BABSON CAPITAL PARTICIPATION INVESTORS
Form N-Q
May 29, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-Q

Quarterly Schedule of Portfolio Holdings of
Registered Management Investment Company

Investment Company Act file number 811-05531

Babson Capital Participation Investors

(Exact name of registrant as specified in charter)

1500 Main Street, Springfield, MA 01115

(Address of principal executive offices) (Zip code)

Christopher A. DeFrancis, Vice President, Secretary and Chief Legal Officer
1500 Main Street, Suite 2800, Springfield, MA 01115

(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: 03/31/15

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2015
(Unaudited)

Corporate Restricted Securities - 77.17%: (A)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Private Placement Investments - 61.32%				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated Note due 10/17/2019	$ 680,877	10/17/12	$ 670,806	$ 671,900
Limited Liability Company Unit Class A Common (B)	11,364 uts.	10/17/12	11,364	—
Limited Liability Company Unit Class A Preferred (B)	102 uts.	10/17/12	102,270	83,636
			784,440	755,536
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.				
14% Senior Subordinated Note due 12/21/2020	$ 1,049,256	12/20/13	1,031,204	1,059,749
Limited Liability Company Unit Class A (B)	3,094 uts.	*	153,704	310,149
Limited Liability Company Unit Class B (B)	1,479 uts.	10/09/09	52,999	148,258
* 10/09/09 and 12/20/13.			1,237,907	1,518,156
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 05/15/2015 (D)	$ 420,000	05/15/08	413,944	210,000
13% Senior Subordinated Note due 05/15/2015 (D)	$ 420,000	05/15/08	384,627	—
Common Stock (B)	60,000 shs.	05/15/08	60,000	—
Warrant, exercisable until 2015, to purchase common stock at $.01 per share (B)	21,099 shs.	05/15/08	35,654	—
			894,225	210,000
ABC Industries, Inc.				
A manufacturer of mine and tunneling ventilation products in the U.S.				
	$ 181,818	08/01/12	167,780	183,636

13% Senior Subordinated Note due 07/31/2019					
Preferred Stock Series A (B)		125,000 shs.	08/01/12	125,000	267,789
Warrant, exercisable until 2022, to purchase common stock at $.02 per share (B)		22,414 shs.	08/01/12	42,446	45,820
				335,226	497,245
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)		32 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 12/07/2018	$	1,134,615	12/07/12	1,122,532	1,145,961
Limited Liability Company Unit (B)		1,431 uts.	*	143,077	200,983
* 12/07/12 and 07/11/13.				1,265,609	1,346,944

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Advanced Technologies Holdings				
A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	332 shs.	12/27/07	$ 164,016	$ 504,839
Convertible Preferred Stock Series B (B)	28 shs.	01/04/11	21,600	42,327
			185,616	547,166
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	$ 1,181,250	03/27/15	1,157,666	1,180,785
Preferred Stock (B)	1,122 shs.	03/27/15	112,154	106,546
Common Stock (B)	346 shs.	03/27/15	346	329
			1,270,166	1,287,660
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% Senior Subordinated Note due 11/18/2020	$ 1,444,973	11/18/14	1,417,444	1,467,174
Limited Liability Company Unit	288 uts.	11/18/14	288,000	288,414
			1,705,444	1,755,588
American Hospice Management Holding LLC				
A for-profit hospice care provider in the United States.				
12% Senior Subordinated Note due 03/31/2020 (D)	$ 1,237,502	*	1,237,364	1,237,502
Preferred Class A Unit (B)	1,706 uts.	**	170,600	—
Preferred Class B Unit (B)	808 uts.	06/09/08	80,789	82,044
Common Class B Unit (B)	16,100 uts.	01/22/04	1	—
Common Class D Unit (B)	3,690 uts.	09/12/06	—	—
* 01/22/04 and 06/09/08.			1,488,754	1,319,546
** 01/22/04 and 09/16/06.				
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	344,334
Animal Supply Company					
A distributor of pet products to independent pet stores, veterinary clients and other pet specialty retailers.					
9.5% Senior Subordinated					
Note due 09/05/2019	$	1,725,000	03/30/15	1,699,156	1,698,894
Arch Global Precision LLC					
A leading manufacturer of high tolerance precision components and consumable tools.					
Limited Liability Company					
Unit Class B (B)		20 uts.	12/21/11	28,418	96,609
Limited Liability Company					
Unit Class C (B)		230 uts.	12/21/11	221,582	962,404
				250,000	1,059,013

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
ARI Holding Corporation				
A leading national supplier of products used primarily by specialty contractors.				
11.5% Senior Subordinated Note due 02/01/2020	$ 1,698,197	*	$ 1,673,777	$ 1,718,850
Limited Partnership Interest	524 uts.	08/01/14	523,950	505,751
* 05/21/13 and 08/01/14.			2,197,727	2,224,601
Arrow Tru-Line Holdings, Inc.				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
Preferred Stock (B)	27 shs.	10/16/09	26,825	105,183
Common Stock (B)	213 shs.	05/18/05	212,588	64,387
Warrant, exercisable until 2016, to purchase common stock at $.01 per share (B)	56 shs.	05/18/05	47,929	16,880
			287,342	186,450
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 07/31/2021	$ 505,280	07/31/14	496,232	437,022
Limited Liability Company Unit	36,964 uts.	07/31/14	369,643	335,394
			865,875	772,416
Blue Wave Products, Inc.				
A distributor of pool supplies.				
10% Senior Secured Term Note due 09/30/2018	$ 278,014	10/12/12	274,359	278,014
13% Senior Subordinated Note due 09/30/2019	$ 325,673	10/12/12	307,992	332,187
Common Stock (B)	51,064 shs.	10/12/12	51,064	130,718
Warrant, exercisable until 2022, to purchase common stock at $.01 per share (B)	20,216 shs.	10/12/12	20,216	51,751
			653,631	792,670

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	264,417
Limited Liability Company Unit Class B (B)		167 uts.	10/17/12	166,666	217,112
				208,333	481,529
Bravo Sports Holding Corporation					
A designer and marketer of niche branded consumer products including canopies, trampolines, in-line skates, skateboards, and urethane wheels.					
12.5% Senior Subordinated Note due 06/30/2015	$	1,207,902	06/30/06	1,205,503	1,207,902
Preferred Stock Class A (B)		465 shs.	06/30/06	141,946	—
Common Stock (B)		1 sh.	06/30/06	152	—
Warrant, exercisable until 2015, to purchase common stock at $.01 per share (B)		164 shs.	06/30/06	48,760	—
				1,396,361	1,207,902

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
CG Holdings Manufacturing Company				
A coating provider serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note due 11/01/2019	$ 1,412,605	*	$ 1,344,932	$ 1,446,895
Preferred Stock (B)	1,350 shs.	*	134,972	148,279
Preferred Stock (B)	489 shs.	*	48,721	53,743
Common Stock (B)	140 shs.	*	14,864	49,629
Warrant, exercisable until 2023, to purchase common stock at $.01 per share (B)	58 shs.	*	5,430	20,614
* 05/09/13 and 11/01/13.			1,548,919	1,719,160
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	$ 759,373	01/19/11	736,969	759,373
14% Senior Subordinated Note due 08/03/2019	$ 197,855	08/03/12	195,122	199,834
Common Stock (B)	375 shs.	01/19/11	37,500	53,958
Warrant, exercisable until 2021, to purchase common stock at $.01 per share (B)	295 shs.	01/19/11	29,250	42,414
			998,841	1,055,579
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	$ 424,765	03/26/12	416,456	424,765
10% Senior Subordinated Note due 09/12/2015	$ 6,330	09/15/14	6,330	6,341
Common Stock (B)	1,327 shs.	*	132,700	114,137

Warrant, exercisable until 2022, to purchase common stock at $.01 per share (B)	57 shs.	03/26/12	5,740	4,903
* 03/26/12, 05/25/12 and 06/19/12.			561,226	550,146
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 09/31/2021	$ 1,579,965	10/01/14	1,550,043	1,597,245
Common Stock (B)	1,568 shs.	10/01/14	156,818	101,933
			1,706,861	1,699,178
Clough, Harbour and Associates				
An engineering service firm that is located in Albany, NY.				
Preferred Stock (B)	147 shs.	12/02/08	146,594	386,035

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Compass Chemical International LLC				
A manufacturer and supplier of standard and specialty formulated chemicals, primarily phosphoric acid derivatives called phosphonates.				
13% Senior Subordinated Note due 10/04/2020	$ 1,497,159	03/04/15	$ 1,467,337	$ 1,505,930
Limited Liability Company Unit (B)	230 uts.	03/04/15	230,000	218,500
			1,697,337	1,724,430
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	75,779
Limited Liability Company Unit Class C (B)	59,756 uts.	01/12/07	59,756	58,740
Limited Liability Company Unit Class D (B)	671,525 uts.	05/03/10	—	764,819
Limited Liability Company Unit Class E (B)	1,102 uts.	05/03/10	—	—
			142,369	899,338
Crane Rental Corporation				
A crane rental company since 1960, headquartered in Florida.				
13% Senior Subordinated Note due 11/30/2015	$ 695,250	08/21/08	685,923	695,250
Common Stock (B)	135,000 shs.	08/21/08	135,000	131,042
Warrant, exercisable until 2016, to purchase common stock at $.01 per share (B)	72,037 shs.	08/21/08	103,143	69,925
			924,066	896,217
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	$ 1,230,793	11/22/13	1,210,799	1,255,409
Common Stock (B)	31,044 shs.	11/22/13	443,182	351,092
			1,653,981	1,606,501
Custom Engineered Wheels, Inc.				

