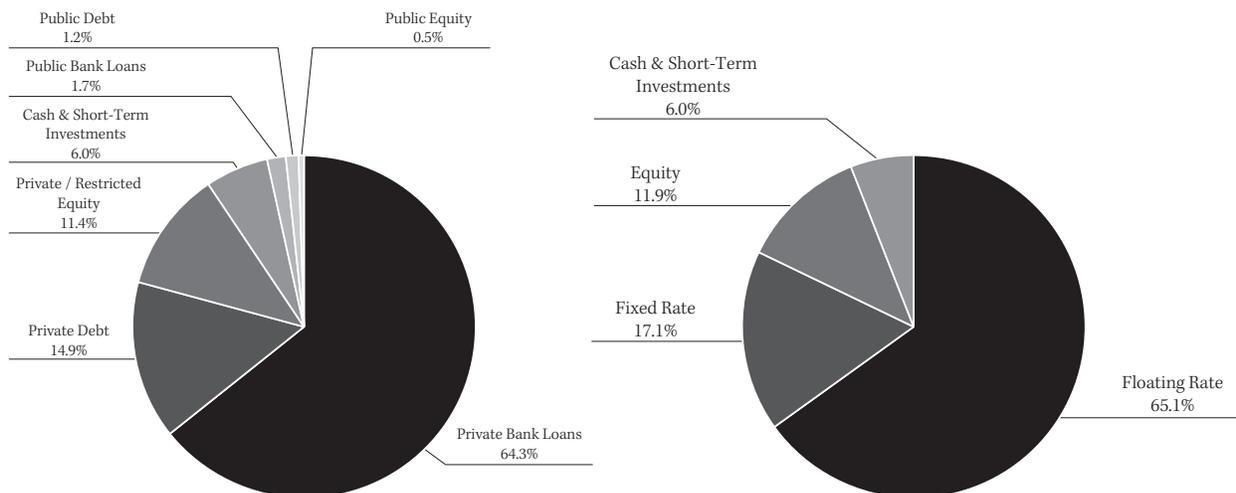
Sincerely,



Christina Emery

President

### Portfolio Composition as of 06/30/21\*



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

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

**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**

June 30, 2021

(Unaudited)

<b>Assets:</b>	
Investments	
(See Consolidated Schedule of Investments)	
Corporate restricted securities at fair value	
(Cost - \$138,968,156)	\$ 140,377,537
Corporate restricted securities at market value	
(Cost - \$11,013,220)	11,953,650
Corporate public securities at market value	
(Cost - \$5,584,216)	5,802,903
Total investments (Cost - \$155,565,592)	158,134,090
Cash	10,001,204
Foreign currencies (Cost - \$1,075)	1,076
Interest receivable	1,250,006
Receivable for investments sold	442,541
Other assets	758,942
<b>Total assets</b>	<b>170,587,859</b>
<b>Liabilities:</b>	
Note payable	15,000,000
Payable for investments purchased	718,464
Investment advisory fee payable	347,495
Interest payable	27,267
Accrued expenses	52,345
<b>Total liabilities</b>	<b>16,145,571</b>
Commitments and Contingencies (See Note 8)	
<b>Total net assets</b>	<b>\$ 154,442,288</b>
<b>Net Assets:</b>	
Common shares, par value \$.01 per share	\$ 106,017
Additional paid-in capital	142,111,125
Total distributable earnings	12,225,146
<b>Total net assets</b>	<b>\$ 154,442,288</b>
Common shares issued and outstanding (14,787,750 authorized)	10,601,700
Net asset value per share	\$ 14.57

## CONSOLIDATED STATEMENT OF OPERATIONS

For the six months ended June 30, 2021

(Unaudited)

### Investment Income:

Interest	\$ 5,308,517
Dividends	151,121
Other	82,515
	<hr/>
Total investment income	5,542,153

### Expenses:

Investment advisory fees	685,805
Interest	306,750
Professional fees	147,130
Trustees' fees and expenses	138,000
Reports to shareholders	45,000
Custodian fees	12,000
Other	39,310
	<hr/>
Total expenses	1,373,995

Investment income - net	<hr/> <u>4,168,158</u>
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### Net realized and unrealized gain on investments and foreign currency:

Net realized gain on investments before taxes	1,303,706
Net realized loss on foreign currency transactions before taxes	(25)
Income tax expenses	(818)
	<hr/>
Net realized gain on investments and foreign currency transactions after taxes	1,302,863
Net increase (decrease) in unrealized appreciation (depreciation) of investments before taxes	6,914,227
Net increase (decrease) in unrealized appreciation (depreciation) of foreign currency translation before taxes	1
	<hr/>
Net increase (decrease) in unrealized appreciation (depreciation) of investments and foreign currency translation after taxes	6,914,228
	<hr/>
Net gain on investments and foreign currency	8,217,091
	<hr/>
Net increase in net assets resulting from operations	\$ <u><u>12,385,249</u></u>

See Notes to Consolidated Financial Statements

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended June 30, 2021

(Unaudited)

**Net decrease in cash:**

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$ 5,001,629
Purchases of portfolio securities	(31,336,172)
Proceeds from disposition of portfolio securities	23,934,404
Interest, dividends and other income received	5,429,005
Interest expense paid	(306,750)
Operating expenses paid	(1,000,674)
Income taxes paid	(118,963)
<b>Net cash provided by operating activities</b>	<b><u>1,602,479</u></b>

Cash flows from financing activities:

Cash dividends paid from net investment income	(4,240,680)
<b>Net cash used for financing activities</b>	<b><u>(4,240,680)</u></b>

**Net decrease in cash****(2,638,201)**

Cash - beginning of period

12,640,481

Cash - end of period

**\$ 10,002,280****Reconciliation of net increase in net assets to net cash used in operating activities:**

<b>Net increase in net assets resulting from operations</b>	<b><u>\$ 12,385,249</u></b>
Increase in investments	(9,656,743)
Increase in interest receivable	(147,357)
Increase in receivable for investments sold	(425,061)
Decrease in other assets	209,571
Decrease in payable for investments purchased	(711,606)
Increase in investment advisory fee payable	23,546
Decrease in tax payable	(118,145)
Increase in accrued expenses	43,025
<b>Total adjustments to net assets from operations</b>	<b><u>(10,782,770)</u></b>
<b>Net cash provided by operating activities</b>	<b><u><u>\$ 1,602,479</u></u></b>

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30, 2021

	For the six months ended 6/30/2021 year ended (Unaudited)	For the 12/31/2020
<b>Increase in net assets:</b>		
Operations:		
Investment income - net	\$ 4,168,158	\$ 10,630,477
Net realized gain on investments and foreign currency after taxes	1,302,863	240,048
Net change in unrealized appreciation (depreciation) of investments and foreign currency after taxes	<u>6,914,228</u>	<u>(4,521,459)</u>
Net increase in net assets resulting from operations	12,385,249	6,349,066
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2021 - nil; 2020 - 14,472)	-	227,533
Dividends to shareholders from:		
Distributable earnings to Common Stock Shareholders (2021 - \$0.20 per share; 2020 - \$0.80 per share)	<u>(2,120,340)</u>	<u>(8,481,360)</u>
Total increase / (decrease) in net assets	10,264,909	(1,904,761)
Net assets, beginning of period/year	<u>144,177,379</u>	<u>146,082,140</u>
Net assets, end of period/year	<u>\$ 154,442,288</u>	<u>\$ 144,177,379</u>

See Notes to Consolidated Financial Statements

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

	For the six months ended 6/30/2021 (Unaudited)	For the years ended December 31,			
		2020	2019	2018	2017
Net asset value:					
Beginning of period / year	\$ 13.60	\$ 13.80	\$ 13.18	\$ 13.91	\$ 13.15
Net investment income (a)	0.39	1.00	1.00	1.03	1.09
Net realized and unrealized gain (loss) on investments	0.78	(0.40)	0.69	(0.68)	0.75
Total from investment operations	1.17	0.60	1.69	0.35	1.84
Dividends from net investment income to common shareholders	(0.20)	(0.80)	(1.08)	(1.08)	(1.08)
Increase / (Decrease) from dividends reinvested	0.00 (b)	0.00 (b)	0.01	(0.00) (b)	(0.00) (b)
Total dividends	(0.20)	(0.80)	(1.07)	(1.08)	(1.08)
Net asset value: End of period / year	\$ 14.57	\$ 13.60	\$ 13.80	\$ 13.18	\$ 13.91
Per share market value:					
End of period / year	\$ 13.72	\$ 11.88	\$ 16.13	\$ 15.05	\$ 14.10
Total investment return					
Net asset value (c)	8.66%	4.66%	13.21%	2.53%	14.29%
Market value (c)	17.25%	(21.11%)	14.72%	15.02%	7.21%
Net assets (in millions):					
End of period / year	\$ 154.44	\$ 144.18	\$ 146.08	\$ 138.75	\$ 145.48
Ratio of total expenses to average net assets (d)	1.87% (e)	1.47%	2.26%	2.76%	3.23%
Ratio of operating expenses to average net assets	1.45% (e)	1.38%	1.45%	1.56%	1.49%
Ratio of interest expense to average net assets	0.42% (e)	0.43%	0.42%	0.42%	0.43%
Ratio of income tax expense to average net assets	0.00% (e)	(0.34%)	0.39%	0.78%	1.31%
Ratio of net investment income to average net assets	5.67% (e)	7.52%	7.30%	7.47%	7.92%
Portfolio turnover	16%	34%	22%	48%	24%

(a) Calculated using average shares.

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

(c) 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.

(d) Total expenses include income tax expense.

