

BARINGS PARTICIPATION INVESTORS

Form N-30D

December 05, 2016

Adviser

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

Independent Registered Public Accounting Firm

KPMG LLP
Boston, Massachusetts 02110

Counsel to the Trust

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Boston, Massachusetts 02110

Custodian

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Internet Website

www.barings.com/funds/closed-end-funds/barings-participation-investors

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

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 maximize total return by providing a high level of current income, the potential for growth of income, and capital appreciation. The Trust's principal investments are privately placed, below-investment grade, long-term debt obligations purchased directly from their issuers, which tend to be smaller companies. The Trust will also invest in publicly traded debt securities (including high yield securities) again with an emphasis on those with equity features, and in convertible preferred stocks and, subject to certain limitations, readily marketable equity securities. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay principal. The Trust is prohibited from purchasing below-investment grade securities if, after giving effect to the purchase, more than 75% of the Trust's total assets would be invested in below-investment grade securities, which are securities that are rated, at the time of purchase, BB or B by S&P or Ba or B by Moody's, or, if unrated, are believed by Barings LLC ("Barings") to be of an equivalent quality. In addition, the Trust will not invest in any debt security that is rated, at the time of acquisition, below B by S&P or Moody's, or if unrated, is believed by Barings to be of an equivalent quality. In addition, the Trust may invest in high quality, readily marketable securities.

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

Form N-Q

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

Proxy Voting Policies & Procedures; Proxy Voting Record

The Trustees of the Trust have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Barings. A description of Barings' proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 866-399-1516; (2) on the Trust's website:

<http://www.barings.com/funds/closed-end-funds/barings-participation-investors>; 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:

<http://www.barings.com/funds/closed-end-funds/barings-participation-investors>; 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.

Barings Participation Investors
(formerly known as Babson Capital Participation Investors)

TO OUR SHAREHOLDERS

October 31, 2016

We are pleased to present the September 30, 2016 Quarterly Report of Barings Participation Investors (the "Trust").

As I am sure you have noticed, in September we changed the name of the Trust from Babson Capital Participation Investors to Barings Participation Investors. The name change was made to clarify the Trust's relationship with the Trust's investment adviser, Barings LLC. Barings LLC, and its predecessors, has been the investment adviser for the Trust since the Trust's inception in 1988, and will continue in this capacity. Other than the name of the Trust, nothing else has changed – the Trust's investment objectives, philosophies and policies are unchanged; even the Trust's New York Stock Exchange trading symbol, "MPV", is unchanged. All we have is a new name – Barings Participation Investors.

The Board of Trustees declared a quarterly dividend of \$0.27 per share, payable on November 18, 2016 to shareholders of record on November 7, 2016. The Trust paid a \$0.27 per share dividend for the preceding quarter. The Trust earned \$0.23 per share of net investment income for the third quarter of 2016, compared to \$0.25 per share in the previous quarter.

During the third quarter, the net assets of the Trust increased to \$141,496,822 or \$13.65 per share, compared to \$139,379,949 or \$13.46 per share on June 30, 2016. This translates into a 3.5% 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 8.4%, 10.3%, 11.2%, 9.7% and 12.2% for the 1-, 3-, 5-, 10-, and 25-year time periods, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends.

The Trust's share price decreased 1.2% during the quarter, from \$14.73 per share as of June 30, 2016 to \$14.55 per share as of September 30, 2016. The Trust's market price of \$14.55 per share equates to a 6.6% premium over the September 30, 2016 net asset value per share of \$13.65. The Trust's average quarter-end premium for the 3-, 5- and 10-year periods was 1.5%, 8.2% and 7.4%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 9.0% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 5.6% for the quarter.

The Trust closed two new private placement investments, as well as four add-on investments in existing portfolio companies, during the third quarter. The two new investments were in Dunn Paper and Happy Floors Acquisition, Inc., while the four add-on investments were in Clarion Brands Holding Corp., CTM Holding, Inc., ERG Holding Company LLC and HVAC Holdings, Inc. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$5,327,000.