A manufacturer of custom engineered, non-pneumatic plastic wheels and plastic tread cap tires used primarily for lawn and garden products and wheelchairs.				
Preferred Stock PIK (B)	156 shs.	10/26/09	156,468	180,421
Preferred Stock Series A (B)	114 shs.	10/27/09	104,374	131,819
Common Stock (B)	38 shs.	10/26/09	38,244	—
Warrant, exercisable until 2016, to purchase common stock at $.01 per share (B)	28 shs.	10/27/09	25,735	—
			324,821	312,240
DPL Holding Corporation				
A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.				
14% Senior Subordinated Note due 05/04/2019	$ 1,355,790	05/04/12	1,337,839	1,369,348
Preferred Stock (B)	25 shs.	05/04/12	252,434	299,750
Common Stock (B)	25 shs.	05/04/12	28,048	141,682
			1,618,321	1,810,780

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Dunn Paper				
A provider of specialty paper for niche product applications.				
11.25% Senior Subordinated Note due 06/30/2020	$ 1,463,636	12/30/14	$ 1,435,350	$ 1,476,340
Preferred Stock (B)	261 shs.	12/30/14	261,364	248,292
			1,696,714	1,724,632
E S P Holdco, Inc.				
A manufacturer of power protection technology for commercial office equipment, primarily supplying the office equipment dealer network.				
Common Stock (B)	349 shs.	01/08/08	174,701	348,365
Eatem Holding Company				
A developer and manufacturer of savory flavor systems for soups, sauces, gravies, and other products produced by food manufacturers for retail and foodservice end products.				
Common Stock (B)	50 shs.	02/01/10	50,000	92,355
Warrant, exercisable until 2018, to purchase common stock at $.01 per share (B)	119 shs.	02/01/10	107,100	220,211
			157,100	312,566
ECG Consulting Group				
A healthcare management consulting company who provides strategic, financial, operational, and technology related consulting services to healthcare providers.				
11.75% Senior Subordinated Note due 11/21/2020	$ 1,297,229	11/19/14	1,268,999	1,315,413
Limited Liability Company Unit (B)	230 uts.	11/19/14	71,875	63,514
			1,340,874	1,378,927
EPM Holding Company				
A provider of non-discretionary regulatory driven engineering services that support mission critical safety and operational aspects of nuclear power plants.				
14.5% Senior Subordinated Note due 07/26/2019	$ 441,985	07/26/13	434,941	450,824
Common Stock (B)	1,535 shs.	07/26/13	153,474	237,819
			588,415	688,643
ERG Holding Company LLC				

A provider of inpatient and outpatient clinical trial services to pharmaceutical companies and contract research organizations.					
13.5% Senior Subordinated Note due 10/04/2019	$	944,278	04/04/14	928,071	945,855
Common Stock (B)		31 shs.	04/04/14	77,533	77,525
				1,005,604	1,023,380
F F C Holding Corporation					
A leading U.S. manufacturer of private label frozen novelty and ice cream products.					
Limited Liability Company Unit Preferred (B)		171 uts.	09/27/10	58,345	68,601
Limited Liability Company Unit (B)		171 uts.	09/27/10	17,073	146,331
				75,418	214,932

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
F G I Equity LLC				
A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.				
Limited Liability Company Unit (B)	80,559 uts.	04/15/14	$ —	$ 80,559
Limited Liability Company Unit Class B-1 (B)	65,789 uts.	12/15/10	65,789	117,250
Limited Liability Company Unit Class B-2 (B)	8,248 uts.	12/15/10	8,248	14,700
Limited Liability Company Unit Class B-3 (B)	6,522 uts.	08/30/12	15,000	13,234
Limited Liability Company Unit Class C (B)	1,575 uts.	12/20/10	16,009	24,288
			105,046	250,031
G C Holdings				
A leading manufacturer of gaming tickets, industrial recording charts, security-enabled point-of sale receipts, and medical charts and supplies.				
Warrant, exercisable until 2018, to purchase common stock at $.01 per share (B)	198 shs.	10/19/10	46,958	134,128
GD Dental Services LLC				
A provider of convenient “onestop” general, specialty, and cosmetic dental services with 21 offices located throughout South and Central Florida.				
Limited Liability Company Unit Common (B)	767 uts.	10/05/12	767	30,638
Limited Liability Company Unit Preferred (B)	76 uts.	10/05/12	75,920	87,765
			76,687	118,403
GenNx Novel Holding, Inc.				
A manufacturer and distributor of nutraceutical ingredients.				
13% Senior Subordinated Note due 03/27/2020	$ 1,582,025	03/27/14	1,554,416	1,582,024
Common Stock (B)	15,500 shs.	03/27/14	155,000	110,834
			1,709,416	1,692,858
gloProfessional Holdings, Inc.				

A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician's office channels.				
14% Senior Subordinated Note due 03/27/2019	$ 1,178,161	03/27/13	1,161,098	1,178,161
Common Stock (B)	1,181 shs.	03/27/13	118,110	172,884
			1,279,208	1,351,045
Golden County Foods Holding, Inc.				
A manufacturer of frozen appetizers and snacks.				
14% Senior Subordinated Note due 11/13/2019 (D)	$ 38,950	11/13/13	231,183	—
Preferred Stock (B)	151,643 shs.	11/13/13	77,643	—
Preferred Stock Series F (B)	155,800 shs.	11/13/13	924,731	—
			1,233,557	—

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Grakon Parent				
The leading designer and manufacturer of highly-engineered and customized LED and incandescent lighting systems for transportation-based markets.				
12% Senior Subordinated Note due 04/30/2021	$ 1,550,169	10/31/14	$ 1,520,514	$ 1,568,855
Common Stock (B)	175 shs.	10/31/14	174,831	179,002
			1,695,345	1,747,857
GTI Holding Company				
A designer, developer, and marketer of precision specialty hand tools and handheld test instruments.				
12% Senior Subordinated Note due 02/05/2020	$ 727,865	02/05/14	683,399	733,985
Common Stock (B)	846 shs.	02/05/14	84,636	83,538
Warrant, exercisable until 2024, to purchase common stock at $.01 per share (B)	397 shs.	02/05/14	36,816	39,202
			804,851	856,725
Handi Quilter Holding Company				
A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.				
12% Senior Subordinated Note due 06/19/2021	$ 1,437,500	12/19/14	1,409,581	1,451,307
Limited Liability Company (B)	288 uts.	12/19/14	287,500	288,256
Limited Liability Company (B)	2,875 uts.	12/19/14	—	12,649
			1,697,081	1,752,212
Hartland Controls Holding Corporation				
A manufacturer and distributor of electronic and electromechanical components.				
14% Senior Subordinated Note due 08/14/2019	$ 1,089,948	02/14/14	1,071,330	1,111,747
Common Stock (B)	821 shs.	02/14/14	822	159,342
Preferred Stock Series A (B)	2,547 shs.	02/14/14	254,734	277,795
			1,326,886	1,548,884
Healthcare Direct Holding Company				
A direct-to-customer marketer of discount dental plans.				
Common Stock (B)	517 shs.	03/09/12	51,724	75,360