(e) Annualized

**Senior borrowings:**

Total principal amount (in millions)	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Asset coverage per \$1,000 of indebtedness	\$ 11,296	\$ 10,612	\$ 10,739	\$ 10,250	\$ 10,699

## CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2021

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Corporate Restricted Securities - 98.63%: (A)</b>				
<b>Private Placement Investments - 90.89%: (C)</b>				
<b>1A Smart Start, Inc.</b>				
A designer, distributor and lessor of ignition interlock devices ("IIDs").				
9.50% Second Lien Term Loan due 06/02/2028 (LIBOR + 8.500%)	\$ 1,725,000	06/02/21	\$ 1,699,418	\$ 1,699,126
<b>1WorldSync, Inc.</b>				
A product information sharing platform that connects manufacturers/suppliers and key retailers via the Global Data Synchronization Network.				
7.25% Term Loan due 06/24/2025 (LIBOR + 6.250%)	\$ 2,446,411	*	2,410,513	2,446,411
* 07/01/19 and 12/09/20.				
<b>Accelerate Learning</b>				
A provider of standards-based, digital science education content of K-12 schools.				
6.00% Term Loan due 12/31/2024 (LIBOR + 5.000%)	\$ 974,753	12/19/18	963,476	944,536
<b>Advanced Manufacturing Enterprises LLC</b>				
A designer and manufacturer of large, custom gearing products for a number of critical customer applications.				
Limited Liability Company Unit (B)	1,945 uts.	*	207,911	-
* 12/07/12, 07/11/13 and 06/30/15.				
<b>Advantage Software</b>				
A provider of enterprise resource planning (ERP) software built for advertising and marketing agencies.				
7.50% Term Loan due 01/15/2027 (LIBOR + 6.500%)	\$ 1,376,837	01/15/21	1,343,075	1,342,416
7.50% Term Loan due 01/15/2027 (LIBOR + 6.500%)	\$ 214,711	05/12/21	209,473	209,344
Limited Liability Company Unit A	613 uts.	01/15/21	61,346	62,663
Limited Liability Company Unit B	304 uts.	01/15/21	1,970	55,861
			1,615,864	1,670,284
<b>Aftermath, Inc.</b>				
A provider of crime scene cleanup and biohazard remediation services.				
6.75% Term Loan due 04/10/2025 (LIBOR + 5.500%)	\$ 963,473	04/09/19	949,835	946,034
5.50% Term Loan due 04/10/2025 (LIBOR + 4.500%)	\$ 761,527	04/23/21	748,382	747,743
			1,698,217	1,693,777
<b>AIT Worldwide Logistics, Inc.</b>				
A provider of domestic and international third-party logistics services.				
8.50% Second Lien Term Loan due 03/31/2029 (LIBOR + 7.750%)	\$ 1,669,355	04/06/21	1,632,902	1,631,794
Limited Liability Company Unit (B)	56 uts.	04/06/21	55,645	56,044
			1,688,547	1,687,838

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>AMS Holding LLC</b>				
A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.				
Limited Liability Company Unit Class A Preferred (B)(F)	114 uts.	10/04/12	\$ 113,636	\$ 337,472
<b>ASC Holdings, Inc.</b>				
A manufacturer of capital equipment used by corrugated box manufacturers.				
13% (1% PIK) Senior Subordinated Note due 11/19/2021	\$ 898,322	11/19/15	898,312	896,891
Limited Liability Company Unit (B)	111,100 uts.	11/18/15	111,100	40,996
			<u>1,009,412</u>	<u>937,887</u>
<b>ASPEQ Holdings</b>				
A manufacturer of highly-engineered electric heating parts and equipment for a range of industrial, commercial, transportation and marine applications.				
6.25% Term Loan due 10/31/2025 (LIBOR + 5.250%)	\$ 1,193,450	11/08/19	1,180,457	1,193,450
<b>Audio Precision</b>				
A provider of high-end audio test and measurement sensing instrumentation software and accessories.				
7.00% Term Loan due 07/27/2024 (LIBOR + 6.000%)	\$ 1,759,500	10/30/18	1,739,946	1,724,310
<b>Aurora Parts &amp; Accessories LLC</b>				
A distributor of aftermarket over-the-road semi-trailer parts and accessories sold to customers across North America.				
Preferred Stock (B)	210 shs.	08/17/15	209,390	209,390
Common Stock (B)	210 shs.	08/17/15	210	151,584
			<u>209,600</u>	<u>360,974</u>
<b>BBB Industries LLC</b>				
A supplier of re-manufactured parts to the North American automotive aftermarket.				
10.75% Second Lien Term Loan due 06/26/2026 (LIBOR + 8.500%)	\$ 1,725,000	08/02/18	1,692,040	1,711,200
<b>BDP International, Inc.</b>				
A provider of transportation and related services to the chemical and life sciences industries.				
6.25% Term Loan due 12/14/2024 (LIBOR + 5.250%)	\$ 2,403,375	12/18/18	2,375,638	2,359,321
6.25% Incremental Term Loan due 12/19/2024 (LIBOR + 5.250%)	\$ 42,922	12/07/20	42,183	42,135
6.25% Incremental Term Loan due 12/21/2024 (LIBOR + 5.250%)	\$ 41,060	03/30/21	40,294	40,307
			<u>2,458,115</u>	<u>2,441,763</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Beacon Pointe Advisors, LLC</b>				
An integrated wealth management platform with comprehensive financial planning capabilities for high net worth clients with complex financial needs.				
6.00% Term Loan due 03/31/2026 (LIBOR + 5.000%)	\$ 990,840	03/31/20	\$ 973,197	\$ 990,840
<b>BEI Precision Systems &amp; Space Company, Inc.</b>				
A provider of advanced design, manufacturing, and testing for custom optical encoder-based positioning systems, precision accelerometers, and micro scanners.				
12% (1% PIK) Senior Subordinated Note due 04/28/2024	\$ 1,510,650	04/28/17	1,495,933	1,510,650
Limited Liability Company Unit (B)(F)	4,167 uts.	*	416,654	835,736
* 04/28/17 and 02/07/19.			1,912,587	2,346,386
<b>Blue Wave Products, Inc.</b>				
A distributor of pool supplies.				
Common Stock (B)	51,064 shs.	10/12/12	51,064	275,478
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	20,216 shs.	10/12/12	20,216	109,060
			71,280	384,538
<b>Brown Machine LLC</b>				
A designer and manufacturer of thermoforming equipment used in the production of plastic packaging containers within the food and beverage industry.				
6.25% Term Loan due 10/04/2024 (LIBOR + 5.250%)	\$ 854,448	10/03/18	847,815	854,448
<b>Cadence, Inc.</b>				
A full-service contract manufacturer ("CMO") and supplier of advanced products, technologies, and services to medical device, life science, and industrial companies.				
6.00% First Lien Term Loan due 04/30/2025 (LIBOR + 5.000%)	\$ 886,240	05/14/18	876,359	849,904
<b>Cadent, LLC</b>				
A provider of advertising solutions driven by data and technology.				
6.50% Term Loan due 09/07/2023 (LIBOR + 5.250%)	\$ 970,231	09/04/18	965,955	970,232
<b>Claritas Holdings, Inc.</b>				
A market research company that provides market segmentation insights to customers engaged in direct-to-consumer and business-to-business marketing activities.				
6.75% Term Loan due 12/31/2023 (LIBOR + 5.750%)	\$ 1,564,402	12/20/18	1,545,062	1,564,403

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>CloudWave</b>				
A provider of managed cloud hosting and IT services for hospitals.				
7.00% Term Loan due 01/04/2027 (LIBOR + 6.000%)	\$ 1,665,181	01/29/21	\$ 1,630,361	\$ 1,665,181
Limited Liability Company Unit (B)(F)	55,645 uts.	01/29/21	55,645	59,540
			<u>1,686,006</u>	<u>1,724,721</u>
<b>Clubessential LLC</b>				
A leading SaaS platform for private clubs and resorts.				
7.25% Term Loan due 11/30/2023 (LIBOR + 6.250%)	\$ 1,703,438	01/09/20	1,685,800	1,690,425
<b>Command Alkon</b>				
A vertical-market software and technology provider to the heavy building materials industry delivering purpose-built, mission critical products that serve as the core operating & production systems for ready-mix concrete producers, asphalt producers, and aggregate suppliers.				
9.25% Term Loan due 04/17/2027 (LIBOR + 8.250%)	\$ 2,069,208	*	2,016,865	2,031,674
Limited Liability Company Unit	18 uts.	04/23/20	18,006	20,011
Limited Liability Company Unit Class B	6,629 uts.	04/23/20	-	2,797
			<u>2,034,871</u>	<u>2,054,482</u>
* 04/23/20, 10/30/20 and 11/18/20.				
<b>Concept Machine Tool Sales, LLC</b>				
A full-service distributor of high-end machine tools and metrology equipment, exclusively representing a variety of global manufacturers in the Upper Midwest.				
6.00% Term Loan due 01/31/2025 (LIBOR + 5.000%)	\$ 584,016	01/30/20	575,641	559,195
Limited Liability Company Unit (F)	1,237 shs.	*	49,559	39,604
			<u>625,200</u>	<u>598,799</u>
* 01/30/20 and 03/05/21				
<b>CTS Engines</b>				
A provider of maintenance, repair and overhaul services within the aerospace & defense market.				
6.25% Term Loan due 12/22/2026 (LIBOR + 5.250%)	\$ 1,395,883	12/22/20	1,370,387	1,372,799
<b>Dart Buyer, Inc.</b>				
A manufacturer of helicopter aftermarket equipment and OEM Replacement parts for rotorcraft operators, providers and OEMs.				
6.00% Term Loan due 04/01/2025 (LIBOR + 5.000%) (H)	\$ 1,698,116	04/01/19	1,395,714	1,408,417
<b>Del Real LLC</b>				
A manufacturer and distributor of fully-prepared fresh refrigerated Hispanic entrees as well as side dishes that are typically sold on a heat-and-serve basis at retail grocers.				
11% Senior Subordinated Note due 04/06/2023 (D)	\$ 1,420,588	10/07/16	1,403,759	1,349,559
Limited Liability Company Unit (B)(F)	368,799 uts.	*	368,928	196,076
			<u>1,772,687</u>	<u>1,545,635</u>
* 10/07/16, 07/25/18, 03/13/19 and 06/17/19.				

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>DPL Holding Corporation</b>				
A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.				
Preferred Stock (B)	25 shs.	05/04/12	\$ 252,434	\$ 502,337
Common Stock (B)	25 shs.	05/04/12	28,048	276,491
			<u>280,482</u>	<u>778,828</u>
<b>Dunn Paper</b>				
A provider of specialty paper for niche product applications.				
9.75% Second Lien Term Loan due 08/31/2023 (LIBOR + 8.750%)				
	\$ 1,725,000	09/28/16	1,714,183	1,687,051
<b>Electric Power Systems International, Inc.</b>				
A provider of electrical testing services for apparatus equipment and protection & controls infrastructure.				
6.75% Term Loan due 04/19/2028 (LIBOR + 5.750%) (H)				
	\$ 1,253,130	04/19/21	1,114,862	1,114,147
<b>Elite Sportswear Holding, LLC</b>				
A designer and manufacturer of gymnastics, competitive cheerleading and swimwear apparel in the U.S. and internationally.				
11.5% (1% PIK) Senior Subordinated Note due 09/20/2022 (D)				
	\$ 1,588,640	10/14/16	1,568,694	-
Limited Liability Company Unit (B)(F)	101 uts.	10/14/16	159,722	-
			<u>1,728,416</u>	<u>-</u>
<b>English Color &amp; Supply LLC</b>				
A distributor of aftermarket automotive paint and related products to collision repair shops, auto dealerships and fleet customers through a network of stores in the Southern U.S.				
11.5% (0.5% PIK) Senior Subordinated Note due 12/31/2023				
	\$ 1,354,101	06/30/17	1,342,112	1,349,172
Limited Liability Company Unit (B)(F)	397,695 uts.	06/30/17	397,695	613,313
			<u>1,739,807</u>	<u>1,962,485</u>
<b>ENTACT Environmental Services, Inc.</b>				
A provider of environmental remediation and geotechnical services for blue-chip companies with regulatory-driven liability enforcement needs.				
5.90% Term Loan due 12/15/2025 (LIBOR + 4.750%)				
	\$ 1,020,344	02/09/21	1,010,959	1,011,987
<b>E.S.P. Associates, P.A.</b>				
A professional services firm providing engineering, surveying and planning services to infrastructure projects.				
Limited Liability Company Unit (B)	273 uts.	*	295,518	213,219
* 06/29/18 and 12/29/20.				