While deal flow remained relatively steady, our investment activity measured by new closed platform investments moderated during the third quarter as several opportunities took longer to complete and therefore did not close during the quarter. Some of these opportunities have now, in fact, closed allowing the fourth quarter to start off with good momentum. With a steady pipeline of investment opportunities, we remain cautiously optimistic about the prospects for new investment activity for the balance of 2016 and into early 2017. That said, high purchase price multiples, aggressive credit terms, increased competition in middle market finance, and the 2016 election all may have an impact on investment activity in the near term. Purchase multiples continue to remain above historical averages, and while leverage multiples appear to have stabilized, they also remain above historical averages. Furthermore, credit terms

have loosened somewhat which has added risk to investment opportunities. While we continue to actively pursue new investments on behalf of the Trust, we do so cautiously and with credit discipline, consistent with our longstanding investment philosophy of seeking to take prudent levels of risk and getting paid appropriately for the risk taken.

The Trust's remaining portfolio remains in good condition with the number of companies on our watch list and/or in default continuing to be below historical averages. We exited four investments during the quarter, three of which resulted in realized gains while one long-time troubled investment, Airworx, resulted in a loss. In one of the three successful exits, the Trust subsequently reinvested with the new buyer. We also had one company fully prepay its subordinated notes, one company partially prepay its subordinated notes, and one company refinance its subordinated debt with the Trust participating in the issue of new subordinated notes. Of note, the Trust continues to hold investments in a number of companies that we expect to be sold over the next two to three quarters.

While the Trust was able to maintain its \$0.27 per share quarterly dividend for the third quarter, we must make note again, as we have for several quarters now, that this dividend level may not be sustainable. The Trust's net investment income per share from recurring sources of \$0.25 for the third quarter was once again below the dividend rate. Net

(Continued)

investment income per share from recurring sources has been below the dividend rate for every quarter since the second quarter of 2012. As we have discussed in prior reports, net investment income is down principally due to the considerable reduction in the number of private debt securities in the portfolio resulting from the high level of exit and prepayment activity that occurred in 2013 and 2014, and the challenges of replacing that level of exits and prepayments in a prudent and timely manner. Furthermore, competitive market conditions have put downward pressure on investment returns from what they were just a couple of years ago. While we have made some progress in rebuilding the private portfolio of late, it remains below its former size. Unless market conditions change dramatically, it is unlikely that we will be able to completely rebuild the portfolio back to its former size in the near term and grow net investment income sufficiently to maintain the quarterly dividend at current levels. We have been able to maintain the \$0.27 per share quarterly dividend with recurring income, supplemented with non-recurring income and earnings carried forward from prior quarters. Over time, however, the Trust's dividend-paying ability tends to be correlated with its recurring earnings capacity. This quarter, the Trust utilized \$0.04 per share of earnings carry-forwards to maintain the \$0.27 per share quarterly dividend (\$0.02 to maintain the dividend and \$0.02 to off-set a non-recurring write-off). Barring an unforeseen favorable change in the market or significant non-recurring income events, it is a distinct possibility that we may have to reduce the dividend in the future from the current \$0.27 per share quarterly rate to a level that is consistent with the Trust's recurring income levels. We and the Board of Trustees will continue to evaluate the current and future earnings capacity of the Trust and formulate a dividend strategy that is consistent with that earnings level.

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

Sincerely,

Robert M. Shettle
President

Portfolio Composition as of 9/30/2016*

* 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.