HHI Group, LLC					
A developer, marketer, and distributor of hobby-grade radio control products.					
14% Senior Subordinated Note due 01/17/2020	$	1,560,524	01/17/14	1,534,271	1,573,524
Limited Liability Company Unit (B)		102 uts.	01/17/14	101,563	69,599
				1,635,834	1,643,123
Hi-Rel Group LLC					
A manufacturer and distributor of precision metal piece parts for the microelectronic packaging industry, serving the aerospace/ defense, telecommunications, and medical end markets.					
12% Senior Subordinated Note due 03/15/2018	$	703,125	04/15/13	671,312	709,912
Limited Liability Company Unit (B)		234 uts.	04/15/13	234,375	179,237
Warrant, exercisable until 2020, to purchase common stock at $.01 per share (B)		37,177 shs.	04/15/13	32,344	27,008
				938,031	916,157

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
HOP Entertainment LLC				
A provider of post production equipment and services to producers of television shows and motion pictures.				
Limited Liability Company Unit Class F (B)	47 uts.	10/14/11	$ —	$ —
Limited Liability Company Unit Class G (B)	114 uts.	10/14/11	—	—
Limited Liability Company Unit Class H (B)	47 uts.	10/14/11	—	—
Limited Liability Company Unit Class I (B)	47 uts.	10/14/11	—	—
			—	—
Hospitality Mints Holding Company				
A manufacturer of individually-wrapped imprinted promotional mints.				
12% Senior Subordinated Note due 08/19/2016	$ 1,098,837	08/19/08	1,076,215	1,098,837
Common Stock (B)	251 shs.	08/19/08	251,163	80,488
Warrant, exercisable until 2016, to purchase common stock at $.01 per share (B)	65 shs.	08/19/08	60,233	20,805
			1,387,611	1,200,130
HVAC Holdings, Inc.				
A provider of integrated energy efficiency services and maintenance programs for HVAC systems.				
12.5% Senior Subordinated Note due 09/27/2019	$ 1,190,423	09/27/12	1,172,944	1,202,327
Limited Liability Company Unit Class A Common (B)	910 uts.	09/27/12	910	30,553
Limited Liability Company Unit Class A Preferred (B)	1,127 uts.	09/27/12	112,726	142,206
			1,286,580	1,375,086
Ideal Tridon Holdings, Inc.				
A designer and manufacturer of clamps and couplings used in automotive and industrial end markets.				
Common Stock (B)	93 shs.	10/27/11	92,854	187,527
Impact Confections				

An independent manufacturer and marketer of confectionery products including Warheads® brand sour candies, Melster® brand classic candies, and co-manufactured/private label classic candies.					
13% Senior Subordinated Note due 11/04/2020	$ 1,067,920		11/10/14	1,047,582	1,082,329
Common Stock (B)	2,300 shs.		11/10/14	230,000	157,913
				1,277,582	1,240,242
Insurance Claims Management, Inc.					
A third party administrator providing auto and property claim administration services for insurance companies.					
Common Stock (B)	47 shs.		02/27/07	1,424	244,680

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
J A C Holding Enterprises, Inc.				
A supplier of luggage racks and accessories to the original equipment manufacturers.				
Preferred Stock A (B)	165 shs.	12/20/10	$ 165,000	$ 202,522
Preferred Stock B (B)	0.06 shs.	12/20/10	—	74
Common Stock	33 shs.	12/20/10	1,667	—
Warrant, exercisable until 2020, to purchase common stock at $.01 per share (B)	12 shs.	12/20/10	105,643	57,920
			272,310	260,516
Janus Group Holdings LLC				
A manufacturer of roll-up doors and hallway systems that are primarily used in self-storage facilities.				
13.5% Senior Subordinated Note due 06/10/2019	$ 1,342,391	12/11/13	1,320,212	1,369,239
Limited Liability Company Unit Class A (B)	283 uts.	12/11/13	139,258	473,448
			1,459,470	1,842,687
JMH Investors LLC				
A developer and manufacturer of custom formulations for a wide variety of foods.				
14.25% Senior Subordinated Note due 12/05/2019	$ 1,087,841	12/05/12	1,071,893	1,030,740
Limited Liability Company Unit (B)	311,710 uts.	12/05/12	224,937	72,633
			1,296,830	1,103,373
K & N Parent, Inc.				
A manufacturer and supplier of automotive aftermarket performance air filters and intake systems.				
Preferred Stock Series A	102 shs.	12/23/11	—	—
Preferred Stock Series B	29 shs.	12/23/11	—	—
Common Stock	163 shs.	*	6,522	159,147
* 12/23/11 and 06/30/14.			6,522	159,147
K N B Holdings Corporation				
A designer, manufacturer and marketer of products for the custom framing market.				
Common Stock (B)	71,053 shs.	05/24/06	71,053	57,403

Warrant, exercisable until 2016, to purchase common stock at $.01 per share (B)	43,600 shs.	05/25/06	37,871	35,224
			108,924	92,627
K P I Holdings, Inc. The largest player in the U.S. non-automotive, non-ferrous die casting segment.				
Convertible Preferred Stock Series C (B)	29 shs.	06/30/09	29,348	98,987
Convertible Preferred Stock Series D (B)	13 shs.	09/17/09	12,958	42,120
Common Stock (B)	235 shs.	07/15/08	234,783	205,326
Warrant, exercisable until 2018, to purchase common stock at $.01 per share (B)	51 shs.	07/16/08	50,836	44,462
Warrant, exercisable until 2018, to purchase common stock at $.01 per share (B)	67 shs.	09/17/09	—	58,945
			327,925	449,840

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
M V I Holding, Inc.				
A manufacturer of large precision machined metal components used in equipment which services a variety of industries, including the oil and gas, mining, and defense markets.				
Common Stock (B)	32 shs.	09/12/08	$ 32,143	$ —
Warrant, exercisable until 2018, to purchase common stock at $.01 per share (B)	35 shs.	09/12/08	34,714	—
			66,857	—
Mail Communications Group, Inc.				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				
Limited Liability Company Unit	12,764 uts.	*	166,481	272,034
Warrant, exercisable until 2017, to purchase common stock at $.01 per share (B)	1,787 shs.	05/04/07	22,781	38,087
* 05/04/07 and 01/02/08.			189,262	310,121
Manhattan Beachwear Holding Company				
A designer and distributor of women’s swimwear.				
12.5% Senior Subordinated Note due 01/15/2018	$ 419,971	01/15/10	393,820	419,971
15% Senior Subordinated Note due 01/15/2018	$ 114,537	10/05/10	113,455	114,537
Common Stock (B)	35 shs.	10/05/10	35,400	41,474
Common Stock Class B (B)	118 shs.	01/15/10	117,647	137,836
Warrant, exercisable until 2019, to purchase common stock at $.01 per share (B)	104 shs.	10/05/10	94,579	121,985
			754,901	835,803
MedSystems Holdings LLC				
A manufacturer of enteral feeding products, such as feeding tubes and other products related to assisted feeding.				
Preferred Unit (B)	66 uts.	08/29/08	46,152	87,236

Common Unit Class A (B)	671 uts.	08/29/08	671	102,806
Common Unit Class B (B)	263 uts.	08/29/08	63,564	40,330
			110,387	230,372
Merex Holding Corporation				
A provider of after-market spare parts and components, as well as Maintenance, Repair and Overhaul services for “out of production” or “legacy” aerospace and defense systems that are no longer effectively supported by the original equipment manufacturers.				
14% Senior Subordinated Note due 10/30/2019	$ 454,295	09/22/11	448,780	444,420
Limited Liability Company Unit Series A	228 uts.	05/07/14	14,760	12,073
Limited Liability Company Unit Series B (B)	155,945 uts.	09/22/11	155,945	165,648
			619,485	622,141
MES Partners, Inc.				
An industrial service business offering an array of cleaning and environmental services to the Gulf Coast region of the U.S.				
12% Senior Subordinated Note due 09/30/2021	$ 1,087,462	09/30/14	1,066,839	1,102,664
Common Stock Class B (B)	219,545 shs.	09/30/14	219,545	208,568
			1,286,384	1,311,232

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
MicroGroup, Inc.				
A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and bars.				
7% Senior Subordinated Note due 06/30/2015 (D)	$ 902,727	*	$ 865,676	$ 816
Preferred Stock Series A (B)	519 shs.	10/10/12	498,734	—
Common Stock (B)	238 shs.	*	238,000	—
Common Stock Series B (B)	597 shs.	10/10/12	6	—
Warrant, exercisable until 2015, to purchase common stock at $.02 per share (B)	87 shs.	*	86,281	—
* 08/12/05 and 09/11/06.			1,688,697	816
MNX Holding Company				
An international third party logistics company providing customized logistics services to customers across the globe.				
14% Senior Subordinated Note due 11/02/2019	$ 1,264,828	11/02/12	1,246,530	1,227,058
Common Stock (B)	45 shs.	11/02/12	44,643	13,198
			1,291,173	1,240,256
Money Mailer				
A leading provider of hyperlocal shared direct mail advertising as well as interactive and online advertising solutions through its nationwide production and distribution network.				
Preferred Stock	1,332,865 shs.	12/10/14	1,312,872	1,332,865
Motion Controls Holdings				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% Senior Subordinated Note due 08/15/2020	$ 978,576	11/30/10	968,944	978,576
Limited Liability Company Unit Class B-1 (B)	75,000 uts.	11/30/10	—	79,711
Limited Liability Company Unit Class B-2 (B)	6,801 uts.	11/30/10	—	7,228
			968,944	1,065,515
NABCO, Inc.				
A producer of explosive containment vessels in the United States.				

