

BABSON CAPITAL CORPORATE INVESTORS

Form N-30D

May 30, 2013

Adviser

Babson Capital Management LLC
1500 Main Street, P.O. Box 15189
Springfield, Massachusetts 01115-5189

Transfer Agent & Registrar

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Kansas City, MO 64121-9086
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Independent Registered Public Accounting Firm

KPMG LLP
Boston, Massachusetts 02110

Internet Website

www.babsoncapital.com/mci

Counsel to the Trust

Ropes & Gray LLP
Boston, Massachusetts 02110

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

Custodian

State Street Bank and Trust Company
Boston, Massachusetts 02116

Investment Objective and Policy

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

The Trust’s investment objective is to maintain a portfolio of securities providing a fixed yield and at the same time offering an opportunity for capital gains. The Trust’s principal investments are privately placed, below-investment grade, long-term debt obligations with equity features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may temporarily invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt

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 Babson Capital. A description of Babson Capital’s 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.babsoncapital.com/mci>; and (3) on the SEC’s website at <http://www.sec.gov>. Information regarding how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (1) on the Trust’s website: <http://www.babsoncapital.com/mci>; and (2) on the SEC’s website at <http://www.sec.gov>.

securities (including high yield securities) and marketable common stocks. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay principal.

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

Babson Capital Corporate Investors

TO OUR SHAREHOLDERS

April 30, 2013

We are pleased to present the March 31, 2013 Quarterly Report of Babson Capital Corporate Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of 30 cents per share, payable on May 10, 2013 to shareholders of record on April 29, 2013. The Trust paid a 30 cent per share dividend for the preceding quarter. The Trust earned 31 cents per share of net investment income for the first quarter of 2013, compared to 35 cents per share in the previous quarter, of which approximately \$0.04 per share represented income due to nonrecurring items.

During the first quarter, the net assets of the Trust increased to \$268,758,554 or \$13.94 per share compared to \$257,378,392 or \$13.38 per share on December 31, 2012. This translates into 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 19.5%, 16.8%, 10.8%, 13.8%, and 13.3% 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 increased 6.9% during the quarter, from \$15.28 per share as of December 31, 2012 to \$16.34 per share as of March 31, 2013. The Trust's market price of \$16.34 per share equates to a 17.2% premium over the March 31, 2013 net asset value per share of \$13.94. The Trust's average quarter-end premium for the 3, 5 and 10-year periods was 21.6%, 13.2% and 12.2%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 12.4% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, increased 2.9% for the quarter.

The Trust closed two new private placement investments and one "follow-on" investment in an existing portfolio company during the first quarter. The two new investments were in gloProfessional Holdings, Inc. and Signature Systems Holdings Company, while the follow-on investment was in Synteract Holdings Corporation. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$5,631,000.

After a very busy fourth quarter of 2012, U.S. middle market buyout activity in the first quarter of 2013 was sluggish at best. Many market participants do expect deal flow to improve throughout the rest of the year as there continues to be an abundance of debt and equity capital available to be invested. We saw a significant increase in deal flow in the latter part of the first quarter which has continued into the second quarter. As a result, we expect the level of new investment activity in the second quarter to exceed the first quarter's pace.

The condition of the Trust's existing portfolio remained strong through the first quarter. We are pleased that sales and earnings for the Trust's portfolio as a whole continued their upward momentum. We had two companies exit the portfolio in the first quarter. Both companies, EXC Acquisition Corporation and HGGC Citadel Plastic Holdings, were successful investments for the Trust. We continue to have a healthy backlog of companies in the process of being sold and expect 2013 to be a good year for realizations. On the negative side of the ledger, however, we saw an unprecedented level of refinancing activity in the portfolio in the first quarter of 2013 and continuing into the second quarter. These transactions, in which the debt instruments held by the Trust were fully or partially prepaid, are being driven by companies seeking to take advantage of low interest rates and plentiful credit. We had eight portfolio companies fully or partially prepay the Trust's debt holdings in the first quarter, with another three companies prepaying their debt already in the second quarter. As mentioned in prior reports, the loss of these income-producing investments, unless replaced by new investments, could adversely affect the Trust's ability to sustain its dividend level in the quarters ahead.