Barings Participation Investors
(formerly known as Babson Capital Participation Investors)

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

September 30, 2016

(Unaudited)

Assets:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$96,700,255)	\$98,517,161
Corporate restricted securities at market value (Cost - \$19,645,379)	19,545,713
Corporate public securities at market value (Cost - \$25,156,003)	25,766,096
Short-term securities at amortized cost	8,497,870
Total investments (Cost - \$149,999,507)	152,326,840
Cash	6,545,182
Interest receivable	1,406,412
Other assets	48,733
Total assets	160,327,167

Liabilities:

Note payable	15,000,000
Payable for investments purchased	1,690,500
Deferred tax liability	1,112,849
Investment advisory fee payable	631,973
Interest payable	27,267
Accrued expenses	367,756
Total liabilities	18,830,345
Total net assets	\$141,496,822

Net Assets:

Common shares, par value \$.01 per share	\$103,691
Additional paid-in capital	95,814,366
Retained net realized gain on investments, prior years	40,511,310
Undistributed net investment income	3,028,592
Accumulated net realized gain on investments	824,379

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Net unrealized appreciation of investments	1,214,484
Total net assets	\$ 141,496,822
Common shares issued and outstanding (14,787,750 authorized)	10,369,161
Net asset value per share	\$ 13.65

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the nine months ended September 30, 2016

(Unaudited)

Investment Income:	
Interest	\$8,919,324
Dividends	120,953
Other	159,021
Total investment income	9,199,298
Expenses:	
Investment advisory fees	943,470
Interest	460,125
Trustees' fees and expenses	225,000
Professional fees	182,665
Reports to shareholders	72,000
Custodian fees	18,000
Other	85,266
Total expenses	1,986,526
Investment income - net	7,212,772
Net realized and unrealized gain on investments:	
Net realized gain on investments before taxes	923,822
Income tax expense	(187,753)
Net realized gain on investments after taxes	736,069
Net change in unrealized appreciation of investments before taxes	3,830,541
Net change in deferred income tax expense	(603,761)
Net change in unrealized appreciation of investments after taxes	3,226,780
Net gain on investments	3,962,849
Net increase in net assets resulting from operations	\$11,175,621

See Notes to Consolidated Financial Statements

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Barings Participation Investors
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2016

(Unaudited)

Net decrease in cash:

Cash flows from operating activities:

Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$(4,457,112)
Purchases of portfolio securities	(31,478,259)
Proceeds from disposition of portfolio securities	37,456,857
Interest, dividends and other income received	8,372,416
Interest expense paid	(460,125)
Operating expenses paid	(1,091,558)
Income taxes paid	(662,200)

Net cash provided by operating activities	7,680,019
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Cash flows from financing activities:

Cash dividends paid from net investment income	(8,377,234)
Receipts for shares issued on reinvestment of dividends	560,135

Net cash used for financing activities	(7,817,099)
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Net decrease in cash	(137,080)
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Cash - beginning of year	6,682,262
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Cash - end of period	\$6,545,182
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Reconciliation of net increase in net assets
to net cash provided by operating activities:

Net increase in net assets resulting from operations	\$11,175,621
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Increase in investments	(5,935,159)
Decrease in interest receivable	206,850
Increase in other assets	(21,950)
Increase in deferred tax liability	603,761
Increase in investment advisory fee payable	327,436
Increase in payable for investments purchased	1,690,500
Increase in accrued expenses	107,407
Decrease in tax payable	(474,447)
Total adjustments to net assets from operations	(3,495,602)

Net cash provided by operating activities	\$7,680,019
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See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the nine months ended 09/30/2016 (Unaudited)	For the year ended 12/31/2015
Increase/(decrease) in net assets:		
Operations:		
Investment income - net	\$7,212,772	\$9,762,813
Net realized gain on investments after taxes	736,069	161,395
Net change in unrealized appreciation/(depreciation) of investments after taxes	3,226,780	(1,368,494)
Net increase in net assets resulting from operations	11,175,621	8,555,714
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2016 - 40,770; 2015 - 27,306)	560,135	368,734
Dividends to shareholders from:		
Net investment income (2016 - \$0.54 per share; 2015 - \$1.08 per share)	(5,588,568)	(11,143,733)
Total increase/(decrease) in net assets	6,147,188	(2,219,285)
Net assets, beginning of period/year	135,349,634	137,568,919
Net assets, end of period/year (including undistributed net investment income of \$3,028,592 and \$1,404,388, respectively)	\$ 141,496,822	\$ 135,349,634