Common Stock (B)	429 shs.	12/20/12	306,091	211,706

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
NetShape Technologies, Inc.				
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.				
12% Senior Subordinated Note due 06/10/2020	$ 810,000	02/02/07	$ 809,080	$ 810,000
Limited Partnership Interest of Saw Mill PCG Partners LLC (B)	1.38% int.	02/01/07	588,077	—
Limited Liability Company Unit Class D of Saw Mill PCG Partners LLC (B)	9 uts.	*	8,873	—
Limited Liability Company Unit Class D-1 of Saw Mill PCG Partners LLC (B)	121 uts.	09/30/09	121,160	230,429
Limited Liability Company Unit Class D-2 of Saw Mill PCG Partners LLC (B)	68 uts.	04/29/11	34,547	155,551
Limited Liability Company Unit Class D-3 of Saw Mill PCG Partners LLC (B)	104 uts.	12/10/14	103,904	109,926
* 12/18/08 and 09/30/09.			1,665,641	1,305,906
Northwest Mailing Services, Inc.				
A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs.				
Limited Partnership Interest (B)	1,740 uts.	*	174,006	127,471
Warrant, exercisable until 2019, to purchase common stock at $.01 per share (B)	2,605 shs.	*	260,479	190,818
* 07/09/09 and 08/09/10.			434,485	318,289
O E C Holding Corporation				

A provider of elevator maintenance, repair and modernization services.					
13% Senior Subordinated Note due 08/23/2018	$	444,445	06/04/10	425,307	444,445
Preferred Stock Series A (B)		554 shs.	06/04/10	55,354	68,453
Preferred Stock Series B (B)		311 shs.	06/04/10	31,125	—
Common Stock (B)		344 shs.	06/04/10	344	—
				512,130	512,898
Pearlman Enterprises, Inc.					
A developer and distributor of tools, equipment and supplies to the natural and engineered stone industry.					
Preferred Stock Series A (B)		1,236 shs.	05/22/09	59,034	1,547,014
Preferred Stock Series B (B)		7,059 shs.	05/22/09	290,050	50,527
Common Stock (B)		21,462 shs.	05/22/09	993,816	—
				1,342,900	1,597,541
Petroplex Inv Holdings LLC					
A leading provider of acidizing services to E&P customers in the Permian Basin.					
Limited Liability Company Unit		156,250 uts.	11/29/12	156,250	187,390

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Polytex Holdings LLC				
A manufacturer of water based inks and related products serving primarily the wall covering market.				
13% Senior Subordinated Note due 01/31/2020	$ 1,043,599	07/31/14	$ 1,024,662	$ 1,054,416
Limited Liability Company Unit	148,096 uts.	07/31/14	148,096	197,530
			1,172,758	1,251,946
PPC Event Services				
A special event equipment rental business.				
14% Senior Subordinated Note due 05/20/2020	$ 1,126,856	11/20/14	1,105,323	1,143,332
Limited Liability Company Unit (B)	3,450 uts.	11/20/14	172,500	169,565
			1,277,823	1,312,897
R A J Manufacturing Holdings LLC				
A designer and manufacturer of women’s swimwear sold under a variety of licensed brand names.				
8% Senior Subordinated Note due 01/02/2017 (D)	$ 49,908	01/02/14	217,411	49,908
Limited Liability Company Unit (B)	1,497 uts.	12/15/06	149,723	—
Limited Liability Company Unit Class B Common (B)	6 uts.	01/02/14	219,593	—
limited liability company unit series B-1 preferred (B)	9 uts.	01/02/14	374,307	374,308
Warrant, exercisable until 2017, to purchase common stock at $.01 per share (B)	2 shs.	12/15/06	69,609	—
			1,030,643	424,216
REVSpring, Inc.				
A provider of accounts receivable management and revenue cycle management services to customers in the healthcare, financial and utility industries.				
Limited Liability Company Unit Class A (B)	13,548 uts.	*	135,477	179,387

*10/21/11 and 08/03/12.

Safety Infrastructure Solutions				
A provider of trench safety equipment to a diverse customer base across multiple end markets in Texas and the Southwestern United States.				
Preferred Stock (B)	2,098 shs.	03/30/12	83,920	107,781
Common Stock (B)	983 shs.	03/30/12	9,830	74,042
			93,750	181,823
Signature Systems Holding Company				
A seller and installer of a variety of modular surfaces, industrial matting and related products used for ground protection.				
Common Stock (B)	76 shs.	03/15/13	75,509	200,510
Warrant, exercisable until 2023, to purchase common stock A at $.01 per share (B)	31 shs.	03/15/13	28,316	81,920
			103,825	282,430

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Smart Source Holdings LLC				
A short-term computer rental company.				
Limited Liability Company Unit (B)	328 uts.	*	$ 261,262	$ 345,865
Warrant, exercisable until 2015, to purchase common stock at $.01 per share (B)	83 shs.	*	67,467	87,608
* 08/31/07 and 03/06/08.			328,729	433,473
SMB Machinery Holdings, Inc.				
A reseller of used, rebuilt and refurbished packaging and processing equipment, primarily serving the bottling and food manufacturing industries.				
14% Senior Subordinated Note due 10/18/2019	$ 749,830	10/18/13	737,746	705,688
Common Stock (B)	841 shs.	10/18/13	84,100	27,572
			821,846	733,260
Spartan Foods Holding Company				
A manufacturer of branded pizza crusts and pancakes.				
12.25% Senior Subordinated Note due 03/01/2019	$ 605,299	12/15/09	556,139	605,299
Warrant, exercisable until 2020, to purchase common stock at $.01 per share (B)	136 shs.	12/15/09	120,234	109,082
			676,373	714,381
Strahman Holdings Inc				
A manufacturer of industrial valves and wash down equipment for a variety of industries, including chemical, petrochemical, polymer, pharmaceutical, food processing, beverage and mining.				
14% Senior Subordinated Note due 06/13/2019	$ 1,059,783	12/13/13	1,041,110	1,059,119
Preferred Stock Series A (B)	158,967 shs.	12/13/13	158,967	194,761
			1,200,077	1,253,880
Sundance Investco LLC				
A provider of post-production services to producers of movies and television shows.				

Limited Liability Company Unit Class A (B)		3,405 uts.	03/31/10	—	—
Sunrise Windows Holding Company					
A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.					
14% Senior Subordinated Note due 12/14/2017	$	1,049,142	12/14/10	1,020,077	1,057,110
14% Senior Subordinated PIK Note due 12/14/2017	$	102,810	08/17/12	100,684	102,810
Common Stock (B)		38 shs.	12/14/10	38,168	36,095
Warrant, exercisable until 2020, to purchase common stock at $.01 per share (B)		37 shs.	12/14/10	37,249	35,225
				1,196,178	1,231,240

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Synteract Holdings Corporation				
A provider of outsourced clinical trial management services to pharmaceutical and biotechnology companies.				
14% Senior Subordinated Note due 02/26/2019	$ 2,174,616	09/02/08	$ 2,122,784	$ 2,174,615
Preferred Stock Series D (B)	257 shs.	02/27/13	25,678	—
Redeemable Preferred Stock Series A (B)	678 shs.	10/03/08	6,630	—
Warrant, exercisable until 2018, to purchase common stock at $.01 per share (B)	6,778 shs.	09/02/08	59,661	—
			2,214,753	2,174,615
Torrent Group Holdings, Inc.				
A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.				
3% Senior Subordinated Note due 12/31/2018 (D)	$ 1,062,258	12/05/13	—	1,009,145
15% Senior Subordinated Note due 12/05/2020 (D)	$ 46,798	12/05/13	219,203	14,039
Warrant, exercisable until 2023, to purchase common stock at $.01 per share (B)	28,079 shs.	12/05/13	—	—
			219,203	1,023,184
Transpac Holding Company				
A designer, importer, and wholesaler of home décor and seasonal gift products.				
8% Senior Subordinated Note due 10/31/2015 (D)	$ 938,651	10/31/07	909,276	—
Common Stock (B)	110 shs.	10/31/07	110,430	—
Warrant, exercisable until 2015, to purchase common stock at $.01 per share (B)	50 shs.	10/31/07	46,380	—
			1,066,086	—
Tranzonic Holdings LLC				
A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.				

