

BARINGS CORPORATE INVESTORS

Form N-CSR

March 10, 2017

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number 811-2183

Barings Corporate Investors  
(Exact name of registrant as specified in charter)

1500 Main Street, P.O. Box 15189, Springfield, MA 01115-5189  
(Address of principal executive offices) (Zip code)

Janice M. Bishop, Vice President, Secretary and Chief Legal Officer

Independence Wharf, 470 Atlantic Ave., Boston, MA 02210  
(Name and address of agent for service)

Registrant's telephone number, including area code: 413-226-1000

Date of fiscal year end: 12/31

Date of reporting period: 12/31/16

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

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**ITEM 1. REPORT TO STOCKHOLDERS.**

Attached hereto is the annual shareholder report transmitted to shareholders pursuant to Rule 30e-1 of the Investment Company Act of 1940, as amended.



## BARINGS CORPORATE INVESTORS

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

## INVESTMENT OBJECTIVE & POLICY

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

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

Barings LLC ("Barings") manages the Trust on a total return basis. The Trust distributes substantially all of its net income to shareholders each year.

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

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

## PROXY VOTING POLICIES & PROCEDURES; PROXY VOTING RECORD

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

<http://www.sec.gov>.

FORM N-Q

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

BARINGS CORPORATE INVESTORS

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

COUNSEL TO THE TRUST

Ropes & Gray LLP  
Boston, Massachusetts 02111

CUSTODIAN

State Street Bank and Trust Company  
Boston, MA 02110

ADVISER

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

TRANSFER AGENT & REGISTRAR

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP  
Boston, Massachusetts 02111

2016 Annual Report

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PORTFOLIO COMPOSITION AS OF 12/31/16\*

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

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





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

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## TO OUR SHAREHOLDERS

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

## PORTFOLIO PERFORMANCE

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

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

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

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

Past performance is no guarantee of future results.

## PORTFOLIO ACTIVITY

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

2016 Annual Report

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

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

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

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

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

During 2016, the Trust had five portfolio companies fully or partially prepay their debt obligations. The level of refinancing activity in the portfolio in 2016 was notably lower than in each of the prior three years when prepayments

numbered 15, 20, and 32 in 2015, 2014, and 2013, respectively. These transactions, in which the debt instruments held by the Trust were fully or partially prepaid, are generally driven by performing companies seeking to take advantage of lower interest rates and the abundant availability of debt capital. Unless replaced by new private debt investments, these prepayments reduce net investment income.

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

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

#### OUTLOOK FOR 2017

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

The Trust was able to maintain its \$0.30 per share quarterly dividend in 2016 for a total annual dividend of \$1.20 per share. However, it was once again necessary to supplement recurring investment income in each quarter of 2016 with non-recurring income and earnings carry forward in order to maintain the \$1.20 per share annual dividend. As has been discussed in prior reports, recurring investment income alone has not been sufficient, and while improving, is not projected to be sufficient in the near term, to fully fund the current dividend rate. Net investment income has been below the dividend rate since 2013 due principally to the considerable reduction in the number of private debt securities in the portfolio resulting from the high level of exits and prepayment activity that occurred from 2013 through 2015, combined with generally lower investment returns available due to market and competitive dynamics over the past several years. As mentioned above, we made good progress in growing recurring investment income in 2016, but it remains below the dividend rate and will continue to require supplementation from non-recurring income in the near term. The level of expected recurring investment income generated by the Trust in 2017, combined with the availability of earnings carry forwards and other non-recurring income, maintenance of the current dividend rate over the next several quarters is expected. But over time, the Trust's dividend paying ability tends to be correlated with its recurring earnings capacity. As such, until recurring investment income reaches a level equal to the current dividend rate, there is the risk that the dividend may need to be reduced in the future.