(Continued)

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At the Trust's Annual Meeting on April 19, 2013, shareholders approved the conversion of the Trust's investment objective from fundamental to non-fundamental. This change increases the investment flexibility of the Trust by permitting the Board of Trustees to react to changing market conditions and other developments by modifying the Trust's investment objective without shareholder approval, thereby avoiding the delay and expense associated with a proxy solicitation.

Lastly, on behalf of the Trust's shareholders, the members of the Board of Trustees, and the officers of the Trust, I would like to thank Donald Benson and Donald Glickman for their many years of service to the Trust as Trustees. Don Benson was elected as a Trustee in 1986, while Don Glickman was elected as a Trustee in 1992. The April 2013 meeting was their last meeting as Trustees. Both of them have provided the Trust with invaluable insight and guidance, and have served our shareholders extremely well throughout their tenure as Trustees. We will miss both of them and their contributions to the Trust.

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

Sincerely,

Michael L. Klofas
President

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

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

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

March 31, 2013

(Unaudited)

Babson Capital Corporate
Investors

Assets:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value

(Cost - \$235,649,590)

\$226,652,800

Corporate restricted securities at market value

(Cost - \$17,082,386)

18,011,948

Corporate public securities at market value

(Cost - \$26,501,681)

28,417,194

Short-term securities at amortized cost

17,695,242

Total investments (Cost - \$296,928,899)

290,777,184

Cash

9,980,648

Interest receivable

4,355,035

Other assets

28,911

Total assets

305,141,778

Liabilities:

Note payable

30,000,000

Payable for investments purchased

3,741,760

Deferred tax liability

1,155,443

Investment advisory fee payable

839,870

Tax Payable

252,820

Interest payable

202,400

Accrued expenses

190,931

Total liabilities

36,383,224

Total net assets

\$ 268,758,554

Net assets:

Common shares, par value \$1.00 per share

\$ 19,285,799

Additional paid-in capital

111,296,429

Retained net realized gain on investments, prior years

128,487,422

Undistributed net investment income

9,312,970

Accumulated net realized gain on investments

7,683,092

Net unrealized depreciation of investments

(7,307,158)

Total net assets

\$ 268,758,554

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

19,285,799

Net asset value per share

\$ 13.94

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the three months ended March 31, 2013

(Unaudited)

Investment Income:

| | |
|-------------------------|--------------|
| Interest | \$ 7,251,352 |
| Dividends | 2,503 |
| Other | 158,242 |
| Total investment income | 7,412,097 |

Expenses:

| | |
|-----------------------------|-----------|
| Investment advisory fees | 839,870 |
| Interest | 396,000 |
| Trustees' fees and expenses | 120,000 |
| Professional fees | 61,785 |
| Reports to shareholders | 22,500 |
| Custodian fees | 8,400 |
| Other | 9,250 |
| Total expenses | 1,457,805 |
| Investment income - net | 5,954,292 |

Net realized and unrealized gain on investments:

| | |
|---|---------------|
| Net realized gain on investments before taxes | 1,862,803 |
| Income tax expense | (3,162) |
| Net realized gain on investments after taxes | 1,859,641 |
| Net change in unrealized depreciation of investments before taxes | 3,086,690 |
| Net change in deferred income tax expense | (253,403) |
| Net change in unrealized depreciation of investments after taxes | 2,833,287 |
| Net gain on investments | 4,692,928 |
| Net increase in net assets resulting from operations | \$ 10,647,220 |

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2013

(Unaudited)

Babson Capital Corporate
Investors

Net increase in cash:

Cash flows from operating activities:

| | |
|---|-----------------|
| Purchases/Proceeds/Maturities from short-term portfolio securities, net | \$ (9,692,613) |
| Purchases of portfolio securities | (8,232,726) |
| Proceeds from disposition of portfolio securities | 28,314,944 |
| Interest, dividends and other income received | 5,109,918 |
| Interest expense paid | (396,000) |
| Operating expenses paid | (1,017,788) |
| Income taxes paid | (1,987,142) |
| Net cash provided by operating activities | 12,098,593 |

Cash flows from financing activities:

| | |
|---|--------------|
| Cash dividends paid from net investment income | (7,695,869) |
| Receipts for shares issued on reinvestment of dividends | 732,942 |
| Net cash used for financing activities | (6,962,927) |

Net increase in cash 5,135,666Cash - beginning of year 4,844,982Cash - end of period \$ 9,980,648