14% Senior Subordinated Note due 07/05/2019	$	1,529,337	07/05/13	1,505,948	1,544,630
Limited Liability Company Unit Class A (B)		147,727 shs.	07/05/13	147,727	178,241
				1,653,675	1,722,871
Tristar Global Energy Solutions, Inc. A hydrocarbon and decontamination services provider serving refineries worldwide.					
12.5% Senior Subordinated Note due 07/31/2020	$	1,113,822	01/23/15	1,091,583	1,111,678

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Truck Bodies & Equipment International				
A designer and manufacturer of accessories for heavy and medium duty trucks, primarily dump bodies, hoists, various forms of flat-bed bodies, landscape bodies and other accessories.				
Preferred Stock Series B (B)	128 shs.	10/20/08	$ 127,677	$ 504,735
Common Stock (B)	393 shs.	*	423,985	121,176
Warrant, exercisable until 2017, to purchase common stock at $.02 per share (B)	81 shs.	*	84,650	25,025
Warrant, exercisable until 2018, to purchase common stock at $.01 per share (B)	558 shs.	10/20/08	—	172,099
* 07/19/05 and 12/22/05.			636,312	823,035
TruStile Doors, Inc.				
A manufacturer and distributor of interior doors.				
Limited Liability Company Unit (B)	5,888 uts.	02/28/11	78,125	373,764
Vitex Packaging Group, Inc.				
A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags.				
Class B Unit (B)	406,525 uts.	10/29/09	184,266	—
Class C Unit (B)	450,000 uts.	10/29/09	413,244	331,785
Limited Liability Company Unit Class A (B)	383,011 uts.	*	229,353	—
Limited Liability Company Unit Class B (B)	96,848 uts.	07/19/04	96,848	—
* 07/19/04 and 10/29/09.			923,711	331,785
VP Holding Company				
A provider of school transportation services for special-needs and homeless children in Massachusetts.				
13% Senior Subordinated Note due 03/31/2021	$ 504,354	03/31/14	495,534	519,485
Common Stock (B)	3,632 shs.	03/31/14	363,158	410,884
			858,692	930,369

Wellborn Forest Holding Company					
A manufacturer of semi-custom kitchen and bath cabinetry.					
8% Senior Subordinated Note due 09/30/2017 (D)	$	1,680,931	11/30/06	867,531	—
Common Stock (B)		101 shs.	11/30/06	101,250	—
Warrant, exercisable until 2016, to purchase common stock at $.01 per share (B)		51 shs.	11/30/06	45,790	—
				1,014,571	—
Wheaton Holding Corporation					
A distributor and manufacturer of laboratory supply products and packaging.					
Preferred Stock Series B (B)		703 shs.	06/08/10	70,308	109,020
Common Stock (B)		353 shs.	06/08/10	353	83,647
				70,661	192,667

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Whitcraft Holdings, Inc.				
A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components.				
12% Senior Subordinated Note due 12/16/2018	$ 794,521	12/16/10	$ 755,974	$ 794,521
Common Stock (B)	205 shs.	12/16/10	205,480	105,697
Warrant, exercisable until 2018, to purchase common stock at $.01 per share (B)	55 shs.	12/16/10	49,334	28,405
			1,010,788	928,623
WP Supply Holding Corporation				
A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest.				
14.5% Senior Subordinated Note due 06/12/2020	$ 925,425	11/03/11	914,563	930,115
Common Stock	1,500 shs.	11/03/11	150,000	167,490
			1,064,563	1,097,605
York Wall Holding Company				
A designer, manufacturer and marketer of wall covering products for both residential and commercial wall coverings.				
12.5% Senior Subordinated Note due 03/04/2021	$ 1,543,170	03/04/15	1,512,606	1,552,800
Common Stock (B)	1,835 shs.	03/04/15	183,500	174,325
			1,696,106	1,727,125
Total Private Placement Investments (E)			$ 87,663,033	$ 88,118,442

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Due Date	Principal Amount	Cost	Market Value
Rule 144A Securities - 15.85%:					
Bonds - 15.85%					
Acadia Healthcare Company Inc.	5.625 %	02/15/23	$ 317,000	$ 317,000	$ 322,548
Alliant Techsystems Inc.	5.250	10/01/21	500,000	500,000	507,500
Amsted Industries	5.375	09/15/24	240,000	240,000	240,000
ArcelorMittal	6.125	06/01/18	500,000	508,867	537,250
Audatex North America, Inc.	6.125	11/01/23	210,000	219,142	222,075
Belden Inc.	5.250	07/15/24	210,000	210,000	211,575
California Resources Corporation	6.000	11/15/24	480,000	480,000	421,200
CITGO Petroleum Corporation	6.250	08/15/22	425,000	425,000	412,250
Consolidated Energy Finance S.A.	6.750	10/15/19	447,000	442,534	450,353
Cornerstone Chemical Company	9.375	03/15/18	375,000	381,637	388,125
CTP Transportation Products, LLC	8.250	12/15/19	310,000	310,000	319,300
Dean Foods	6.500	03/15/23	329,000	329,000	330,645
Endo Finance LLC	5.375	01/31/23	500,000	490,602	498,750
Family Tree Escrow, LLC	5.750	03/01/23	156,000	156,000	164,190
First Data Corporation	7.375	06/15/19	250,000	250,000	261,250
Forest Laboratories, Inc.	5.000	12/15/21	370,000	370,000	411,423
Forest Laboratories, Inc.	4.875	02/15/21	500,000	500,000	551,227
Harron Communications, L.P.	9.125	04/01/20	250,000	271,457	273,750
HD Supply, Inc.	5.250	12/15/21	127,000	127,000	130,810
Hilcorp Energy Company	5.000	12/01/24	335,000	335,000	314,900
H.J. Heinz Company	4.875	02/15/25	500,000	500,000	541,875
Huntington Ingalls Industries	5.000	12/15/21	500,000	500,000	521,250
International Wire Group	8.500	10/15/17	500,000	523,083	517,500
J.B. Poindexter Co., Inc.	9.000	04/01/22	500,000	500,000	542,500
JBS USA Holdings, Inc.	7.750	10/28/20	375,000	392,572	396,563
Jupiter Resources Inc.	8.500	10/01/22	500,000	475,531	410,000
Kenan Advantage Group, Inc.	8.375	12/15/18	500,000	515,303	520,000
Kindred Escrow Corp. II	8.750	01/15/23	500,000	500,000	547,500
LBC Tank Terminals Holding Netherlands B.V.	6.875	05/15/23	663,000	681,962	677,917
Mallinckrodt PLC	5.750	08/01/22	500,000	500,000	516,250
MEG Energy Corporation	6.375	01/30/23	500,000	500,000	460,000
MEG Energy Corporation	7.000	03/31/24	500,000	500,000	471,250
Micron Technology, Inc.	5.250	08/01/23	494,000	494,000	502,645
Moog Inc.	5.250	12/01/22	246,000	246,000	253,380
Netflix, Inc.	5.500	02/15/22	299,000	299,000	305,728
Nielsen Finance LLC	5.000	04/15/22	271,000	273,009	272,694

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Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Due Date	Shares or Principal Amount	Cost	Market Value
Numericable Group SA	4.875 %	05/15/19	$ 240,000	$ 240,000	$ 238,800
NXP BV/NXP Funding LLC	3.750	06/01/18	750,000	750,000	765,000
OpenText Corporation	5.625	01/15/23	382,000	382,000	396,325
Paperworks Industries, Inc.	9.500	08/15/19	500,000	510,642	512,500
Paragon Offshore plc.	6.750	07/15/22	500,000	161,455	165,000
Penske Corporation	4.875	07/11/22	500,000	498,309	540,927
Prestige Brands Holdings, Inc.	5.375	12/15/21	650,000	650,000	658,125
Safway Group Holding LLC/Finance Corporation	7.000	05/15/18	250,000	250,000	247,500
Sirius XM Radio Inc.	5.875	10/01/20	445,000	445,000	463,913
Sunoco LP	6.375	04/01/23	500,000	500,000	515,000
Topaz Marine S.A.	8.625	11/01/18	500,000	500,000	440,020
Townsquare Radio, LLC	9.000	04/01/19	500,000	534,888	532,930
Unitymedia KabelBW GmbH	6.125	01/15/25	500,000	500,000	528,750
Univision Communications	5.125	05/15/23	160,000	160,000	162,400
UPCB Finance IV Limited	5.375	01/15/25	208,000	208,000	208,000
Valeant Pharmaceuticals International	7.000	10/01/20	250,000	250,609	260,938
VRX Escrow Corp.	6.125	04/15/25	382,000	382,000	395,370
Welltec A/S	8.000	02/01/19	375,000	370,180	352,500
West Corporation	5.375	07/15/22	500,000	490,682	488,750
XPO Logistics, Inc.	7.875	09/01/19	451,000	464,200	477,495
Total Bonds				22,511,664	22,776,416
Convertible Preferred Stock - 0.00%					
ETEX Corporation (B)			194	—	—
Total Convertible Preferred Stock				—	—
Preferred Stock - 0.00%					
TherOX, Inc. (B)			26	—	—
Total Preferred Stock				—	—
Common Stock - 0.00%					
Touchstone Health Partnership (B)			292	—	—
Total Common Stock				—	—
Total Rule 144A Securities				22,511,664	22,776,416
				$ 110,174,697	$ 110,894,858