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>F G I Equity LLC</b>				
A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.				
Limited Liability Company Unit Class B-1 (B)	49,342 uts.	12/15/10	\$ 42,343	\$ 635,028
<b>Foundation Risk Partners, Corp.</b>				
A retail insurance brokerage firm focused on providing commercial P&C and employee benefits solution to small and medium-sized clients.				
5.75% First Lien Term Loan due 08/31/2026 (LIBOR + 4.750%)	\$ 663,330	09/30/20	652,005	652,717
9.50% Second Lien Term Loan due 11/10/2024 (LIBOR + 8.500%) (H)	\$ 333,333	09/30/20	103,616	111,111
			<u>755,621</u>	<u>763,828</u>
<b>FragilePAK</b>				
A provider of third-party logistics services focused on the full delivery life-cycle for big and bulky products.				
6.75% Term Loan due 05/24/2027 (LIBOR + 5.750%) (H)	\$ 1,617,188	05/21/21	1,034,344	1,033,652
Limited Liability Company Unit	108 shs.	05/21/21	107,813	107,810
			<u>1,142,157</u>	<u>1,141,462</u>
<b>GD Dental Services LLC</b>				
A provider of convenient "onestop" general, specialty, and cosmetic dental services with 21 offices located throughout South and Central Florida.				
Limited Liability Company Unit Preferred (B)	76 uts.	10/05/12	75,920	-
Limited Liability Company Unit Common (B)	767 uts.	10/05/12	767	-
			<u>76,687</u>	<u>-</u>
<b>gloProfessional Holdings, Inc.</b>				
A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician's office channels.				
14% (2% PIK) Senior Subordinated Note due 11/30/2021 (D)	\$ 1,380,135	03/27/13	989,505	1,311,129
Preferred Stock (B)	295 shs.	03/29/19	295,276	385,268
Common Stock (B)	1,181 shs.	03/27/13	118,110	33,311
			<u>1,402,891</u>	<u>1,729,708</u>
<b>GraphPad Software, Inc.</b>				
A provider of data analysis, statistics and graphing software solution for scientific research applications, with a focus on the life sciences and academic end-markets.				
7.00% Term Loan due 12/15/2023 (LIBOR + 6.000%)	\$ 2,401,539	*	2,381,751	2,401,539
6.50% Term Loan due 04/27/2027 (LIBOR + 5.500%)	\$ 84,525	04/27/21	82,885	83,680
Preferred Stock (B)	3,737 shs.	04/27/21	103,147	105,506
			<u>2,567,783</u>	<u>2,590,725</u>

\* 12/19/17 and 04/16/19.

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Halo Technology Bidco Limited</b>				
A global supplier, tester and coder of compatible optical transceivers.				
6.50% Term Loan due 06/30/2027 (LIBOR + 5.750%)	\$ 1,725,000	06/30/21	\$ 1,699,137	\$ 1,699,126
<b>Handi Quilter Holding Company (Premier Needle Arts)</b>				
A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.				
Limited Liability Company Unit Preferred (B)	372 uts.	*	371,644	535,007
Limited Liability Company Unit Common Class A (B)	3,594 uts.	12/19/14	-	170,837
*12/19/14 and 04/29/16.			371,644	705,844
<b>HHI Group, LLC</b>				
A developer, marketer, and distributor of hobby-grade radio control products.				
Limited Liability Company Unit (B)(F)	102 uts.	01/17/14	101,563	475,131
<b>Holley Performance Products</b>				
A provider of automotive aftermarket performance products.				
5.19% Term Loan due 10/17/2024 (LIBOR + 5.000%)	\$ 2,403,375	10/24/18	2,381,042	2,403,375
<b>Home Care Assistance, LLC</b>				
A provider of private pay non-medical home care assistance services.				
6.00% Term Loan due 03/30/2027 (LIBOR + 5.000%) (H)	\$ 854,557	03/26/21	673,113	673,815
<b>Hyperion Materials &amp; Technologies, Inc.</b>				
A producer of specialty hard materials and precision tool components that are used to make precision cutting, grinding and other machining tools used by tool manufacturers and final product manufacturers.				
6.50% Term Loan due 08/14/2026 (LIBOR + 5.500%)	\$ 1,585,368	08/16/19	1,564,090	1,579,233
<b>IGL Holdings III Corp.</b>				
A specialty label and flexible packaging converter.				
6.75% Term Loan due 10/23/2026 (LIBOR + 5.750%) (H)	\$ 1,718,933	11/02/20	1,176,700	1,207,280
<b>IM Analytics Holdings, LLC</b>				
A provider of test and measurement equipment used for vibration, noise, and shock testing.				
8.00% Term Loan due 11/22/2023 (LIBOR + 7.000%)	\$ 1,052,564	11/21/19	1,046,246	873,628
Warrant, exercisable until 2026, to purchase common stock at \$.01 per share (B)	8,885 shs.	11/25/19	-	-
			1,046,246	873,628

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Industrial Service Solutions</b>				
A provider of maintenance, repair and overhaul services for process equipment within the industrial, energy and power end-markets.				
6.50% Term Loan due 01/31/2026 (LIBOR + 5.500%)	\$ 890,314	02/05/20	\$ 876,667	\$ 812,857
<b>International Marine and Industrial Applicators</b>				
A provider of maintenance, repair and overhaul and new construction services for shipyards.				
6.15% Term Loan due 03/31/2027 (LIBOR + 6.000%)	\$ 1,725,000	04/09/21	1,691,812	1,690,500
<b>JF Petroleum Group</b>				
A provider of repair, maintenance, installation and projection management services to the US fueling infrastructure industry.				
5.68% Term Loan due 04/20/2026 (LIBOR + 5.500%)	\$ 684,852	05/04/21	664,964	671,867
<b>Kano Laboratories LLC</b>				
A producer of industrial strength penetrating oils and lubricants.				
6.00% Term Loan due 09/30/2026 (LIBOR + 5.000%) (H)	\$ 1,249,401	11/18/20	831,888	854,263
Limited Liability Company Unit	20 uts.	11/19/20	19,757	21,409
			851,645	875,672
<b>LAC Acquisition LLC</b>				
A provider of center-based applied behavior analysis treatment centers for children diagnosed with autism spectrum disorder.				
6.75% Term Loan due 10/01/2024 (LIBOR + 5.750%)	\$ 1,691,255	*	1,667,787	1,691,256
Limited Liability Company Unit Class A (F)	22,222 uts.	10/01/18	22,222	54,666
*10/01/18 and 01/29/21			1,690,009	1,745,922
<b>LYNX Franchising</b>				
A global franchisor of B2B services including commercial janitorial services, shared office space solutions, and textile and electronics restoration services.				
7.25% Term Loan due 12/18/2026 (LIBOR + 6.250%)	\$ 1,720,688	12/22/20	1,689,265	1,706,922
<b>Manhattan Beachwear Holding Company</b>				
A designer and distributor of women's swimwear.				
12.5% Senior Subordinated Note due 05/30/2022 (D)	\$ 419,971	01/15/10	404,121	-
15% (2.5% PIK) Senior Subordinated Note due 05/30/2022 (D)	\$ 115,253	10/05/10	114,604	-
Common Stock (B)	35 shs.	10/05/10	35,400	-
Common Stock Class B (B)	118 shs.	01/15/10	117,647	-
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	104 shs.	10/05/10	94,579	-
			766,351	-

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Master Cutlery LLC</b>				
A designer and marketer of a wide assortment of knives and swords.				
13% Senior Subordinated Note due 07/20/2022 (D)	\$ 868,102	04/17/15	\$ 867,529	\$ -
Limited Liability Company Unit	5 uts.	04/17/15	678,329	-
			<u>1,545,858</u>	<u>-</u>
<b>Media Recovery, Inc.</b>				
A global manufacturer and developer of shock, temperature, vibration and other condition indicators and monitors for in-transit and storage applications.				
7.00% First Out Term Loan due 11/22/2025 (LIBOR + 6.000%)	\$ 491,055	11/25/19	483,729	487,038
<b>MES Partners, Inc.</b>				
An industrial service business offering an array of cleaning and environmental services to the Gulf Coast region of the U.S.				
Preferred Stock Series A (B)	30,926 shs.	07/25/19	12,412	-
Preferred Stock Series C (B)	1,275 shs.	09/22/20	457,365	90,988
Common Stock Class B (B)	259,252 shs.	*	244,163	-
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	351,890 shs.	09/22/20	-	-
* 09/30/14 and 02/28/18.			<u>713,940</u>	<u>90,988</u>
<b>MeTEOR Education LLC</b>				
A leading provider of classroom and common area design services, furnishings, equipment and instructional support to K-12 schools.				
12% Senior Subordinated Note due 06/20/2023	\$ 915,819	03/09/18	908,288	915,819
Limited Liability Company Unit (B)(F)	182 uts.	03/09/18	183,164	220,791
			<u>1,091,452</u>	<u>1,136,610</u>
<b>Motion Controls Holdings</b>				
A manufacturer of high performance mechanical motion control and linkage products.				
Limited Liability Company Unit Class B-1 (B)(F)	75,000 uts.	11/30/10	-	28,314
Limited Liability Company Unit Class B-2 (B)(F)	6,801 uts.	11/30/10	-	2,568
			<u>-</u>	<u>30,882</u>
<b>Music Reports, Inc.</b>				
An administrator of comprehensive offering of rights and royalties solutions for music and cue sheet copyrights to music and entertainment customers.				
7.25% Term Loan due 08/21/2026 (LIBOR + 6.250%)	\$ 600,631	08/25/20	587,734	600,631