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

Sincerely,

Robert M. Shettle

President



## 2016 Annual Report

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

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

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

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

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

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

\*\*\* Not available to individual shareholders

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





BARINGS CORPORATE INVESTORS

Financial Report

Consolidated Statement of Assets and Liabilities	7
Consolidated Statement of Operations	8
Consolidated Statement of Cash Flows	9
Consolidated Statements of Changes in Net Assets	10
Consolidated Selected Financial Highlights	11
Consolidated Schedule of Investments	12-40
Notes to Consolidated Financial Statements	41-48
Report of Independent Registered Public Accounting Firm	49
Interested Trustees	50-51
Independent Trustees	52-53
Officers of the Trust	



## 2016 Annual Report

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

December 31, 2016

## Assets:

## Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$205,902,622)	\$201,207,921
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Corporate restricted securities at market value (Cost - \$56,286,708)	56,486,517
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Corporate public securities at market value (Cost - \$33,455,796)	35,319,275
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Short-term securities at amortized cost	10,898,470
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Total investments (Cost - \$306,543,596)	303,912,183
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Cash	14,289,230
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Interest receivable	3,713,676
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Other assets	26,783
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Total assets	321,941,872
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## Liabilities:

Note payable	30,000,000
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Dividend payable	5,937,122
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Tax payable	2,144,159
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Deferred tax liability	1,013,201
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Investment advisory fee payable	879,909
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Interest payable	202,400
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Accrued expenses	194,190
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Total liabilities	40,370,981
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Total net assets	\$281,570,891
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## Net Assets:

Common shares, par value \$1.00 per share	\$19,790,407
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Additional paid-in capital	111,042,303
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Retained net realized gain on investments, prior years	145,980,019
--	-------------

Undistributed net investment income	1,579,139
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Accumulated net realized gain on investments	6,823,547
--	-----------

Net unrealized depreciation of investments	(3,644,614 )
--	--------------

Total net assets	\$281,570,891
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Common shares issued and outstanding (28,054,782 authorized) 19,790,407

Net asset value per share \$14.23

See Notes to Consolidated Financial Statements

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7

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

## CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2016

Investment Income:	
Interest	\$26,574,892
Dividends	1,038,025
Other	569,890
Total investment income	28,182,807
Expenses:	
Investment advisory fees	3,566,151
Interest	1,584,000
Trustees' fees and expenses	340,000
Professional fees	131,710
Reports to shareholders	84,000
Custodian fees	19,068
Other	286,039
Total expenses	6,010,968
Investment income - net	22,171,839
Net realized and unrealized gain on investments:	
Net realized gain on investments before taxes	5,989,120
Income tax expense	(2,277,985 )
Net realized gain on investments after taxes	3,711,135
Net increase (decrease) in unrealized appreciation (depreciation) of investments before taxes	1,242,106
Net (increase) decrease in deferred income tax expense	114,976
Net increase (decrease) in unrealized appreciation (depreciation) of investments after taxes	1,357,082
Net gain on investments	5,068,217
Net increase in net assets resulting from operations	\$27,240,056

See Notes to Consolidated Financial Statements

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8

## 2016 Annual Report

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

Net increase in cash:

Cash flows from operating activities:

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

Net cash provided by operating activities	26,908,501
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Cash flows from financing activities:

Cash dividends paid from net investment income	(23,650,298 )
Receipts for shares issued on reinvestment of dividends	2,103,555

Net cash used for financing activities	(21,546,743 )
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Net increase in cash	5,361,758
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Cash - beginning of year	8,927,472
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Cash - end of year	\$ 14,289,230
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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	\$ 27,240,056
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Increase in investments	(691,890 )
Increase in interest receivable	(203,798 )
Decrease in other assets	39,411
Increase in tax payable	753,927
Decrease in deferred tax liability	(114,976 )
Increase in investment advisory fee payable	17,674
Decrease in accrued expenses	(131,903 )

Total adjustments to net assets from operations	(331,555 )
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Net cash provided by operating activities

\$26,908,501

See Notes to Consolidated Financial Statements

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9



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

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

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

See Notes to Consolidated Financial Statements

## 2016 Annual Report

## CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

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

(a) Calculated using average shares.

Net asset value return represents portfolio returns based on change in the Trust's net asset value assuming the

(b) 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.