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

| | |
|--|---------------|
| Net increase in net assets resulting from operations | \$ 10,647,220 |
| Decrease in investments | 1,514,877 |
| Increase in interest receivable | (2,212,807) |
| Decrease in receivable for investments sold | 122,631 |
| Increase in other assets | (28,528) |
| Increase in payable for investments purchased | 3,741,760 |
| Increase in deferred tax liability | 253,403 |
| Increase in investment advisory fee payable | 35,563 |
| Decrease in tax payable | (1,983,980) |
| Increase in accrued expenses | 8,454 |
| Total adjustments to net assets from operations | 1,451,373 |
| Net cash provided by operating activities | \$ 12,098,593 |

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

| | For the three months ended 03/31/2013 (Unaudited) | For the year ended 12/31/2012 |
|---|--|-------------------------------------|
| Increase in net assets: | | |
| Operations: | | |
| Investment income - net | \$ 5,954,292 | \$ 24,510,117 |
| Net realized gain on investments after taxes | 1,859,641 | 5,288,921 |
| Net change in unrealized depreciation of investments after taxes | 2,833,287 | 7,904,425 |
| Net increase in net assets resulting from operations | 10,647,220 | 37,703,463 |
| Increase from common shares issued on reinvestment of dividends | | |
| Common shares issued (2013 - 46,126; 2012 - 169,463) | 732,942 | 2,676,531 |
| Dividends to shareholders from: | | |
| Net investment income (2013 - \$0.00 per share; 2012 - \$1.25 per share) | - | (24,075,541) |
| Net realized gains (2013 - \$0.00; 2012 - \$0.05 per share) | - | (869,595) |
| Total increase in net assets | 11,380,162 | 15,434,858 |
| Net assets, beginning of year | 257,378,392 | 241,943,534 |
| Net assets, end of period/year (including undistributed net investment income of \$9,312,970 and \$3,358,678, respectively) | \$ 268,758,554 | \$ 257,378,392 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Babson Capital Corporate
Investors

Selected data for each share of beneficial interest outstanding:

| | For the three months ended 03/31/2013 (Unaudited) | | For the years ended December 31, | | | | 2009(a) | | 2008(a) | |
|--|--|-----------|----------------------------------|-----------|-----------|-----------|---------|--|---------|--|
| | 2012 | 2011(a) | 2010(a) | 2009(a) | 2008(a) | | | | | |
| Net asset value: | | | | | | | | | | |
| Beginning of year | \$ 13.38 | \$ 12.69 | \$ 12.56 | \$ 11.45 | \$ 11.17 | \$ 13.60 | | | | |
| Net investment income (b) | 0.31 | 1.28 | 1.29 | 1.13 | 1.03 | 1.16 | | | | |
| Net realized and unrealized gain (loss) on investments | 0.24 | 0.69 | 0.17 | 1.06 | 0.33 | (2.51) | | | | |
| Total from investment operations | 0.55 | 1.97 | 1.46 | 2.19 | 1.36 | (1.35) | | | | |
| Dividends from net investment income to common shareholders | | (1.25) | (1.34) | (1.08) | (1.08) | (1.08) | | | | |
| Dividends from realized gain on investments to common shareholders | | (0.05) | (0.01) | | | | | | | |
| Increase from dividends reinvested | 0.01 | 0.02 | 0.02 | 0.00 (c) | 0.00 (c) | 0.00 (c) | | | | |
| Total dividends | 0.01 | (1.28) | (1.33) | (1.08) | (1.08) | (1.08) | | | | |
| Net asset value: End of period/year | \$ 13.94 | \$ 13.38 | \$ 12.69 | \$ 12.56 | \$ 11.45 | \$ 11.17 | | | | |
| Per share market value: End of period/year | \$ 16.34 | \$ 15.28 | \$ 17.99 | \$ 15.28 | \$ 12.55 | \$ 9.63 | | | | |
| Total investment return | | | | | | | | | | |
| Net asset value (d) | 4.19 % | 17.07 % | 12.00 % | 19.81 % | 12.64 % | (10.34 %) | | | | |
| Market value (d) | 6.49 % | (7.11 %) | 27.92 % | 31.73 % | 39.89 % | (30.44 %) | | | | |
| Net assets (in millions): | | | | | | | | | | |
| End of period/year | \$ 268.76 | \$ 257.38 | \$ 241.94 | \$ 237.58 | \$ 214.44 | \$ 208.14 | | | | |
| Ratio of operating expenses to average net assets | 1.64 % ^(f) | 1.66 % | 1.62 % | 1.60 % | 1.58 % | 1.49 % | | | | |
| Ratio of interest expense to average net assets | 0.61 % ^(f) | 0.63 % | 0.64 % | 0.70 % | 0.75 % | 0.67 % | | | | |
| Ratio of income tax expense to average net assets (e) | 0.00 % ^(f) | 0.88 % | 0.16 % | 0.27 % | 0.00 % | 0.00 % | | | | |
| Ratio of total expenses to average net assets | 2.25 % ^(f) | 3.17 % | 2.42 % | 2.57 % | 2.33 % | 2.16 % | | | | |
| Ratio of net investment income to average net assets | 9.22 % ^(f) | 9.78 % | 9.91 % | 9.46 % | 9.06 % | 9.01 % | | | | |
| Portfolio turnover | 4 % | 34 % | 21 % | 39 % | 23 % | 32 % | | | | |