See Notes to Consolidated Financial Statements

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Barings Participation Investors
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CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

		For the years ended December 31,			
	For the nine months ended 09/30/16 (Unaudited)	2015	2014	2013	2012
Net asset value:					
Beginning of period/year	\$ 13.10	\$ 13.35	\$ 12.83	\$ 12.56	\$ 11.90
Net investment income (a)	0.70	0.95	1.04	1.00	1.08
Net realized and unrealized gain (loss) on investments	0.38	(0.12)	0.57	0.35	0.64
Total from investment operations	1.08	0.83	1.61	1.35	1.72
Dividends from net investment income to common shareholders	(0.54)	(1.08)	(0.96)	(1.08)	(1.04)
Dividends from realized gain on investments to common shareholders	—	—	(0.12)	—	(0.04)
Increase from dividends reinvested	0.01	(0.00)(b)	(0.01)	(0.00)(b)	0.02
Total dividends	(0.53)	(1.08)	(1.09)	(1.08)	(1.06)
Net asset value: End of period/year	\$ 13.65	\$ 13.10	\$ 13.35	\$ 12.83	\$ 12.56
Per share market value:					
End of period/year	\$ 14.55	\$ 13.75	\$ 13.23	\$ 12.88	\$ 13.91
Total investment return					
Net asset value (c)	8.44%	6.23%	13.61%	10.97%	15.89%
Market value (c)	9.94%	12.66%	12.54%	0.47%	(4.54%)
Net assets (in millions):					
End of period/year	\$ 141.50	\$ 135.35	\$ 137.57	\$ 131.42	\$ 127.87
Ratio of total expenses to average net assets	2.09%(e)	2.17%	2.84%	2.15%	2.83%
Ratio of operating expenses to average net assets	1.47%(e)	1.49%	1.49%	1.51%	1.51%
Ratio of interest expense to average net assets	0.44%(e)	0.44%	0.45%	0.47%	0.49%
Ratio of income tax expense to average net assets (d)	0.18%(e)	0.24%	0.90%	0.17%	0.83%
Ratio of net investment income to average net assets	6.96%(e)	6.95%	7.82%	7.77%	8.82%
Portfolio turnover	24%	30%	32%	30%	34%

(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

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outstanding; past performance is no guarantee of future results.

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

(e) Annualized.

Senior borrowings:

Total principal amount (in millions)	\$15	\$15	\$15	\$15	\$15
Asset coverage per \$1,000 of indebtedness	\$10,433	\$10,023	\$10,171	\$9,761	\$9,525

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS

September 30, 2016

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 83.44%: (A)				
Private Placement Investments - 69.63%: (C)				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
Limited Liability Company Unit Class A Preferred (B)	102 uts.	10/17/12	\$ 102,270	\$ 137,055
Limited Liability Company Unit Class A Common (B)	11,364 uts.	10/17/12	11,364	153,952
			113,634	291,007
ABC Industries, Inc.				
A manufacturer of mine and tunneling ventilation products in the U.S.				
13% Senior Subordinated Note due 07/31/2019	\$ 139,205	08/01/12	131,415	138,330
	125,000			
Preferred Stock Series A (B)	shs.	08/01/12	125,000	224,686
Warrant, exercisable until 2022, to purchase common stock at \$.02 per share (B)	22,414 shs.	08/01/12	42,446	37,857
			298,861	400,873
Advanced Manufacturing Enterprises LLC				
A designer and manufacturer of large, custom gearing products for a number of critical customer applications.				
Limited Liability Company Unit (B)	1,945 uts.	*	207,910	—
* 12/07/12, 07/11/13 and 06/30/15.				
Advanced Technologies Holdings				
A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	152 shs.	12/27/07	75,131	329,556
Convertible Preferred Stock Series B (B)	28 shs.	01/04/11	21,600	60,321
			96,731	389,877
AFC - Dell Holding Corporation				
A distributor and provider of inventory management services for "C-Parts" used by OEMs in their manufacturing and production facilities.				
12.5% Senior Subordinated Note due 09/27/2020	\$ 1,200,329	03/27/15	1,181,644	1,224,335
Preferred Stock (B)	1,122 shs.	03/27/15	112,154	114,673
Common Stock (B)	346 shs.	03/27/15	346	—
			1,294,144	1,339,008
Airxcel Holdings				

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A leading manufacturer of a broad range of climate control solutions, including air-conditioners, heat pumps, cooking appliances, furnaces, powered vents, and water heaters.