Total Corporate Restricted Securities

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Public Securities -28.05%: (A)	Interest Rate		Due Date	Principal Amount	Cost	Market Value
Bank Loans - 0.12%						
Aquilex Holdings LLC	5.000	%	12/31/20	169,262	168,911	167,147
Total Bank Loans					$ 168,911	$ 167,147
Bonds - 27.93%						
AAAR Corporation	7.250	%	01/15/22	$ 1,000,000	$ 1,051,056	$ 1,135,000
Access Midstream Partners, L.P.	4.875		03/15/24	500,000	500,000	502,500
Accuride Corp	9.500		08/01/18	500,000	488,187	521,250
ADT Corporation	6.250		10/15/21	500,000	516,198	532,500
Alcoa, Inc.	6.150		08/15/20	600,000	622,165	676,986
Ally Financial, Inc.	5.500		02/15/17	750,000	757,286	780,000
Alta Mesa Financial Services	9.625		10/15/18	383,000	372,324	291,080
American Axle & Manufacturing, Inc.	5.125		02/15/19	120,000	120,000	123,600
Anglogold Holdings PLC	5.375		04/15/20	600,000	603,846	593,456
Anixter, Inc.	5.125		10/01/21	165,000	165,000	169,538
Antero Resources Corporation	5.375		11/01/21	395,000	395,000	383,150
Avis Budget Car Rental	9.750		03/15/20	375,000	375,000	408,525
B&G Foods, Inc.	4.625		06/01/21	440,000	440,000	439,450
Bank of America Corporation	4.000		04/01/24	500,000	498,281	531,858
Bonanza Creek Energy, Inc.	5.750		02/01/23	500,000	500,000	460,000
Brunswick Corporation	7.125		08/01/27	500,000	504,443	535,000
Calpine Corporation	5.750		01/15/25	340,000	340,000	342,550
Calumet Specialty Products Partners L.P.	7.625		01/15/22	500,000	501,345	505,000
CCO Holdings Capital Corporation	5.250		09/30/22	500,000	496,013	511,250
CCO Holdings Capital Corporation	5.750		01/15/24	500,000	484,067	519,375
CHC Helicopter SA	9.250		10/15/20	900,000	848,382	760,500
Chrysler Group, LLC	8.000		06/15/19	210,000	224,057	220,238
Chrysler Group, LLC	8.250		06/15/21	210,000	229,236	232,913
Cimarex Energy Co.	5.875		05/01/22	500,000	533,141	532,500
CIT Group, Inc.	5.000		08/15/22	500,000	500,000	513,125
CIT Group, Inc.	3.875		02/19/19	500,000	500,000	495,000
Clearwater Paper Corporation	4.500		02/01/23	500,000	495,837	492,500
Commercial Metals Company	4.875		05/15/23	750,000	751,337	708,750
Continental Resources, Inc.	5.000		09/15/22	500,000	509,282	493,125
CVR Refining LLC	6.500		11/01/22	350,000	339,343	350,000
Dana Holding Corporation	5.500		12/15/24	265,000	265,000	272,950
DaVita, Inc.	5.750		08/15/22	500,000	500,000	531,250
D.R. Horton, Inc.	4.000		02/15/20	500,000	500,000	507,000
Duke Realty Limited Partnership	3.875		10/15/22	500,000	504,724	522,449

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Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Public Securities: (A) (Continued)	Interest Rate	Due Date	Principal Amount	Cost	Market Value
Forum Energy Technologies	6.250 %	10/01/21	$ 160,000	$ 160,000	$ 150,000
Frontier Communications Corporation	6.875	01/15/25	500,000	491,148	495,000
General Electric Capital Corporation	5.500	01/08/20	500,000	498,913	578,951
HCA Holdings, Inc.	3.750	03/15/19	500,000	500,000	506,720
Headwaters, Inc.	7.625	04/01/19	305,000	305,093	317,719
HealthSouth Corporation	7.750	09/15/22	365,000	365,678	385,531
Hertz Corporation	6.750	04/15/19	220,000	217,886	227,150
Hilton Worldwide Holdings, Inc.	5.625	10/15/21	750,000	750,000	789,375
Hornbeck Offshore Services, Inc.	5.000	03/01/21	500,000	500,000	397,500
Icahn Enterprises L.P.	4.875	03/15/19	475,000	475,000	483,906
Icahn Enterprises L.P.	6.000	08/01/20	600,000	610,104	623,280
International Game Technology	7.500	06/15/19	500,000	499,855	533,428
Jabil Circuit, Inc.	4.700	09/15/22	500,000	499,975	517,500
Johnson Controls, Inc.	5.500	01/15/16	500,000	484,963	518,250
Kraft Foods, Inc.	5.375	02/10/20	500,000	509,566	572,942
Laboratory Corporation of America Holdings	3.600	02/01/25	500,000	499,229	502,041
Lamar Media Corp.	5.375	01/15/24	160,000	160,000	166,800
Lazard Group LLC	4.250	11/14/20	500,000	498,641	534,364
Lear Corporation	4.750	01/15/23	375,000	368,732	376,875
Lennar Corporation	4.500	11/15/19	250,000	250,602	256,875
Lennar Corporation	4.750	11/15/22	375,000	370,137	381,563
Lifepoint Hospitals, Inc.	5.500	12/01/21	350,000	359,437	366,625
MarkWest Energy Partners, L.P.	4.875	12/01/24	500,000	500,000	511,200
Masco Corporation	7.125	03/15/20	350,000	349,999	410,375
MasTec, Inc.	4.875	03/15/23	500,000	490,960	467,500
Meritor, Inc.	6.750	06/15/21	1,000,000	1,000,000	1,035,000
Morgan Stanley	5.500	01/26/20	500,000	498,507	568,246
NBC Universal Media LLC	5.150	04/30/20	500,000	499,573	573,847
NRG Energy, Inc.	6.250	07/15/22	500,000	500,000	513,750
Omnova Solutions, Inc.	7.875	11/01/18	600,000	607,420	609,000
Perry Ellis International, Inc.	7.875	04/01/19	375,000	372,514	387,188
Precision Drilling Corporation	6.625	11/15/20	250,000	255,685	235,625
Qwest Diagnostic, Inc.	4.750	01/30/20	500,000	499,273	548,039
Regency Energy Partners LP	5.875	03/01/22	425,000	418,768	461,125
Rosetta Resources Inc.	5.875	06/01/22	500,000	500,000	471,250
R.R. Donnelley & Sons Company	6.000	04/01/24	500,000	500,000	516,250
Sprint Corporation	7.125	06/15/24	155,000	155,000	151,125
Sprint Nextel Corporation	6.000	12/01/16	500,000	505,205	522,000
Steelcase, Inc.	6.375	02/15/21	500,000	505,756	573,593

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Public Securities (A) (Continued)	Interest Rate		Due Date	Principal Amount	Cost	Market Value
Stone Energy Corporation	7.500	%	11/15/22	$ 500,000	$ 513,296	$ 452,500
Suburban Propane Partners, L.P.	5.750		03/01/25	500,000	500,000	510,000
Tech Data Corporation	3.750		09/21/17	500,000	503,855	515,193
Time Warner Cable, Inc.	5.000		02/01/20	500,000	494,394	557,979
T-Mobile USA Inc.	6.464		04/28/19	340,000	343,457	350,625
T-Mobile USA Inc.	6.731		04/28/22	210,000	207,359	221,025
Tronox Finance LLC	6.375		08/15/20	375,000	367,724	366,563
Tyson Foods, Inc.	4.500		06/15/22	500,000	512,838	551,651
Weatherford International	4.500		04/15/22	500,000	516,701	456,994
William Lyon Homes	7.000		08/15/22	500,000	500,000	515,625
WPX Energy, Inc.	5.250		09/15/24	425,000	425,000	373,788
Xerium Technologies, Inc.	8.875		06/15/18	416,000	431,048	429,520
Total Bonds					$ 39,279,841	$ 40,133,339