- (a) Per share amounts were adjusted to reflect a 2:1 stock split effective February 18, 2011. (b) Calculated using average shares.
- (b) Calculated using average shares.
- (c) Rounds to less than \$0.01 per share.
- (d) 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.
- (e) As additional information, this ratio is included to reflect the taxes paid on retained long-term gains. These taxes paid are netted against realized capital gains in the Statement of Operations. The taxes paid are treated as deemed distributions and a credit for the taxes paid is passed on to the shareholders.
- (f) Annualized

Senior borrowings:

| | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| Total principal amount (in millions) | \$30 | \$30 | \$30 | \$30 | \$30 | \$30 |
| Asset coverage per \$1,000 of indebtedness | \$9,959 | \$9,579 | \$9,065 | \$8,919 | \$8,148 | \$7,938 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(Unaudited)

| | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|--|---------------------|--------------|--------------|
| Corporate Restricted Securities - 91.04%: | | | | |
| (A) | | | | |
| Private Placement Investments - 84.34% | | | | |
| 1492 Acquisition LLC | | | | |
| A leading producer of premium Italian cured meats and deli meats in the U.S. | | | | |
| 14% Senior Subordinated Note due 2019 | \$ 2,752,025 | 10/17/12 | \$ 2,699,634 | \$ 2,705,844 |
| Limited Liability Company Unit Class A Common (B) | 27,273 uts. | 10/17/12 | 27,273 | 26,095 |
| Limited Liability Company Unit Class A Preferred (B) | 245 uts. | 10/17/12 | 245,450 | 249,541 |
| | | | 2,972,357 | 2,981,480 |
| A E Company, Inc. | | | | |
| A designer and manufacturer of machined parts and assembly structures for the commercial and military aerospace industries. | | | | |
| Common Stock (B) | 323,077 shs. | 11/10/09 | 323,077 | 706,272 |
| Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B) | 161,538 shs. | 11/10/09 | 119,991 | 353,135 |
| | | | 443,068 | 1,059,407 |
| A H C Holding Company, Inc. | | | | |
| A designer and manufacturer of boilers and water heaters for the commercial sector. | | | | |
| Limited Partnership Interest (B) | 23.16% int. | 11/21/07 | 224,795 | 285,179 |
| A S C Group, Inc. | | | | |
| A designer and manufacturer of high reliability encryption equipment, communications products, computing systems and electronic components primarily for the military and aerospace sectors. | | | | |
| Limited Liability Company Unit Class A (B) | | 4,128 uts. * | 147,972 | 165,021 |
| Limited Liability Company Unit Class B (B) | | 2,793 uts. | 100,114 | 111,653 |
| * 10/09/09 and 10/27/10. | | | 248,086 | 276,674 |
| A W X Holdings Corporation | | | | |
| A provider of aerial equipment rental, sales and repair services to non-residential construction and maintenance contractors operating in the state of Indiana. | | | | |
| 10.5% Senior Secured Term Note due 2014 (D) | \$ 735,000 | 05/15/08 | 724,402 | 551,250 |
| 13% Senior Subordinated Note due 2015 (D) | \$ 735,000 | 05/15/08 | 673,096 | - |
| Common Stock (B) | 105,000 shs. | 05/15/08 | 105,000 | - |
| Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B) | 36,923 shs. | 05/15/08 | 62,395 | - |