12.5% Senior Subordinated Note due 11/18/2020	\$1,477,791	11/18/14	1,455,792	1,516,078
Limited Liability Company Unit	288 uts.	11/18/14	288,000	438,245
			1,743,792	1,954,323

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2016

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities: (A) (Continued)				
AMS Holding LLC				
A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.				
Limited Liability Company Unit Class A Preferred (B)	114 uts.	10/04/12	\$ 113,636	\$ 287,929

Animal Supply Company

A distributor of pet products to independent pet stores, veterinary clients and other pet specialty retailers.

11.75% Second Lien Term Loan due 09/17/2019	\$ 1,759,500	03/30/15	1,742,382	1,700,068
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API Technologies Corp.

A designer, developer and manufacturer of electronic systems, subsystems, modules and secure communications for technically demanding defense, aerospace and commercial applications in the U.S. and internationally.

12% Senior Subordinated Note due 4/22/2023	\$ 1,386,057 345,000	04/22/16	1,363,211	1,417,034
Limited Liability Company Unit (B)	uts.	04/20/16	345,000 1,708,211	296,700 1,713,734

ARI Holding Corporation

A leading national supplier of products used primarily by specialty contractors.

11.5% Senior Subordinated Note due 02/01/2020	\$ 1,710,973	*	1,692,711	1,710,973
Limited Partnership Interest	524 uts.	08/01/14	523,950	665,268
* 05/21/13 and 08/01/14.			2,216,661	2,376,241

ASC Holdings, Inc.

A manufacturer of capital equipment used by corrugated box manufacturers.

13% Senior Subordinated Note due 05/18/2021	\$ 746,816 111,100	11/19/15	733,695	747,330
Limited Liability Company Unit (B)	uts.	11/18/15	111,100 844,795	60,661 807,991

Aurora Parts & Accessories LLC

A distributor of aftermarket over-the-road semi-trailer parts and accessories sold to customers across North America.

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11% Senior Subordinated Note due 02/17/2022	\$ 1,515,400	08/17/15	1,489,554	1,560,862
Preferred Stock (B)	210 shs.	08/17/15	209,390	199,743
Common Stock (B)	210 shs.	08/17/15	210	—
			1,699,154	1,760,605

Avantech Testing Services LLC

A manufacturer of custom Non-Destructive Testing ("NDT") systems and provider of NDT and inspections services primarily to the oil country tubular goods market.

15% Senior Subordinated Note due 01/31/2021 (D)	\$ 500,587	07/31/14	491,228	—
Limited Liability Company Unit	45,504 uts.	*	—	—
* 07/31/14 and 10/14/15.			491,228	—