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Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Corporate Public Securities (A) (Continued)	Shares	Cost	Market Value
Common Stock - 0.00%			
Nortek, Inc. (B)	100	$ 1	$ 8,825
Total Common Stock		1	8,825
Total Corporate Public Securities		$ 39,448,753	$ 40,309,311

Short-Term Securities:	Interest Rate/Yield^	Due Date	Principal Amount	Cost	Market Value
Commercial Paper - 1.39%					
Pentair Finance	0.590 %	4/6/15	$ 2,000,000	$ 1,999,839	$ 1,999,839
Total Short-Term Securities				$ 1,999,839	$ 1,999,839
Total Investments	106.61 %			$ 151,623,289	$ 153,204,008
Other Assets	5.31				7,623,839
Liabilities	(11.92)				(17,123,519)
Total Net Assets	100.00 %				$ 143,704,328

(A) In each of the convertible note, warrant, and common stock investments, the issuer has agreed to provide certain registration rights.
(B) Non-income producing security.
(C) Security valued at fair value using methods determined in good faith by or under the direction of the Board of Trustees.
(D) Defaulted security; interest not accrued.
(E)

Illiquid security. As of March 31, 2015, the values of these securities amounted to $88,118,442 or 61.32% of net assets.

^ Effective yield at purchase

PIKPayment-in-kind

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CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
March 31, 2015
(Unaudited)

Industry Classification:	Fair Value/ Market Value
AEROSPACE - 2.40%	
AAR Corporation	$ 1,135,000
Alliant Techsystems Inc.	507,500
Merex Holding Corporation	622,141
Moog Inc.	253,380
Whitcraft Holdings, Inc.	928,623
	3,446,644
AUTOMOBILE - 7.05%	
Accuride Corp	521,250
American Axle & Manufacturing, Inc.	123,600
Avis Budget Car Rental	408,525
CG Holdings Manufacturing Company	1,719,160
Chrysler Group, LLC	453,151
Dana Holding Corporation	272,950
DPL Holding Corporation	1,810,780
Grakon Parent	1,747,857
Ideal Tridon Holdings, Inc.	187,527
J A C Holding Enterprises, Inc.	260,516
Johnson Controls, Inc.	518,250
K & N Parent, Inc.	159,147
Lear Corporation	376,875
Meritor, Inc.	1,035,000
Penske Corporation	540,927
	10,135,515
BEVERAGE, DRUG & FOOD - 7.00%	
1492 Acquisition LLC	755,536
B&G Foods, Inc.	439,450
Dean Foods	330,645
Eatem Holding Company	312,566
H.J. Heinz Company	541,875
JBS USA Holdings, Inc.	396,563
Spartan Foods Holding Company	714,381
Tyson Foods, Inc.	551,651
	10,067,144
BROADCASTING & ENTERTAINMENT - 2.74%	
HOP Entertainment LLC	—
Lamar Media Corporation	166,800
Money Mailer	1,332,865
NBC Universal Media LLC	573,847
Numericable Group SA	238,800
Time Warner Cable, Inc.	557,979
Sundance Investco LLC	—
Townsquare Radio, LLC	532,930
Unitymedia KabelBW GmbH	528,750
	3,931,971
BUILDINGS & REAL ESTATE - 3.42%	
ACP Cascade Holdings LLC	—
D.R. Horton, Inc.	507,000
Duke Realty Limited Partnership	522,449
Lennar Corporation	638,438
Masco Corporation	410,375
MasTec, Inc.	467,500
Safway Group Holding LLC/Finance Corporation	247,500
Sunrise Windows Holding Company	1,231,240
TruStile Doors, Inc.	373,764
William Lyon Homes	515,625
	4,913,891
CHEMICAL, PLASTICS & RUBBER - 3.02%	
Compass Chemical International LLC	1,724,430
Cornerstone Chemical Company	388,125
Omnova Solutions, Inc.	609,000
Polytex Holdings LLC	1,251,946

F F C Holding Corporation	214,932	Tronox Finance LLC	366,563
Gennx Novel Holding, Inc.	1,692,858		4,340,064
Golden County Foods Holding, Inc.	—	CONSUMER PRODUCTS - 12.33%	
Hospitality Mints Holding Company	1,200,130	AMS Holding LLC	344,334
Impact Confections	1,240,242	Animal Supply Company	1,698,894
JMH Investors LLC	1,103,373	Bravo Sports Holding Corporation	1,207,902
Kraft Foods, Inc.	572,942	Clearwater Paper Corporation	492,500
		Custom Engineered Wheels, Inc.	312,240

See Notes to Consolidated Financial Statements

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015
(Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value
gloProfessional Holdings, Inc.	$ 1,351,045
GTI Holding Company	856,725
Handi Quilter Holding Company	1,752,212
HHI Group, LLC	1,643,123
K N B Holdings Corporation	92,627
Manhattan Beachwear Holding Company	835,803
Micron Technology, Inc.	502,645
NXP BV/NXP Funding LLC	765,000
Perry Ellis International, Inc.	387,188
Prestige Brands Holdings, Inc.	—
R A J Manufacturing Holdings LLC	424,216
R.R. Donnelley & Sons Company	516,250
Tranzonic Holdings LLC	1,722,871
Xerium Technologies, Inc.	429,520
York Wall Holding Company	1,727,125
	17,062,220
CONTAINERS, PACKAGING & GLASS - 1.10%	
Paperworks Industries, Inc.	512,500
SMB Machinery Holdings, Inc.	733,260
Vitex Packaging Group, Inc.	331,785
	1,577,545
DISTRIBUTION - 3.49%	
ARI Holding Corporation	2,224,601
Blue Wave Products, Inc.	792,670
BP SCI LLC	481,529
HD Supply, Inc.	130,810
Signature Systems Holding Company	282,430
WP Supply Holding Corporation	1,097,605
	5,009,645
DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 8.42%	
Advanced Manufacturing Enterprises LLC	1,346,944
Amsted Industries	240,000
Arrow Tru-Line Holdings, Inc.	186,450
CTP Transportation Products, LLC	319,300
Dunn Paper	1,724,632
Hi-Rel Group LLC	$ 916,157
Janus Group Holdings LLC	1,842,687
J.B. Poindexter Co., Inc.	542,500
K P I Holdings, Inc.	449,840
Nortek, Inc.	8,825
O E C Holding Corporation	512,898
Strahman Holdings Inc	1,253,880
Truck Bodies & Equipment International	823,035
	12,100,191
DIVERSIFIED/CONGLOMERATE, SERVICE - 9.98%	
ADT Corporation	532,500
AFC - Dell Holding Corporation	1,287,660
A S C Group, Inc.	1,518,156
A W X Holdings Corporation	210,000
Advanced Technologies Holdings	547,166
Anglogold Holdings PLC	593,456
Bank of America Corporation	531,858
Church Services Holding Company	550,146
Clough, Harbour and Associates	386,035
Crane Rental Corporation	896,217
EPM Holding Company	688,643
Hilton Worldwide Holdings, Inc.	789,375
HVAC Holdings, Inc.	1,375,086
Insurance Claims Management, Inc.	244,680
Mail Communications Group, Inc.	310,121
Northwest Mailing Services, Inc.	318,289
Pearlman Enterprises, Inc.	1,597,541
PPC Event Services	1,312,897
Safety Infrastructure Solutions	181,823
Sirius XM Radio Inc.	463,913
	14,335,562
ELECTRONICS - 1.97%	
Anixter, Inc.	169,538
Belden Inc.	211,575
Connecticut Electric, Inc.	899,338

F G I Equity LLC	250,031	International Wire Group	517,500
G C Holdings	134,128	Jabil Circuit, Inc.	517,500
Hartland Controls Holding Corporation	1,548,884	Tech Data Corporation	515,193
			2,830,644