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| | | | | |
|--|--------------|----------|-----------|-----------|
| | | | 1,564,893 | 551,250 |
| ABC Industries, Inc. | | | | |
| A manufacturer of mine and tunneling ventilation products in the U.S. | | | | |
| 13% Senior Subordinated Note due 2019 | \$ 1,200,000 | 08/01/12 | 1,081,236 | 1,190,307 |
| Preferred Stock Series A (B) | 300,000 shs. | 08/01/12 | 300,000 | 270,685 |
| Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B) | 53,794 shs. | 08/01/12 | 101,870 | - |
| | | | 1,483,106 | 1,460,992 |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
 March 31, 2013
 (Unaudited)

Babson Capital Corporate
 Investors

| Corporate Restricted Securities: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|--|---------------------|----------------------|----------------------|
| ACP Cascade Holdings LLC A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States. | | | | |
| Limited Liability Company Unit Class B (B) | 64 uts. | 11/09/12 | \$ - | \$ - |
| Advanced Manufacturing Enterprises LLC A designer and manufacturer of large, custom gearing products for a number of critical customer applications. | | | | |
| 14% Senior Subordinated Note due 2018 | \$ 2,723,077 | 12/07/12 | 2,683,626 | 2,689,568 |
| Limited Liability Company Unit (B) | 2,769 uts. | 12/07/12 | 276,923 2,960,549 | 209,968 2,899,536 |
| Advanced Technologies Holdings A provider of factory maintenance services to industrial companies. | | | | |
| Preferred Stock Series A (B) | 796 shs. | 12/27/07 | 393,754 | 1,401,817 |
| Convertible Preferred Stock Series B (B) | 52 shs. | 01/04/11 | 40,800 434,554 | 92,475 1,494,292 |
| All Current Holding Company A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors. | | | | |
| 12% Senior Subordinated Note due 2015 | \$ 1,140,317 | 09/26/08 | 1,091,029 | 1,140,317 |
| Common Stock (B) | 1,347 shs. | 09/26/08 | 134,683 | 234,141 |
| Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B) | 958 shs. | 09/26/08 | 87,993 1,313,705 | 166,524 1,540,982 |
| American Hospice Management Holding LLC A for-profit hospice care provider in the United States. | | | | |
| | \$ 3,187,495 | * | 3,161,801 | 3,187,495 |

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12% Senior Subordinated Note
due 2013

| | | | | |
|----------------------------|-------------|----------|-----------|-----------|
| Preferred Class A Unit (B) | 3,223 uts. | ** | 322,300 | 441,367 |
| Preferred Class B Unit (B) | 1,526 uts. | 06/09/08 | 152,626 | 324,755 |
| Common Class B Unit (B) | 30,420 uts. | 01/22/04 | 1 | - |
| Common Class D Unit (B) | 6,980 uts. | 09/12/06 | 1 | - |
| * 01/22/04 and 06/09/08. | | | 3,636,729 | 3,953,617 |
| ** 01/22/04 and 09/12/06. | | | | |

AMS Holding LLC

A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.

14.25% Senior Subordinated

| | | | | |
|--------------------------------|--------------|----------|-----------|-----------|
| Note due 2019 | \$ 2,757,355 | 10/04/12 | 2,705,116 | 2,725,191 |
| Limited Liability Company Unit | | | | |
| Class A Preferred (B) | 273 uts. | 10/04/12 | 272,727 | 272,730 |
| | | | 2,977,843 | 2,997,921 |

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2013

(Unaudited)

| Corporate Restricted Securities: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|--|---------------------|--------------|--------------|
| Apex Analytix Holding Corporation | | | | |
| A provider of audit recovery and fraud detection services and software to commercial and retail businesses in the U.S. and Europe. | | | | |
| 12.5% Senior Subordinated Note due 2017 | \$ 1,912,500 | 04/28/09 | \$ 1,746,879 | \$ 1,912,500 |
| Preferred Stock Series B (B) | 3,065 shs. | 04/28/09 | 306,507 | 408,754 |
| Common Stock (B) | 1,366 shs. | 04/28/09 | 1,366 | 106,304 |
| | | | 2,054,752 | 2,427,558 |
| Arch Global Precision LLC | | | | |
| A leading manufacturer of high tolerance precision components and consumable tools. | | | | |
| 14.75% Senior Subordinated Note due 2018 | \$ 2,330,004 | 12/21/11 | 2,278,024 | 2,371,581 |
| Limited Liability Company Unit Class B (B) | 85 uts. | 12/21/11 | 85,250 | |