As additional information, this ratio is included to reflect the taxes paid on retained long-term gains. These taxes

(c) paid are netted against realized capital gains in the Statement of Operations. The taxes paid are treated as deemed distributions and a credit for the taxes paid is passed on to the shareholders.

Senior borrowings:

Total principal amount (in millions)	\$30	\$30	\$30	\$30	\$30
Asset coverage per \$1,000 of indebtedness	\$10,386	\$10,197	\$10,338	\$9,956	\$9,579

See Notes to Consolidated Financial Statements

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

## CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2016

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 91.52%: (A)				
Private Placement Investments - 71.46%: (C)				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
Limited Liability Company Unit				
Class A Preferred (B)	245 uts.	10/17/12	\$245,450	\$335,660
Limited Liability Company Unit				
Class A Common (B)	27,273 uts.	10/17/12	27,273	368,971
			272,723	704,631
ABC Industries, Inc.				
A manufacturer of mine and tunneling ventilation products in the U.S.				
13% Senior Subordinated Note due 07/31/2019	\$334,091	08/01/12	316,744	329,009
	300,000			
Preferred Stock Series A (B)	shs.	08/01/12	300,000	474,201
Warrant, exercisable until 2022, to purchase common stock at \$.02 per share (B)	53,794 shs.	08/01/12	101,870	79,094
			718,614	882,304
Advanced Manufacturing Enterprises LLC				
A designer and manufacturer of large, custom gearing products for a number of critical customer applications.				
Limited Liability Company Unit (B)	4,669 uts.	*	498,983	—

\* 12/07/12, 07/11/13 and 06/30/15.

## AFC - Dell Holding Corporation

A distributor and provider of inventory management services for "C-Parts" used by OEMs in their manufacturing and production facilities.

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12.5% (1% PIK) Senior Subordinated Note due 09/27/2020	\$2,441,538	03/27/15	2,405,501	2,490,369
Preferred Stock (B)	2,276 shs.	03/27/15	227,558	228,273
Common Stock (B)	703 shs.	03/27/15	703	—
			2,633,762	2,718,642

Airxcel Holdings

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

12.5% (1.5% PIK) Senior Subordinated Note due 11/18/2020	\$3,011,052	11/18/14	2,968,482	3,011,052
Limited Liability Company Unit	583 uts.	11/18/14	583,000	1,031,760
			3,551,482	4,042,812

See Notes to Consolidated Financial Statements

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## 2016 Annual Report

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>AM Conservation Holding Corp</b>				
A supplier of energy efficiency ("EE") products, including lighting, shower heads and aerators, and weatherization products such as door seals and weather stripping.				
11.75% (1.5% PIK) Senior Subordinated Note due 04/30/2023	\$3,190,038 318,182	10/31/16	\$3,127,515	\$3,156,412
Common Stock	shs.	10/31/16	318,182	318,182
			3,445,697	3,474,594
<b>AMS Holding LLC</b>				
A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.				
Limited Liability Company Unit Class A Preferred (B) (F)	273 uts.	10/04/12	272,727	611,133
<b>API Technologies Corp.</b>				
A designer, developer and manufacturer of electronic systems, subsystems, modules and secure communications for technically demanding defense, aerospace and commercial applications in the U.S. and internationally.				
12% (1% PIK) Senior Subordinated Note due 04/22/2023	\$2,819,320	04/22/16	2,778,756	2,825,505
Limited Liability Company Unit (B)	0.90% int.	04/20/16	700,000	539,000
			3,478,756	3,364,505
<b>ARI Holding Corporation</b>				
A leading national supplier of products used primarily by specialty contractors.				
11.5% (0.5% PIK) Senior Subordinated Note due 02/01/2020	\$3,426,224	*	3,391,971	3,426,224
Limited Partnership Interest	1,048 uts.	08/01/14	1,047,900	1,298,514
			4,439,871	4,724,738

\* 05/21/13 and 08/01/14.

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ASC Holdings, Inc.

A manufacturer of capital equipment used by corrugated box manufacturers.