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Navia Benefit Solutions, Inc.</b>				
A third-party administrator of employee-directed healthcare benefits.				
6.25% Term Loan due 02/01/2026 (LIBOR + 5.250%) (H)	\$ 1,722,413	02/10/21	\$ 1,004,582	\$ 1,006,145
<b>Omni Logistics, LLC</b>				
A specialty freight forwarding business specifically targeting the semiconductor, media, technology and healthcare end markets.				
6.00% Term Loan due 12/30/2026 (LIBOR + 5.000%)	\$ 1,749,338	12/30/20	1,701,241	1,705,605
<b>Options Technology Ltd</b>				
A provider of vertically focused financial technology managed services and IT infrastructure products for the financial services industry.				
5.50% Term Loan due 12/18/2025 (LIBOR + 4.500%)	\$ 1,595,040	12/23/19	1,571,177	1,582,280
<b>PANOS Brands LLC</b>				
A marketer and distributor of branded consumer foods in the specialty, natural, better-for-you, "free from" healthy and gluten-free categories.				
12% (1% PIK) Senior Subordinated Note due 08/17/2022	\$ 1,775,705	02/17/17	1,767,532	1,775,705
Common Stock Class B (B)	380,545 shs.	*	380,545	524,200
* 01/29/16 and 02/17/17.			2,148,077	2,299,905
<b>PB Holdings LLC</b>				
A designer, manufacturer and installer of maintenance and repair parts and equipment for industrial customers.				
6.25% Term Loan due 02/28/2024 (LIBOR + 5.250%)	\$ 783,253	03/06/19	773,649	706,495
<b>Pegasus Transtech Corporation</b>				
A provider of end-to-end document, driver and logistics management solutions, which enable its customers (carriers, brokers, and drivers) to operate more efficiently, reduce manual overhead, enhance compliance, and shorten cash conversion cycles.				
7.75% Term Loan due 08/31/2026 (LIBOR + 6.750%)	\$ 385,704	09/29/20	373,910	385,704
7.75% Term Loan due 11/17/2024 (LIBOR + 6.750%)	\$ 1,887,732	11/14/17	1,864,929	1,887,732
			2,238,839	2,273,436
<b>Petroplex Inv Holdings LLC</b>				
A leading provider of acidizing services to E&P customers in the Permian Basin.				
Limited Liability Company Unit	0.40% int.	*	174,669	699
* 11/29/12 and 12/20/16.				

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Polytex Holdings LLC</b>				
A manufacturer of water based inks and related products serving primarily the wall covering market.				
13.9% (7.9% PIK) Senior Subordinated Note due 12/31/2021 (D)	\$ 1,069,985	07/31/14	\$ 1,064,183	\$ 962,986
Limited Liability Company Unit	148,096 uts.	07/31/14	148,096	5,474
Limited Liability Company Unit Class F	36,976 uts.	*	24,802	24,839
* 09/28/17 and 02/15/18.			<u>1,237,081</u>	<u>993,299</u>
<b>PPC Event Services</b>				
A special event equipment rental business.				
Preferred Stock Series P-1 (B)	71 shs.	07/21/20	71,018	-
Common Stock (B)	170,927 shs.	07/21/20	-	-
16.00% Term Loan due 05/28/2023 (D)	\$ 1,011,467	07/21/20	846,461	-
8.00% Term Loan due 05/28/2023 (D)	\$ 736,189	07/21/20	616,911	-
Limited Liability Company Unit (B)	3,450 uts.	11/20/14	172,500	-
Limited Liability Company Unit Series A-1 (B)	339 uts.	03/16/16	42,419	-
			<u>1,749,309</u>	<u>-</u>
<b>Recovery Point Systems, Inc.</b>				
A provider of IT infrastructure, colocation and cloud based resiliency services.				
7.50% Term Loan due 07/31/2026 (LIBOR + 6.500%)	\$ 1,346,340	08/12/20	1,323,383	1,346,340
Limited Liability Company Unit	21,532 uts.	03/05/21	21,532	19,573
			<u>1,344,915</u>	<u>1,365,913</u>
<b>RedSail Technologies</b>				
A provider of pharmacy management software solutions for independent pharmacies and long-term care facilities.				
6.25% Term Loan due 10/27/2026 (LIBOR + 5.500%)	\$ 1,700,693	12/09/20	1,662,178	1,666,009
<b>ReelCraft Industries, Inc.</b>				
A designer and manufacturer of heavy-duty reels for diversified industrial, mobile equipment OEM, auto aftermarket, government/military and other end markets.				
Limited Liability Company Unit Class B	293,617 uts.	11/13/17	184,689	930,711
<b>Resonetics, LLC</b>				
A provider of laser micro-machining manufacturing services for medical device and diagnostic companies.				
7.75% Second Lien Term Loan due 04/28/2029 (LIBOR + 7.000%)	\$ 1,725,000	04/28/21	1,691,256	1,690,500

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>REVSpring, Inc.</b>				
A provider of accounts receivable management and revenue cycle management services to customers in the healthcare, financial and utility industries.				
9.25% Second Lien Term Loan due 10/11/2026 (LIBOR + 8.250%)	\$ 1,725,000	10/11/18	\$ 1,690,854	\$ 1,725,000
<b>Rock-it Cargo</b>				
A provider of specialized international logistics solutions to the music touring, performing arts, live events, fine art and specialty industries.				
6.00% Term Loan due 06/22/2024 (LIBOR + 5.000% Cash & 2.750% PIK) (G)	\$ 2,460,756	*	2,429,807	1,936,615
* 07/30/18 and 09/30/20.				
<b>ROI Solutions</b>				
Call center outsourcing and end user engagement services provider.				
6.00% Term Loan due 07/31/2024 (LIBOR + 5.000%) (H)	\$ 1,592,918	07/31/18	614,977	631,357
<b>RPX Corp</b>				
A provider of subscription services that help member companies mitigate the risk of patent disputes and reduce the cost of patent litigation.				
7.00% Term Loan due 10/23/2025 (LIBOR + 6.000%)	\$ 1,591,313	10/22/20	1,560,430	1,593,699
<b>Ruffalo Noel Levitz</b>				
A provider of enrollment management, student retention and career services, and fundraising management for colleges and universities.				
7.00% Term Loan due 05/29/2022 (LIBOR + 6.000%)	\$ 1,235,484	01/08/19	1,230,510	1,235,484
<b>Safety Products Holdings, Inc.</b>				
A manufacturer of highly engineered safety cutting tools.				
Common Stock	29 shs.	12/16/20	29,262	36,378
7.00% Term Loan due 12/15/2026 (LIBOR + 6.000%) (H)	\$ 1,673,426	12/15/20	1,192,914	1,208,771
			1,222,176	1,245,149
<b>Sandvine Corporation</b>				
A provider of active network intelligence solutions.				
8.10% Second Lien Term Loan due 11/02/2026 (LIBOR + 8.000%)	\$ 1,725,000	11/01/18	1,696,220	1,725,000

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Sara Lee Frozen Foods</b>				
A provider of frozen bakery products, desserts and sweet baked goods.				
4.60% Lien Term Loan due 07/30/2025 (LIBOR + 4.500%)	\$ 1,498,789	07/27/18	\$ 1,479,138	\$ 1,408,862
<b>Scaled Agile, Inc.</b>				
A provider of training and certifications for IT professionals focused on software development.				
5.50% Term Loan due 06/28/2025 (LIBOR + 4.500%)	\$ 552,196	06/27/19	548,893	552,196
<b>SEKO Worldwide, LLC</b>				
A third-party logistics provider of ground, ocean, air and home delivery forwarding services.				
6.00% Term Loan due 12/30/2026 (LIBOR + 5.000%) (H)	\$ 1,717,630	12/30/20	1,426,549	1,466,720
<b>Smart Bear</b>				
A provider of web-based tools for software development, testing and monitoring.				
8.00% Second Lien Term Loan due 11/10/2028 (LIBOR + 7.500%)	\$ 1,724,999	03/20/21	1,679,051	1,681,875
<b>Specified Air Solutions</b>				
A manufacturer and distributor of heating, dehumidification and other air quality solutions.				
Limited Liability Company Unit	688,616 uts.	02/20/19	1,697,616	5,081,989
<b>Springbrook Software</b>				
A provider of vertical-market enterprise resource planning software and payments platforms focused on the local government end-market.				
6.75% Term Loan due 12/20/2026 (LIBOR + 5.750%) (H)	\$ 1,639,881	12/23/19	1,169,307	1,191,765
<b>SR Smith LLC</b>				
A manufacturer of mine and tunneling ventilation products in the United States.				
11% Senior Subordinated Note due 08/20/2025	\$ 1,084,565	*	1,047,502	1,084,565
Limited Liability Company Unit Series A	1,072 uts.	*	1,060,968	3,141,520
* 03/27/17 and 08/07/18.			2,108,470	4,226,085
<b>Strahman Holdings Inc.</b>				
A manufacturer of industrial valves and wash down equipment for a variety of industries, including chemical, petrochemical, polymer, pharmaceutical, food processing, beverage and mining.				
Preferred Stock Series A (B)	158,967 shs.	12/13/13	158,967	257,773
Preferred Stock Series A-2 (B)	26,543 shs.	09/10/15	29,994	43,042
			188,961	300,815

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Stratus Unlimited</b>				
A provider of brand implementation services.				
Limited Liability Company Unit (B)	75 uts.	06/30/21	\$ 74,666	\$ 74,670
<b>Sunvair Aerospace Group Inc.</b>				
An aerospace maintenance, repair, and overhaul provider servicing landing gears on narrow body aircraft.				
12% (1% PIK) Senior Subordinated Note due 08/01/2024	\$ 1,994,933	*	1,970,839	1,989,095
Preferred Stock Series A	28 shs.	12/21/20	71,176	72,553
Common Stock (B)	68 shs.	**	104,986	180,452
			<u>2,147,001</u>	<u>2,242,100</u>
* 07/31/15 and 12/21/20.				
** 07/31/15 and 11/08/17.				
<b>The Hilb Group, LLC</b>				
An insurance brokerage platform that offers insurance and benefits programs to middle-market companies throughout the Eastern seaboard.				
6.75% Term Loan due 09/30/2026 (LIBOR + 5.750%) (H)	\$ 1,713,748	*	1,571,130	1,561,406
* 12/02/19 and 12/15/20.				
<b>Therma-Stor Holdings LLC</b>				
A designer and manufacturer of dehumidifiers and water damage restoration equipment for residential and commercial applications.				
Limited Liability Company Unit (B)	19,696 uts.	11/30/17	-	10,698
<b>Transit Technologies LLC</b>				
A software platform for the transportation market that offers end-to-end software solutions focused on operations, fleet management and telematics services.				
5.75% Term Loan due 02/10/2025 (LIBOR + 4.750%) (H)	\$ 1,020,405	02/13/20	767,387	741,534
<b>Trident Maritime Systems</b>				
A leading provider of turnkey marine vessel systems and solutions for government and commercial new ship construction as well as repair, refurbishment, and retrofit markets worldwide.				
6.50% Term Loan due 02/19/2026 (LIBOR + 5.500%)	\$ 1,720,688	02/25/21	1,692,645	1,694,034
<b>Tristar Global Energy Solutions, Inc.</b>				
A hydrocarbon and decontamination services provider serving refineries worldwide.				
12.5% (1.5% PIK) Senior Subordinated Note due 03/31/2022 (D)	\$ 1,204,904	01/23/15	1,203,934	-