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015
(Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value
FINANCIAL SERVICES - 6.07%	
Ally Financial, Inc.	$ 780,000
Alta Mesa Financial Services	291,080
CIT Group, Inc.	1,008,125
Consolidated Energy Finance S.A.	450,353
General Electric Capital Corporation	578,951
Harron Communications, L.P.	273,750
Icahn Enterprises L.P.	1,107,186
Lazard Group LLC	534,364
LBC Tank Terminals Holding Netherlands B.V.	677,917
Morgan Stanley	568,246
Nielsen Finance LLC	272,694
Pentair Finance	1,999,839
REVSpring, Inc.	179,387
	8,721,892
HEALTHCARE, EDUCATION & CHILDCARE - 7.69%	
Acadia Healthcare Company Inc.	322,548
American Hospice Management Holding LLC	1,319,546
CHG Alternative Education Holding Company	1,055,579
DaVita, Inc.	531,250
GD Dental Services LLC	118,403
ECG Consulting Group	1,378,927
ERG Holding Company LLC	1,023,380
HCA Holdings, Inc.	506,720
Healthcare Direct Holding Company	75,360
HealthSouth Corporation	385,531
Kindred Escrow Corp. II	547,500
Laboratory Corporation of America Holdings	502,041
Lifepoint Hospitals, Inc.	366,625
HOME & OFFICE FURNISHINGS, HOUSEWARES, AND DURABLE CONSUMER PRODUCTS - 1.62%	
Airxcel Holdings	$ 1,755,588
Steelcase, Inc.	573,593
Transpac Holding Company	—
Wellborn Forest Holding Company	—
	2,329,181
LEISURE, AMUSEMENT, ENTERTAINMENT - 1.86%	
Brunswick Corporation	535,000
CTM Holding, Inc.	1,606,501
International Game Technology	533,428
	2,674,929
MACHINERY - 3.22%	
ABC Industries, Inc.	497,245
Arch Global Precision LLC	1,059,013
E S P Holdco, Inc.	348,365
Motion Controls Holdings	1,065,515
M V I Holding, Inc.	—
NetShape Technologies, Inc.	1,305,906
Welltec A/S	352,500
	4,628,544
MEDICAL DEVICES/BIOTECH - 0.52%	
ETEX Corporation	—
Mallinckrodt PLC	516,250
MedSystems Holdings LLC	230,372
MicroGroup, Inc.	816
TherOX, Inc.	—
	747,438

Qwest Diagnostic, Inc.	548,039	MINING, STEEL, IRON & NON-PRECIOUS METALS - 0.96%	
Synteract Holdings Corporation	2,174,615	Alcoa, Inc.	676,986
Touchstone Health Partnership	—	Commercial Metals Company	708,750
Wheaton Holding Corporation	192,667		1,385,736
	11,048,731	NATURAL RESOURCES - 0.58%	
		ArcelorMittal	537,250
		Headwaters, Inc.	317,719
			854,969

See Notes to Consolidated Financial Statements

Babson Capital Participation Investors

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2015
(Unaudited)

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
OIL & GAS - 8.33%		TECHNOLOGY - 1.13%	
Access Midstream Partners, L.P.	$ 502,500	Audatex North America, Inc.	$ 222,075
Antero Resources Corporation	383,150	First Data Corporation	261,250
Avantech Testing Services LLC	772,416	Netflix, Inc.	305,728
Bonanza Creek Energy, Inc.	460,000	OpenText Corporation	396,325
California Resources Corporation	421,200	Smart Source Holdings LLC	433,473
Calumet Specialty Products Partners L.P.	505,000		1,618,851
Cimarex Energy Co.	532,500	TELECOMMUNICATIONS - 2.53%	
CITGO Petroleum Corporation	412,250	CCO Holdings Capital Corporation	1,030,625
Continental Resources, Inc.	493,125	Frontier Communications Corporation	495,000
CVR Refining LLC	350,000	Sprint Corporation	151,125
Forum Energy Technologies	150,000	Sprint Nextel Corporation	522,000
Hilcorp Energy Company	314,900	T-Mobile USA Inc.	571,650
Hornbeck Offshore Services, Inc.	397,500	Univision Communications	162,400
Jupiter Resources Inc.	410,000	UPCB Finance IV Limited	208,000
MarkWest Energy Partners, L.P.	511,200	West Corporation	488,750
MEG Energy Corporation	931,250		3,629,550
Paragon Offshore plc.	165,000	TRANSPORTATION - 3.71%	
Petroplex Inv Holdings LLC	187,390	CHC Helicopter SA	760,500
Precision Drilling Corporation	235,625	Hertz Corporation	227,150
Regency Energy Partners LP	461,125	Huntington Ingalls Industries	521,250
Rosetta Resources Inc.	471,250	Kenan Advantage Group, Inc.	520,000
Stone Energy Corporation	452,500	MNX Holding Company	1,240,256
Sunoco LP	515,000	NABCO, Inc.	211,706
Tristar Global Energy Solutions, Inc.	1,111,678	Topaz Marine S.A.	440,020
Weatherford International	456,994	VP Holding Company	930,369
WPX Energy, Inc.	373,788	XPO Logistics, Inc.	477,495
	11,977,341		5,328,746
PHARMACEUTICALS - 2.66%		UTILITIES - 0.60%	
Clarion Brands Holding Corp.	1,699,178	Calpine Corporation	342,550

Endo Finance LLC	498,750	NRG Energy, Inc.	513,750
Forest Laboratories, Inc.	962,650		856,300
Valeant Pharmaceuticals International	260,938	WASTE MANAGEMENT / POLLUTION - 1.74%	
VRX Escrow Corp.	395,370	Aquilex Holdings LLC	167,147
	3,816,886	MES Partners, Inc.	1,311,232
RETAIL STORES - 0.47%		Torrent Group Holdings, Inc.	1,023,184
Family Tree Escrow, LLC	164,190		2,501,563
Suburban Propane Partners, L.P.	510,000		
	674,190	Total Investments - 106.61%	$ 153,204,008

See Notes to Consolidated Financial Statements

Fair Values Hierarchy

The Trust categorizes its investments measured at fair value in three levels, based on the inputs and assumptions used to determine fair value. These levels are as follows:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Trust's own assumptions in determining the fair value of investments)

The following is a summary of the inputs used to value the Trust's net assets as of March 31, 2015:

Assets	Total	Level 1	Level 2	Level 3
Restricted Securities				
Corporate Bonds	85,719,001	—	22,776,416	62,942,585
Common Stock - U.S.	7,563,098	—	—	7,563,098
Preferred Stock	7,011,678	—	—	7,011,678
Partnerships and LLCs	10,601,084	—	—	10,601,081
Public Securities				
Bank Loans	167,147	—	167,147	—
Corporate Bonds	40,133,339	—	40,133,339	—
Common Stock - U.S.	8,825	8,825	—	—
Short-term Securities	1,999,839	—	1,999,839	—
Total	$153,204,008	$8,825	$65,076,741	$88,118,442

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

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

Assets	Beginning balance at 12/31/2014	Included in earnings	Purchases	Sales	Prepayments	Transfers in and / or out of Level 3	Ending balance at 03/31/2015
Restricted Securities							
Corporate Bonds	$ 59,265,205	$ 250,468	$ 7,135,017	$ (488,617)	$ (3,219,488)	$ —	62,942,585
	8,548,845	534,262	182,936	(1,702,945)	—	—	7,563,098

Common Stock - U.S.							
Preferred Stock	6,123,833	955,615	(573)	(67,197)	—	—	7,011,678
Partnerships and LLCs	9,571,615	847,906	323,337	(141,777)	—	—	10,601,081
Public Securities							
Common Stock	—	—	—	—	—	—	—
	$ 83,509,498	$ 2,588,251	$ 7,640,717	$ (2,400,536)	$ (73,219,488)	$ —	88,118,442

There were no transfers into or out of Level 1 or Level 2 assets.

ITEM 2. CONTROLS AND PROCEDURES.

(a) The principal executive officer and principal financial officer of the Registrant evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act") as of a date within 90 days of the filing date of this report and based on that evaluation have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There have been changes in the Registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act)("internal controls") that occurred during the Registrant's last fiscal quarter. The Registrant's investment adviser, Babson Capital Management LLC, who maintains the Registrant's internal controls, revised its internal controls to oversee State Street Bank & Trust who now provides certain administrative and accounting services to the Registrant.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) are attached hereto as an exhibit.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Babson Capital Participation Investors

By (Signature and Title)* /s/ Michael L. Klofas

Michael L. Klofas, President

Date May 29, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ Michael L. Klofas

Michael L. Klofas, President

Date May 29, 2015

By (Signature and Title)* /s/ James M. Roy

James M. Roy, Vice President and
Chief Financial Officer

Date May 29, 2015

* PRINT THE NAME AND TITLE OF EACH SIGNING OFFICER UNDER HIS OR HER SIGNATURE.