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2016

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities: (A) (Continued)				
Blue Wave Products, Inc.				
A distributor of pool supplies.				
10% Senior Secured Term Note due 09/30/2018	\$ 158,865	10/12/12	\$ 157,586	\$ 158,865
13% Senior Subordinated Note due 09/30/2019	\$ 330,589	10/12/12	317,601	330,589
Common Stock (B)	51,064 shs.	10/12/12	51,064	216,167
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	20,216 shs.	10/12/12	20,216	85,580
			546,467	791,201
BlueSpire Holding, Inc.				
A marketing services firm that integrates strategy, technology, and content to deliver customized marketing solutions for clients in the senior living, financial services and healthcare end markets.				
12.5% Senior Subordinated Note due 06/30/2021	\$ 1,597,826	06/30/15	1,571,194	495,326
Common Stock (B)	1,417 shs.	06/30/15	156,800	—
			1,727,994	495,326
BP SCI LLC				
A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.				
Limited Liability Company Unit Class A (B)	417 uts.	10/17/12	41,667	107,220
Limited Liability Company Unit Class B (B)	167 uts.	10/17/12	166,666	259,831
			208,333	367,051
CG Holdings Manufacturing Company				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note due 11/01/2019	\$ 1,412,605	*	1,359,332	1,412,605
Preferred Stock (B)	1,350 shs.	*	134,972	166,134
Preferred Stock (B)	489 shs.	*	48,721	60,214
Common Stock (B)	140 shs.	*	14,864	103,140
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	58 shs.	*	5,430	42,841
* 05/09/13 and 11/01/13.			1,563,319	1,784,934
CHG Alternative Education Holding Company				
A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at therapeutic day schools and "at risk" youth through alternative education programs.				
13.5% Senior Subordinated Note due 01/19/2018	\$ 776,910	01/19/11	765,508	776,910
14% Senior Subordinated Note due 08/03/2019	\$ 203,967	08/03/12	201,998	203,967
Common Stock (B)	375 shs.	01/19/11	37,500	55,102

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Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	295 shs.	01/19/11	29,250	43,313
			1,034,256	1,079,292

Barings Participation Investors
(formerly known as Babson Capital Participation Investors)

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2016

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities: (A) (Continued)				
Church Services Holding Company				
A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
14.5% Senior Subordinated Note due 03/26/2018	\$192,847	03/26/12	\$190,667	\$170,381
Preferred Stock Series A (B)	65 shs.	09/22/16	6,465	—
Preferred Stock (B)	548 shs.	04/11/16	54,762	—
Common Stock (B)	1,327 shs.	*	132,700	—
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	57 shs.	03/26/12	5,740	—
* 03/26/12, 05/25/12 and 06/19/12.			390,334	170,381

Clarion Brands Holding Corp.

A portfolio of six over-the-counter (OTC) pharmaceutical brands whose products are used to treat tinnitus or ringing of the ear, excessive sweating, urinary tract infections, muscle pain, and skin conditions.

12.5% Senior Subordinated Note due 04/01/2021	\$2,015,881	*	1,983,139	2,016,289
Limited Liability Company Unit	1,853 uts.	07/18/16	189,267	211,221
* 10/01/14 and 07/18/16.			2,172,406	2,227,510

Clough, Harbour and Associates

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

Preferred Stock (B)	147 shs.	12/02/08	146,594	712,348
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Compass Chemical International LLC

A manufacturer and supplier of standard and specialty formulated chemicals, primarily phosphoric acid derivatives called phosphonates.

Limited Liability Company Unit (B)	230 uts.	03/04/15	147,304	121,590
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Connecticut Electric, Inc.

A supplier and distributor of electrical products sold into the retail and wholesale markets.

Limited Liability Company Unit Class A (B)	82,613 uts.	01/12/07	82,613	106,761
Limited Liability Company Unit Class C (B)	59,756 uts.	01/12/07	59,756	82,643
	671,525			
Limited Liability Company Unit Class D (B)	uts.	05/03/10	—	854,555

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Limited Liability Company Unit Class E (B)	1,102 uts.	05/03/10	—	135,815
			142,369	1,179,774

CORA Health Services, Inc.

A provider of outpatient rehabilitation therapy services.

12.75% Senior Subordinated Note due 06/30/2023	\$761,597	06/30/16	746,978	766,395
Common Stock Class A (B)	3,791 shs.	06/30/16	3,791	3,791
Preferred Stock Series A (B)	758 shs.	06/30/16	72,033	72,033
			822,802	842,219

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2016

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities: (A) (Continued)				
CTM Holding, Inc.				
A leading owner and operator of coin-operated children's rides, penny presses and candy kiosks in the U.S.				
15% Senior Subordinated Note due 11/22/2019	\$1,287,228	11/22/13	\$1,272,237	\$