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Truck-Lite</b>				
A leading provider of harsh environment LED safety lighting, electronics, filtration systems, and telematics for a wide range of commercial vehicles, specialty vehicles, final mile delivery vehicles, off-road/off-highway, marine, and other adjacent harsh environment markets.				
7.25% Term Loan due 12/02/2026 (LIBOR + 6.250%)	\$ 1,705,096	12/13/19	\$ 1,678,540	\$ 1,705,096
<b>Trystar, Inc.</b>				
A niche manufacturer of temporary power distribution products for the power rental, industrial, commercial utility and back-up emergency markets.				
4.91% Term Loan due 10/01/2023 (LIBOR + 4.750%)	\$ 2,279,962	09/28/18	2,259,643	2,254,883
Limited Liability Company Unit (B)(F)	49 uts.	09/28/18	49,676	42,052
			<u>2,309,319</u>	<u>2,296,935</u>
<b>U.S. Legal Support, Inc.</b>				
A provider of court reporting, record retrieval and other legal supplemental services.				
6.75% Term Loan due 11/12/2024 (LIBOR + 5.750%)	\$ 2,094,729	*	2,070,861	1,992,087
* 11/29/18 and 03/25/19.				
<b>U.S. Oral Surgery Management</b>				
An operator of oral surgery practices providing medically necessary treatments.				
6.75% Term Loan due 12/31/2023 (LIBOR + 5.750%)	\$ 2,413,236	*	2,388,974	2,413,236
* 01/04/19 and 10/01/19.				
<b>U.S. Retirement &amp; Benefits Partners, Inc.</b>				
A leading independent provider of outsourced benefit design and administration and retirement services, primarily to K-12 school districts, employee unions, and governmental agencies.				
9.75% Second Lien Term Loan due 09/29/2025 (LIBOR + 8.750%)	\$ 1,698,817	03/05/18	1,678,608	1,698,817
<b>UBEO, LLC</b>				
A dealer and servicer of printers and copiers to medium sized businesses.				
11.00% Term Loan due 10/03/2024	\$ 1,558,661	11/05/18	1,541,463	1,558,661
<b>UroGPO, LLC</b>				
A group purchasing organization that connects pharmaceutical companies with urology practices to facilitate the purchase of pharmaceutical drugs for discounted prices.				
7.25% Term Loan due 12/15/2026 (LIBOR + 6.000%)	\$ 2,427,083	12/14/20	2,382,928	2,434,365

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>VitalSource</b>				
A provider of digital fulfillment software for the higher education sector.				
6.75% Term Loan due 06/01/2028 (LIBOR + 6.000%) Limited Liability Company Unit (B)	\$ 1,711,310 1,891 uts.	06/01/21 06/01/21	\$ 1,677,485 18,909	\$ 1,677,083 18,909
			<u>1,696,394</u>	<u>1,695,992</u>
<b>VP Holding Company</b>				
A provider of school transportation services for special-needs and homeless children in Massachusetts and Connecticut.				
6.50% Term Loan due 05/22/2024 (LIBOR + 5.500%)	\$ 2,408,360	05/17/18	2,385,160	2,360,193
			<u>2,385,160</u>	<u>2,360,193</u>
<b>Westminster Acquisition LLC</b>				
A manufacturer of premium, all-natural oyster cracker products sold under the Westminster and Olde Cape Cod brands.				
12% (1% PIK) Senior Subordinated Note due 08/03/2021 (D) Limited Liability Company Unit (B)(F)	\$ 383,062 370,241 uts.	08/03/15 08/03/15	382,227 370,241	- -
			<u>752,468</u>	<u>-</u>
<b>Whitebridge Pet Brands Holdings, LLC</b>				
A manufacturer and marketer of branded, all-natural treats and foods for dogs and cats.				
Limited Liability Company Unit Class A (B)(F) Limited Liability Company Unit Class B (B)(F)	123 uts. 123 uts.	04/18/17 04/18/17	148,096 -	175,661 830,029
			<u>148,096</u>	<u>1,005,690</u>
<b>Wolf-Gordon, Inc.</b>				
A designer and specialty distributor of wallcoverings and related building products, including textiles, paint, and writeable surfaces.				
Common Stock (B)	157 shs.	01/22/16	62,177	100,373
			<u>62,177</u>	<u>100,373</u>
<b>World 50, Inc.</b>				
A provider of exclusive peer-to-peer networks for C-suite executives at leading corporations.				
6.25% Term Loan due 01/10/2026 (LIBOR + 5.250%) 5.50% Term Loan due 12/31/2025 (LIBOR + 4.500%)	\$ 379,107 \$ 1,212,497	09/21/20 01/09/20	369,390 1,189,618	379,107 1,200,373
			<u>1,559,008</u>	<u>1,579,480</u>
<b>WP Supply Holding Corporation</b>				
A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest.				
Common Stock (B)	1,500 shs.	11/03/11	150,000	139,808
			<u>150,000</u>	<u>139,808</u>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>York Wall Holding Company</b>				
A designer, manufacturer and marketer of wall covering products for both residential and commercial wall coverings.				
Preferred Stock Series A (B)	2,936 shs.	02/05/19	\$ 293,616	\$ 293,600
Common Stock (B)	2,046 shs.	*	200,418	254,308
* 03/04/15 and 02/07/18.			494,034	547,908
<b>Total Private Placement Investments (E)</b>			<b>\$ 138,968,156</b>	<b>\$ 140,377,537</b>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
<b>Rule 144A Securities - 7.74%:</b>					
<b>Bonds - 7.74%</b>					
American Airlines Inc	11.750	07/15/25	\$ 500,000	\$ 495,794	\$ 627,500
BWAY Holding Company	7.250	04/15/25	750,000	702,847	734,999
CGG SA	8.750	04/01/27	356,000	356,000	368,460
Cleveland-Cliffs Inc.	9.875	10/17/25	331,000	357,997	387,935
CommScope Finance LLC	8.250	03/01/27	500,000	478,831	534,400
Coronado Finance Pty Ltd.	10.750	05/15/26	274,000	268,962	291,810
CVR Energy Inc.	5.750	02/15/28	500,000	457,262	503,850
Diebold Nixdorf	9.375	07/15/25	350,000	370,066	388,063
First Quantum Minerals Ltd.	7.500	04/01/25	500,000	478,026	518,750
First Quantum Minerals Ltd.	7.250	04/01/23	385,000	383,110	392,461
Houghton Mifflin Harcourt	9.000	02/15/25	500,000	492,626	535,000
LBC Tank Terminals Holding Netherlands B.V.	6.875	05/15/23	511,000	514,586	509,723
Neptune Energy Bondco PLC	6.625	05/15/25	500,000	494,281	513,350
OPE KAG Finance Sub	7.875	07/31/23	385,000	390,842	384,423
Panther BF Aggregator 2 LP	8.500	05/15/27	100,000	93,388	109,020
PBF Holding Company LLC	9.250	05/15/25	115,000	113,721	115,850
Picou Holdings LLC	10.000	12/31/24	500,000	450,004	498,125
Prime Security Services, LLC	6.250	01/15/28	885,000	782,981	941,418
Suncoke Energy	7.500	06/15/25	500,000	488,498	519,275
Terrier Media Buyer, Inc.	8.875	12/15/27	530,000	509,609	573,063
The Manitowoc Company, Inc.	9.000	04/01/26	500,000	489,079	542,500
Trident TPI Holdings Inc.	9.250	08/01/24	500,000	489,453	522,500
Veritas US, Inc.	10.500	02/01/24	750,000	686,121	769,852
Verscend Holding Corp	9.750	08/15/26	482,000	508,136	507,908
Warrior Met Coal, Inc.	8.000	11/01/24	161,000	161,000	163,415
<b>Total Bonds</b>				<b>11,013,220</b>	<b>11,953,650</b>
<b>Common Stock - 0.00%</b>					
TherOX, Inc. (B)			2	-	-
Touchstone Health Partnership (B)			292	-	-
<b>Total Common Stock</b>				<b>-</b>	<b>-</b>
<b>Total Rule 144A Securities</b>				<b>\$ 11,013,220</b>	<b>\$ 11,953,650</b>
<b>Total Corporate Restricted Securities</b>				<b>\$ 149,981,376</b>	<b>\$ 152,331,187</b>

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Corporate Public Securities - 3.76%: (A)	LIBOR Spread	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
<b>Bank Loans - 1.89%</b>						
Almonde, Inc.	7.250	8.250	06/13/25	\$ 500,000	\$ 505,000	\$ 504,815
Alpine US Bidco LLC	9.000	9.750	04/28/29	628,215	609,661	628,215
Edelman Financial Services	6.750	6.845	06/08/26	128,178	127,772	128,552
Magenta Buyer LLC	8.250	8.250	05/03/29	503,333	497,908	497,042
PS Logistics LLC	4.500	5.500	03/01/25	471,719	474,247	467,002
STS Operating, Inc.	8.000	9.000	04/25/26	500,000	505,000	462,750
Syncsort Incorporated	7.250	7.250	04/23/29	222,222	220,556	221,111
<b>Total Bank Loans</b>					<b>2,940,144</b>	<b>2,909,487</b>
<b>Bonds - 1.33%</b>						
Dish DBS Corporation		7.750	07/01/26	385,000	406,105	436,013
Genesis Energy LP		6.500	10/01/25	337,000	322,285	340,370
Hecla Mining Company		7.250	02/15/28	500,000	473,863	546,250
PBF Holding Company LLC		7.250	06/15/25	293,000	299,267	222,680
Triumph Group, Inc.		7.750	08/15/25	500,000	502,791	514,355
<b>Total Bonds</b>					<b>2,004,311</b>	<b>2,059,668</b>
<b>Common Stock - 0.20%</b>						
Tourmaline Oil Corp				52,194	139,761	314,548
<b>Total Common Stock</b>					<b>139,761</b>	<b>314,548</b>
<b>Preferred Stock - 0.34%</b>						
B. Riley Financial Inc.				20,000	500,000	519,200
<b>Total Preferred Stock</b>					<b>500,000</b>	<b>519,200</b>
<b>Total Corporate Public Securities</b>					<b>\$ 5,584,216</b>	<b>\$ 5,802,903</b>
<b>Total Investments</b>		<b>102.39%</b>			<b>\$ 155,565,592</b>	<b>\$ 158,134,090</b>
Other Assets		8.06				12,453,769
Liabilities		(10.45)				(16,145,571)
<b>Total Net Assets</b>		<b>100.00%</b>				<b>\$ 154,442,288</b>

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

(B) Non-income producing security.