13% (1% PIK) Senior Subordinated

Note due 05/18/2021

\$1,519,209	11/19/15	1,493,643	1,498,333
225,300			

Limited Liability Company Unit (B)

uts.	11/18/15	225,300	70,294
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		1,718,943	1,568,627
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See Notes to Consolidated Financial Statements

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## Barings Corporate Investors (formerly known as Babson Capital Corporate Investors)

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Aurora Parts &amp; Accessories LLC</b>				
A distributor of aftermarket over-the-road semi-trailer parts and accessories sold to customers across North America.				
11% Senior Subordinated Note due 02/17/2022	\$3,074,700	08/17/15	\$3,024,856	\$3,115,602
Preferred Stock (B)	425 shs.	08/17/15	424,875	354,346
Common Stock (B)	425 shs.	08/17/15	425	—
			3,450,156	3,469,948
<b>Avantech Testing Services LLC</b>				
A manufacturer of custom Non-Destructive Testing ("NDT") systems and provider of NDT and inspections services primarily to the oil country tubular goods market.				
15% (3.75% PIK) Senior Subordinated Note due 01/31/2021 (D)	\$1,015,684	07/31/14	996,694	—
Limited Liability Company Unit (B) (F)	92,327 uts.	*	—	—
			996,694	—
* 07/31/14 and 10/14/15.				
<b>Blue Wave Products, Inc.</b>				
A distributor of pool supplies.				
10% Senior Secured Term Note due 09/30/2018	\$312,766	10/12/12	310,537	312,766
13% (1% PIK) Senior Subordinated Note due 09/30/2019	\$745,685	10/12/12	718,442	745,685
	114,894			
Common Stock (B)	shs.	10/12/12	114,894	522,426
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	45,486 shs.	10/12/12	45,486	206,826
			1,189,359	1,787,703

BlueSpire Holding, Inc.



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A marketing services firm that integrates strategy, technology, and content to deliver customized marketing solutions for clients in the senior living, financial services and healthcare end markets.

12.5% (1.5% PIK) Senior Subordinated Note

due 06/30/2021	\$3,254,065	06/30/15	3,202,134	—
Common Stock (B)	2,876 shs.	06/30/15	318,200	—

3,520,334 —

BP SCI LLC

A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.

Limited Liability Company Unit Class A (B) (F)	1,000 uts.	10/17/12	100,000	185,723
Limited Liability Company Unit Class B (B) (F)	400 uts.	10/17/12	400,000	642,705

500,000 828,428

See Notes to Consolidated Financial Statements

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## 2016 Annual Report

## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2016

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>CG Holdings Manufacturing Company</b>				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note 11/01/2019	\$3,390,252	*	\$3,279,577	\$3,390,252
Preferred Stock (B)	3,241 shs.	*	324,054	406,604
Preferred Stock (B)	1,174 shs.	*	116,929	147,317
Common Stock (B)	337 shs.	*	35,673	317,618
Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B)	137 shs.	*	13,033	129,226
* 05/09/13 and 11/01/13.			3,769,266	4,391,017
<b>CHG Alternative Education Holding Company</b>				
A leading provider of publicly-funded, for profit pre-K-12 education services targeting special needs children at therapeutic day schools and "at risk" youth through alternative education programs.				
13.5% (1.5% PIK) Senior Subordinated Note due 01/19/2018	\$2,339,665	01/19/11	2,311,710	2,339,665
14% (2% PIK) Senior Subordinated Note due 08/03/2019	\$615,028	08/03/12	609,553	615,028
Common Stock (B)	1,125 shs.	01/19/11	112,500	130,115
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	884 shs.	01/19/11	87,750	102,279
			3,121,513	3,187,087
<b>Church Services Holding Company</b>				
A provider of diversified residential services to homeowners in the Houston, Dallas, and Austin markets.				
14.5% (2% PIK) Senior Subordinated Note due 03/26/2018 (D)	\$575,664	03/26/12	569,935	—
Preferred Stock Series A (B)	205 shs.	09/22/16	20,475	—
Preferred Stock (B)	1,672 shs.			