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

(D) Defaulted security; interest not accrued.

(E) Illiquid security. As of June 30, 2021 the values of these securities amounted to \$140,377,537 or 90.89% of net assets.

(F) Held in PI Subsidiary Trust

(G) PIK non-accrual

(H) A portion of these securities contain unfunded commitments. As of June 30, 2021, total unfunded commitments amounted to \$5,373,918 and had unrealized appreciation of \$52,796 or 0.03% of net assets. See Note 7.

^ Effective yield at purchase

PIK - Payment-in-kind

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Industry Classification:	Fair Value/ Market Value	Fair Value/ Market Value	
<b>AEROSPACE &amp; DEFENSE - 7.63%</b>		<b>CONSUMER PRODUCTS - 4.46%</b>	
BEI Precision Systems & Space Company, Inc. \$	2,346,386	1A Smart Start, Inc.	\$ 1,699,126
CTS Engines	1,372,799	AMS Holding LLC	337,472
Dart Buyer, Inc.	1,408,417	Blue Wave Products, Inc.	384,538
International Marine and Industrial Applicators	1,690,500	Elite Sportswear Holding, LLC	-
Sunvair Aerospace Group Inc.	2,242,100	gloProfessional Holdings, Inc.	1,729,708
Trident Maritime Systems	1,694,034	Handi Quilter Holding Company	705,844
Trident TPI Holdings Inc.	522,500	HHI Group, LLC	475,131
Triumph Group, Inc.	514,355	Manhattan Beachwear Holding Company	-
	<u>11,791,091</u>	Master Cutlery LLC	-
		Whitebridge Pet Brands Holdings, LLC	1,005,690
<b>AIRLINES - 0.41%</b>		York Wall Holding Company	<u>547,908</u>
American Airlines Inc	<u>627,500</u>		<u>6,885,417</u>
<b>AUTOMOTIVE - 6.28%</b>		<b>DIVERSIFIED MANUFACTURING - 8.73%</b>	
Aurora Parts & Accessories LLC	360,974	Advanced Manufacturing Enterprises LLC	-
BBB Industries LLC	1,711,200	F G I Equity LLC	635,028
DPL Holding Corporation	778,828	Hyperion Materials & Technologies, Inc.	1,579,233
English Color & Supply LLC	1,962,485	Motion Controls Holdings	30,882
Holley Performance Products	2,403,375	Reelcraft Industries, Inc.	930,711
JF Petroleum Group	671,867	Resonetics, LLC	1,690,500
Panther BF Aggregator 2 LP	109,020	Safety Products Holdings, Inc.	1,245,149
Truck-Lite	1,705,096	SR Smith LLC	4,226,085
	<u>9,702,845</u>	Strahman Holdings Inc.	300,815
		The Manitowoc Company, Inc.	542,500
<b>BROKERAGE, ASSET MANAGERS &amp; EXCHANGES - 1.01%</b>		Therma-Stor Holdings LLC	10,698
The Hilb Group, LLC	<u>1,561,406</u>	Trystar, Inc.	<u>2,296,935</u>
<b>BUILDING MATERIALS - 0.06%</b>			<u>13,488,536</u>
Wolf-Gordon, Inc.	<u>100,373</u>	<b>ELECTRIC - 0.72%</b>	
<b>CHEMICALS - 1.54%</b>		Electric Power Systems International, Inc.	<u>1,114,147</u>
Kano Laboratories LLC	875,672	<b>ENVIRONMENTAL - 0.66%</b>	
LBC Tank Terminals Holding Netherlands B.V.	509,723	ENTACT Environmental Services, Inc.	<u>1,011,987</u>
Polytex Holdings LLC	993,299	<b>FINANCIAL OTHER - 2.66%</b>	
	<u>2,378,694</u>	Beacon Pointe Advisors, LLC	990,840
<b>CONSUMER CYCLICAL SERVICES - 3.77%</b>		B. Riley Financial Inc.	519,200
Accelerate Learning	944,536	Edelman Financial Services	128,552
LYNX Franchising	1,706,922	Foundation Risk Partners, Corp.	763,828
MeTEOR Education LLC	1,136,610	U.S. Retirement & Benefits Partners, Inc.	<u>1,698,817</u>
PPC Event Services	-		<u>4,101,237</u>
Prime Security Services, LLC	941,418	<b>FOOD &amp; BEVERAGE - 3.90%</b>	
PS Logistics LLC	467,002	Alpine US Bidco LLC	628,215
ROI Solutions	631,357	Del Real LLC	1,545,635
	<u>5,827,845</u>		

See Notes to Consolidated Financial Statements

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2021

(Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
PANOS Brands LLC	\$ 2,299,905	<b>METALS &amp; MINING - 2.15%</b>	
Sara Lee Frozen Foods	1,408,862	Cleveland-Cliffs Inc.	\$ 387,935
Westminster Acquisition LLC	-	Coronado Finance Pty Ltd.	291,810
WP Supply Holding Corporation	139,808	First Quantum Minerals Ltd.	911,211
	<u>6,022,425</u>	Hecla Mining Company	546,250
<b>HEALTHCARE - 7.31%</b>		Picou Holdings LLC	498,125
Cadence, Inc.	849,904	Suncoke Energy	519,275
GD Dental Services LLC	-	Warrior Met Coal, Inc.	163,415
Home Care Assistance, LLC	673,815		<u>3,318,021</u>
LAC Acquisition LLC	1,745,922	<b>MIDSTREAM - 0.22%</b>	
Navia Benefit Solutions, Inc.	1,006,145	Genesis Energy LP	340,370
RedSail Technologies	1,666,009	<b>OIL FIELD SERVICES - 0.78%</b>	
TherOX, Inc.	-	CGG SA	368,460
Touchstone Health Partnership	-	Neptune Energy Bondco PLC	513,350
U.S. Oral Surgery Management	2,413,236	Petroplex Inv Holdings LLC	699
UroGPO, LLC	2,434,365	Tourmaline Oil Corp	314,548
Verscend Holding Corp	507,908		<u>1,197,057</u>
	<u>11,297,304</u>	<b>PACKAGING - 1.64%</b>	
<b>INDUSTRIAL OTHER - 10.71%</b>		ASC Holdings, Inc.	937,887
Aftermath, Inc.	1,693,777	Brown Machine LLC	854,448
ASPEQ Holdings	1,193,450	BWAY Holding Company	734,999
Concept Machine Tool Sales, LLC	598,799		<u>2,527,334</u>
E.S.P. Associates, P.A.	213,219	<b>PAPER - 1.09%</b>	
IGL Holdings III Corp.	1,207,280	Dunn Paper	1,687,051
IM Analytics Holdings, LLC	873,628	<b>REFINING - 0.60%</b>	
Industrial Service Solutions	812,857	CVR Energy Inc.	503,850
Media Recovery, Inc.	487,038	MES Partners, Inc.	90,988
PB Holdings LLC	706,495	PBF Holding Company LLC	338,530
Specified Air Solutions	5,081,989	Tristar Global Energy Solutions, Inc.	-
Stratus Unlimited	74,670		<u>933,368</u>
STS Operating, Inc.	462,750	<b>TECHNOLOGY - 22.98%</b>	
UBEO, LLC	1,558,661	1WorldSync, Inc.	2,446,411
World 50, Inc.	1,579,480	Almonde, Inc.	504,815
	<u>16,544,093</u>	Audio Precision	1,724,310
<b>MEDIA &amp; ENTERTAINMENT - 3.10%</b>		Claritas Holdings, Inc.	1,564,403
Advantage Software	1,670,284	CloudWave	1,724,721
Cadent, LLC	970,232	Clubessential LLC	1,690,425
Dish DBS Corporation	436,013	Command Alkon	2,054,482
HOP Entertainment LLC	-	CommScope Finance LLC	534,400
Houghton Mifflin Harcourt	535,000	Diebold Nixdorf	388,063
Music Reports, Inc.	600,631	GraphPad Software, Inc.	2,590,725
Terrier Media Buyer, Inc.	573,063		
	<u>4,785,223</u>		

See Notes to Consolidated Financial Statements

**CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)****June 30, 2021****(Unaudited)**

<b>Industry Classification: (Continued)</b>	<u>Fair Value/ Market Value</u>
Halo Technology Bidco Limited	\$ 1,699,126
Magenta Buyer LLC	497,042
Options Technology Ltd	1,582,280
Recovery Point Systems, Inc.	1,365,913
REVSpring, Inc.	1,725,000
RPX Corp	1,593,699
Ruffalo Noel Levitz	1,235,484
Sandvine Corporation	1,725,000
Scaled Agile, Inc.	552,196
Smart Bear	1,681,875
Springbrook Software	1,191,765
Syncsort Incorporated	221,111
Transit Technologies LLC	741,534
U.S. Legal Support, Inc.	1,992,087
Veritas US, Inc.	769,852
VitalSource	1,695,992
	<u>35,492,711</u>
<b>TRANSPORTATION SERVICES - 9.98%</b>	
AIT Worldwide Logistics, Inc.	1,687,838
BDP International, Inc.	2,441,763
FragilePAK	1,141,462
Omni Logistics, LLC	1,705,605
OPE KAG Finance Sub	384,423
Pegasus Transtech Corporation	2,273,436
Rock-it Cargo	1,936,615
SEKO Worldwide, LLC	1,466,720
VP Holding Company	2,360,193
	<u>15,398,055</u>
<b>Total Investments - 102.39%</b> <b>(Cost - \$155,565,592)</b>	<u><u>\$158,134,090</u></u>

See Notes to Consolidated Financial Statements

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

## 1. History

Barings Participation Investors (the "Trust") was organized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts pursuant to a Declaration of Trust dated April 7, 1988.

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, when available, an opportunity for capital gains. The Trust's principal investments are privately placed, below investment grade, long-term debt obligations including bank loans and mezzanine debt instruments. Such direct placement securities may, in some cases, be accompanied by equity features such as common stock, preferred stock, warrants, conversion rights, or other equity features. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically made to small or middle market companies. In addition, the Trust may invest, subject to certain limitations, in marketable debt securities (including high yield and/or investment grade securities) and marketable common stock. 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 ("PI Subsidiary Trust") for the purpose of holding certain investments. The results of the PI Subsidiary Trust are consolidated in the accompanying financial statements. Footnote 2.D below discusses the Federal tax consequences of the PI 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 have 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 ensuring that those guidelines are being followed. Barings considers all relevant factors that are reasonably available, through either public information or information 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 \$140,377,537 (90.89% of net assets) as of June 30, 2021 the values of which 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.

### Independent Valuation Process

The fair value of bank loans and equity investments that are unsyndicated or for which market quotations are not readily available, including middle-market bank loans, will be submitted to an independent provider to perform an independent valuation on those bank loans and equity investments as of the end of each quarter. Such bank loans and equity investments will be held at cost until such time as they are sent to the valuation provider for an initial valuation subject to override by the Adviser should it determine that there have been material changes in interest rates and/or the credit quality of the issuer. The independent valuation provider applies various methods (synthetic rating analysis, discounting cash flows, and re-underwriting analysis) to establish the rate of return a market participant would require (the "discount rate") as of the valuation date, given market conditions, prevailing lending standards and the perceived credit quality of the issuer. Future expected cash flows for each investment are discounted back to present value using these discount rates in the discounted cash flow analysis. A range of value will be provided by the valuation provider and the Adviser will determine the point within that range that it will use in making valuation recommendations to the Trustees, and will report to the Trustees on its rationale for each such determination. The Adviser will continue to use its internal valuation model as a comparison point to validate

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

the price range provided by the valuation provider and, where applicable, in determining the point within that range that it will use in making valuation recommendations to the Trustees. If the Advisers' Pricing Committee disagrees with the price range provided, it may make a fair value recommendation to the Trustees that is outside of the range provided by the independent valuation provider, and will notify the Trustees of any such override and the reasons therefore. In certain instances, the Trust may determine that it is not cost-effective, and as a result is not in the shareholders' best interests, to request the independent valuation firm to perform the Procedures on certain investments. Such instances include, but are not limited to, situations where the fair value of the investment in the portfolio company is determined to be insignificant relative to the total investment portfolio. Finally, the Trustees determined in good faith that the Trust's investments were valued at fair value in accordance with the Trust's valuation policies and procedures and the 1940 Act based on, among other things, the input of Barings, the Trust's Audit Committee and the independent valuation firm.

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

**Corporate Public Securities at Fair Value – 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 June 30, 2021, 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.

At least 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 reviews also include an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations. 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 at Fair Value – Bank Loans, 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. Increases/(decreases) in the discount rate would result in a (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 at Fair Value – 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, to senior and junior subordinated debt, to preferred stock, then finally 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. Increases/(decreases) to the company's EBITDA and/or valuation multiple would result in increases/(decreases) to the equity value.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (Unaudited)

#### Short-Term Securities

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

#### New Accounting Pronouncement

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-04 ("ASU 2020-04") "Reference Rate Reform (Topic 848): Facilitation of the

Effects of Reference Rate Reform on Financial Reporting." This guidance provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The Trust expects that the adoption of this guidance will not have a material impact on the Trust's financial position, result of operations or cash flows.

#### 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 Trust's financial instruments are categorized as of June 30, 2021.

The fair values of the Trust's 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 June 30, 2021 are as follows:

Assets:	Total	Level 1	Level 2	Level 3
Restricted Securities				
Corporate Bonds	\$ 25,099,221	\$ -	\$11,953,650	\$ 13,145,571
Bank Loans	108,048,349	-	-	108,048,349
Common Stock - U.S.	2,081,444	-	-	2,081,444
Preferred Stock	1,854,950	-	-	1,854,950
Partnerships and LLCs	15,247,223	-	-	15,247,223
Public Securities				
Bank Loans	2,909,487	-	1,784,230	1,125,257
Corporate Bonds	2,059,668	-	2,059,668	-
Common Stock - U.S.	314,548	280,310	-	34,238
Preferred Stock	519,200	-	519,200	-
Short-term Securities	-	-	-	-
<b>Total</b>	<b>\$ 158,134,090</b>	<b>\$ 280,310</b>	<b>\$ 16,316,748</b>	<b>\$ 141,537,032</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(Unaudited)****Quantitative Information about Level 3 Fair Value Measurements**

The following table represents quantitative information about Level 3 fair value measurements as of June 30, 2021.

	Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted*
Bank Loans	\$ 88,352,267	Market Yield	Yield Analysis	5.7% - 16.3%	7.9%
Corporate Bonds	\$ 13,145,571	Income Approach	Implied Spread	9.7% - 21.4%	13.5%
Equity Securities**	\$ 18,982,229	Enterprise Value Waterfall Approach	Valuation Multiple	3.5x to 18.0x	12.1x
			EBITDA	\$(8.4) million to \$542.3 million	\$171.3 million

Certain of the Trust's Level 3 equity securities investments may be 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 \$21,056,966 have been excluded from the preceding table.

\* The weighted averages disclosed in the table above were weighted by relative fair value

\*\* Including partnerships and LLC's

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

Assets:	Beginning balance at 12/31/2020	Included in earnings	Purchases	Sales	Prepayments	Transfers into Level 3*	Transfers out of Level 3*	Ending balance at 6/30/2021
<b>Restricted Securities</b>								
Corporate Bonds	\$ 18,359,723	\$ 164,541	\$ 30,045	\$ (2,871,998)	\$ (2,536,740)	\$ -	\$ -	\$ 13,145,571
Bank Loans	88,124,979	821,164	24,531,105	(3,948)	(8,562,042)	3,137,091	-	108,048,349
Common Stock - U.S.	2,767,599	1,163,988	-	(1,879,403)	-	29,260	-	2,081,444
Preferred Stock	2,252,826	(134,982)	-	(262,894)	-	-	-	1,854,950
Partnerships and LLCs	8,261,019	5,696,277	1,661,143	(371,216)	-	-	-	15,247,223
<b>Public Securities</b>								
Bank Loans	1,137,471	100,700	1,107,276	-	(1,618,781)	398,591	-	1,125,257
Common Stock - U.S.	-	34,238	-	-	-	-	-	34,238
Corporate Bonds	-	-	-	-	-	-	-	-
	\$ 120,903,617	\$ 7,845,926	\$ 27,329,569	\$ (5,389,459)	\$ (12,717,563)	\$ 3,564,942	\$ -	\$ 141,537,032

\* For the six months ended June 30, 2021, transfers into and out of Level 3 were the result of changes in the observability of significant inputs for certain portfolio companies.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (Unaudited)

Income, Gains and Losses on Level 3 assets included in Net Increase in Net Assets resulting from Operations for the year 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)	\$ 192,510	\$ -
Net realized gain on investments before taxes	881,209	-
Net change in unrealized appreciation of investments before taxes	6,772,207	7,068,476

### B. Accounting for Investments:

#### Investment Income

Investment transactions are accounted for on the trade date. Interest income, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method, is recorded on the accrual basis to the extent that such amounts are expected to be collected. Generally, when interest and/or principal payments on a loan become past due, or if the Trust otherwise does not expect the borrower to be able to service its debt and other obligations, the Trust will place the investment on non-accrual status and will cease recognizing interest income on that investment for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. The Trust writes off any previously accrued and uncollected interest when it is determined that interest is no longer considered collectible. As of June 30, 2021, the fair value of the Trust's non-accrual assets was \$3,623,674, or 2.3% of the total fair value of the Trust's portfolio, and the cost of the Trust's non-accrual assets was \$9,461,929, or 6.1% of the total cost of the Trust's portfolio.

#### Payment-in-Kind Interest

The Trust currently holds, and expects to hold in the future, some investments in its portfolio that contain Payment-in-Kind ("PIK") interest provisions. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the investment, rather than being paid to the Trust in cash, and is recorded as interest income. Thus, the actual collection of PIK interest may be deferred until the time of debt principal repayment. PIK interest, which is a non-cash source of income at the time of recognition, is included in the Trust's taxable income and therefore affects the amount the Trust is required to distribute

to its stockholders to maintain its qualification as a "regulated investment company" for federal income tax purposes, even though the Trust has not yet collected the cash.

Generally, when current cash interest and/or principal payments on an investment become past due, or if the Trust otherwise does not expect the borrower to be able to service its debt and other obligations, the Trust will place the investment on PIK non-accrual status and will cease recognizing PIK interest income on that investment for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. The Trust writes off any accrued and uncollected PIK interest when it is determined that the PIK interest is no longer collectible. As of June 30, 2021, the fair value of the Trust's PIK non-accrual assets was \$1,936,615, or 1.2% of the total fair value of the Trust's portfolio, and the cost of the Trust's PIK non-accrual assets was \$2,429,807, or 1.6% of the total cost of the Trust's portfolio.

#### Realized Gain or Loss and Unrealized Appreciation or Depreciation of Portfolio Investments

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, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

#### 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 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.

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

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

identifies investment opportunities in the securities of entities that could cause such trade or business income to be allocable to the Trust. The PI Subsidiary Trust (described in Footnote 1, above) was formed in order to allow investment in such securities without adversely affecting the Trust's status as a regulated investment company.

The PI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust receiving any distributions from the PI Subsidiary Trust, all of the PI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. As of June 30, 2021, the PI Subsidiary Trust has incurred income tax expense of \$15.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. As of June 30, 2021, the PI Subsidiary Trust has no deferred tax liability.

**E. Distributions to Shareholders:**

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

**3. Investment Advisory and Administrative Services Contract****A. Services:**

Under an Investment Advisory and Administrative Services Contract (the "Contract") with the Trust, Barings has agreed 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 equal to 0.225% of the value of the Trust's net assets as of the last business day of each fiscal quarter, an amount approximately equivalent to 0.90% on an annual basis. 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.

**C. Basis for Board Renewal of Contract**

At a meeting of the Trustees held by remote electronic communications (in accordance with Securities and Exchange Commission relief) on April 23, 2021, the Trustees (including a majority of the Trustees who are not "interested persons" of the Trust or Barings) unanimously approved a one-year continuance of the Contract.

Prior to the meeting, the Trustees requested and received from Ropes & Gray LLP, counsel to the Trust, a memorandum describing the Trustees' legal responsibilities in connection with their review and re-approval of the Contract. The Trustees also requested and received from Barings extensive written and oral information regarding, among other matters: the principal terms of the Contract; the reasons why Barings was proposing the continuance of the Contract; Barings and its personnel; the Trust's investment performance, including comparative performance information; the nature and quality of the services provided by Barings to the Trust; financial results and condition of Barings; the fee arrangements between Barings and the Trust; fee and expense information, including comparative fee and expense information; profitability of the advisory arrangement to Barings; and "fallout" benefits to Barings resulting from the Contract.

In connection with their deliberations regarding the continuation of the Contract, the Trustees, including the independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. The Trustees' conclusion as to the continuance of the Contract was based on a comprehensive consideration of all information provided to the Trustees and not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors. It is also important to recognize that the fee arrangements between Barings and the Trust are the result of years of review and discussion between the independent Trustees and Barings, that certain aspects of such arrangements may receive greater scrutiny in some years than in others, and that the Trustees' conclusions may be based, in part, on their consideration of these same arrangements during the course of the year and in prior years.

**Nature, Extent and Quality of Services to be Provided by Barings to the Trust**

In evaluating the scope and quality of the services provided by Barings to the Trust, the Trustees considered, among other factors: (i) the scope of services required to be provided by Barings under the Contract; (ii) Barings' ability to find and negotiate private placement securities that are consistent with the stated investment objectives of the Trust; (iii) the experience and quality of Barings' staff; (iv) the strength of Barings' financial condition; (v) the nature of the private placement market compared to public markets

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (Unaudited)

(including the fact that finding, analyzing, negotiating and servicing private placement securities is more labor-intensive than buying and selling public securities and the administration of private placement securities is more extensive, expensive, and requires greater time and expertise than a portfolio of only public securities); (vi) the potential advantages afforded to the Trust by its ability to co-invest in negotiated private placements with MassMutual and its affiliates; and (vii) the scope of services provided by Barings in light of regulatory and legislative initiatives that have required increased legal, compliance and business attention and diligence. Based on such considerations, the Trustees concluded that, overall, they are satisfied with the nature, extent and quality of services provided by Barings, and expected to be provided in the future, under the renewed Contract.

#### Investment Performance

The Trustees also examined the Trust's short-term, intermediate-term, and long-term performance as compared against various benchmark indices presented at the meeting, which showed that the Trust had outperformed the Credit Suisse Leveraged Loan Index for the 1- and 3- year periods, had underperformed the Bloomberg Barclays US Corporate High Yield Index for the 1- and 5-year periods, and outperformed that index for the 3- and 10-year periods, and had underperformed the S&P 500 Index for the 1-, 3-, 5- and 10-year periods, in each case ended December 31, 2020. In addition, the Trustees considered comparisons of the Trust's performance with the performance of (i) selected closed-end investment companies and funds that may invest in private placement securities and/or bank loans; (ii) selected business development companies with comparable types of investments; and (iii) investment companies included in the Broadridge closed-end bond universe. The Trustees considered that, while such comparisons are helpful in judging performance, they are not directly comparable in terms of types of investments. Based on these considerations and the detailed performance information provided to the Trustees at the regular Board meetings each quarter, the Trustees concluded that the Trust's absolute and relative performance over time have been sufficient to warrant renewal of the Contract.

#### Advisory Fee/Cost of Services Provided and Profitability/Manager's "Fall-Out" Benefits

In connection with the Trustees' consideration of the advisory fee paid by the Trust to Barings under the Contract, Barings noted that it was unaware of any registered closed-end investment companies that are directly comparable to the Trust in terms of the types of investments and percentages invested in private placement securities (which require more extensive advisory and administrative services than a portfolio of publicly traded securities, as previously discussed) other than Barings Corporate Investors, which is also advised by Barings. Under the terms of its Investment Services Contract, Barings Corporate Investors is charged a

quarterly investment advisory fee of 0.3125% of net asset value as of the end of each quarter, which is approximately equal to 1.25% annually. In considering the fee rate provided in the Contract, the Trustees noted the advisory fee charged by Barings to various private and public funds that Barings manages that invest in similar asset classes, and observed that the fee charged to Barings Corporate Investors is lower than the Trust's advisory fee.

At the request of the Trustees, Barings provided information concerning the profitability of Barings' advisory relationship with the Trust. The Trustees also considered the non-economic benefits Barings and its affiliates derived from its relationship with the Trust, including the reputational benefits derived from having the Trust listed on the New York Stock Exchange, and the de minimis amount of commissions resulting from the Trust's portfolio transactions used by Barings for third-party soft dollar arrangements. The Trustees recognized that Barings should be entitled to earn a reasonable level of profit for services provided to the Trust and, based on their review, concluded that they were satisfied that Barings' historical level of profitability from its relationship with the Trust was not excessive and that the advisory fee structure under the Contract is reasonable.

#### Economies of Scale

The Trustees considered the concept of economies of scale and possible advisory fee reductions if the Trust were to grow in assets. Given that the Trust is not continuously offering shares, such growth comes principally from retained net realized gain on investments and dividend reinvestment. The Trustees concluded that the absence of breakpoints in the fee schedule under the Contract was currently acceptable given the Trust's current size and closed-end fund structure.

Based on their evaluation of factors that they deemed to be material, including those factors described above, the Trustees (including a majority of the Trustees who are not "interested persons" of the Trust or Barings) unanimously concluded that the Trust's Contract should be continued for an additional one-year period.

#### 4. Senior Indebtedness

MassMutual holds the Trust's \$15,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust on December 13, 2011. The Note is due December 13, 2023 and accrues interest at 4.09% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the three months ended June 30, 2021, the Trust incurred total interest expense on the Note of \$306,750.

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

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

redemption date plus the Make Whole Premium. The Make Whole Premium equals the excess of (i) the present value of the scheduled payments of principal and interest which the Trust would have paid but for the proposed redemption, discounted at the rate of interest of U.S. Treasury obligations whose maturity approximates that of the Note plus 0.50% over (ii) the principal of the Note proposed to be redeemed.

**5. Purchases and Sales of Investments**

	For the six months ended 06/30/2021	
	Cost of Investments Acquired	Proceeds from Sales or Maturities
Corporate restricted securities	\$27,835,611	\$18,756,052
Corporate public securities	2,788,955	5,603,413

**6. Investment Risks**

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

**Impacts of COVID-19**

The pandemic related to the global spread of novel coronavirus disease (COVID-19), which was first detected in December 2019, has resulted in significant disruptions to global business activity and the global economy, as well as the economies of individual countries, the financial performance of individual companies and sectors, and the securities and commodities markets in general. This pandemic, the full effects of which are still unknown, has resulted in substantial market volatility and may continue to adversely impact the prices and liquidity of the Trust's investments and the Trust's performance.

**LIBOR**

The United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, announced a desire to phase out the use of LIBOR by the end of 2021. LIBOR has historically been a common benchmark interest rate index used to make adjustments to variable-rate loans. It is used throughout global banking and financial industries to determine interest rates for a variety of financial instruments and borrowing arrangements. The transition process might lead to increased volatility and illiquidity in markets that currently rely on LIBOR to determine interest rates. It could also lead to a reduction in the value of some LIBOR-based investments held by a

fund and reduce the effectiveness of new hedges placed against existing LIBOR-based investments. While some LIBOR-based instruments contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology, not all have such provisions and there may be significant uncertainty regarding the effectiveness of any such alternative methodologies. Since the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur prior to the end of 2021.

**7. 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 June 30, 2021 the Trust had the following unfunded commitments:

<u>Investment</u>	<u>Unfunded Amount</u>	<u>Unfunded Value</u>
Dart Buyer, Inc	\$ 281,175	\$ 287,555
Electric Power Systems International Inc	113,921	113,856
Foundation Risk Partners, Corp.	222,222	229,092
FragilePAK	539,063	538,832
Home Care Assistance, LLC	165,078	165,295
IGL Holdings III Corp.	511,653	520,755
Kano Laboratories LLC	395,138	402,214
Navia Benefit Solutions Inc	690,000	690,627
ROI Solutions, LLC	961,561	971,449
Safety Products Holdings, Inc.	446,247	450,475
SEKO Worldwide, LLC	250,909	256,777
Springbrook Software	448,116	454,978
The Hilb Group, LLC	108,740	110,795
Transit Technologies LLC	240,095	234,012
	<u>\$5,373,918</u>	<u>\$5,426,713</u>

As of June 30, 2021 unfunded commitments had unrealized appreciation of \$52,796 or 0.03% of net assets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

### 8. Quarterly Results of Investment Operations (unaudited)

	March 31, 2021	
	Amount	Per Share
Investment income	\$2,742,160	
Net investment income	2,059,266	\$0.19
Net realized and unrealized gain on investments (net of taxes)	4,123,347	0.39
June 30, 2021		
	Amount	Per Share
Investment income	\$2,799,993	
Net investment income	2,108,892	\$0.20
Net realized and unrealized gain on investments (net of taxes)	4,093,744	0.39

### 9. Results of Shareholder Meeting

The Annual Meeting of Shareholders was held on Friday, April 23, 2021. The shareholders were asked to vote to re-elect Edward P. Grace and Clifford M. Noreen as Trustees for three-year terms, respectively, and to elect Eric J. Lloyd as Trustee for a one-year term. The shareholders approved the proposal. The Trust's other Trustees, Michael H. Brown, Barbara M. Ginader, Maleyne M. Syracuse and Susan B. Sweeney continued to serve their respective terms following the April 23, 2021 Annual Shareholder Meeting. Robert E. Joyal retired following the April 23, 2021 Annual Shareholder Meeting. The results of the voting are set forth below.

	Shares for	Withheld
Edward P. Grace	8,021,414	278,946
Clifford M. Noreen	8,024,394	275,966
Eric J. Lloyd	8,040,778	259,582

### 10. Subsequent Events

On July 22, 2021, MassMutual provided the Trust a five-year \$15,000,000 committed revolving credit facility. Interest charged is at the rate of LIBOR (London Interbank Offered Rate) plus 2.25% on the outstanding borrowings. The Trust will also be responsible for paying a non-usage fee of 0.50% on the unused amount. As of August 25, 2021, the Trust had no outstanding borrowings on the revolving credit facility.

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

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

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

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

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

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

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

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

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

April 2019

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

Clifford M. Noreen  
Chairman

Michael H. Brown\*

Barbara M. Ginader\*

Edward P. Grace III\*

Eric J. Lloyd

Susan B. Sweeney\*

Maleyne M. Syracuse\*

\*Member of the Audit Committee

## **Officers**

Christina Emery  
President

Jonathan Bock  
Chief Financial Officer

Jill Dinerman  
Chief Legal Officer

Michael Cowart  
Chief Compliance Officer

Elizabeth Murray  
Principal Accounting Officer

Christopher D. Hanscom  
Treasurer

Ashlee Steinnerd  
Secretary

Alexandra Pacini  
Assistant Secretary

Sean Feeley  
Vice President

Jonathan Landsberg  
Vice President

## **DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN**

Barings Participation Investors (the "Trust") offers a Dividend Reinvestment and Cash Purchase Plan (the "Plan"). The Plan provides a simple and automatic way for shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the reinvestment of cash dividends in Trust shares purchased in the open market. The dividends of each shareholder will be automatically reinvested in the Trust by DST Systems, Inc., the Transfer Agent, in accordance with the Plan, unless such shareholder elects not to participate by providing written notice to the Transfer Agent. A shareholder may terminate his or her participation by notifying the Transfer Agent in writing.

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 \$100 nor more than \$5,000 per quarter. Cash contributions must be received by the Transfer Agent at least five days (but no more than 30 days) before the payment date of a dividend or distribution.

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

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

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

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

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



**Barings**  
**Participation Investors**