

BABSON CAPITAL PARTICIPATION INVESTORS  
Form N-CSRS  
September 06, 2013

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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 811-5531

Babson Capital Participation Investors

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(Exact name of registrant as specified in charter)

1500 Main Street, P.O. Box 15189, Springfield, MA 01115-5189

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(Address of principal executive offices) (Zip code)

Christopher A. DeFrancis, Vice President and Secretary  
1500 Main Street, Suite 2800, P.O. Box 15189, Springfield, MA 01115-5189

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(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: 06/30/13

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

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comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 110 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 semi-annual shareholder report transmitted to shareholders pursuant to Rule 30e-1 of the Investment Company Act of 1940, as amended.



Adviser  
Babson Capital Management 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 02110

Internet Website  
[www.babsoncapital.com/mpv](http://www.babsoncapital.com/mpv)

Counsel to the Trust  
Ropes & Gray LLP  
Boston, Massachusetts 02110

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

Custodian  
State Street Bank and Trust Company  
Boston, Massachusetts 02116

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#### Investment Objective and Policy

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

The Trust’s investment objective is to maximize total return by providing a high level of current income, the potential for growth of income, and capital appreciation. The Trust’s principal investments are privately placed, below-investment grade (as defined below), long-term debt obligations purchased directly from their issuers, which tend to be smaller companies. At least half of these investments normally include equity features such as warrants, conversion rights, or other equity features that provide the Trust with the opportunity to realize capital gains. The Trust will also invest in publicly traded debt securities (including high yield securities), again with an emphasis on those with equity features, and in convertible preferred stocks and, subject to certain limitations, readily marketable equity securities. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay principal. The Trust is prohibited from purchasing below-investment grade securities if, after giving effect to the purchase, more than 75% of the Trusts’ total assets

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

#### Form N-Q

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

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

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

would be invested in below-investment grade securities, which are securities that are rated, at the time of purchase, BB or B by S&P or Ba or B by Moody's, or, if unrated, are believed by Babson Capital Management LLC ("Babson Capital") to be of an equivalent quality. In addition, the Trust will not invest in any debt security that is rated, at the time of acquisition, below B by S&P or Moody's, or if unrated, is believed by Babson Capital to be of an equivalent quality. In addition, the Trust may temporarily invest in high quality, readily marketable securities.

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

## TO OUR SHAREHOLDERS

We are pleased to present the June 30, 2013 Quarterly Report of Babson Capital Participation Investors (the “Trust”).

The Board of Trustees declared a quarterly dividend of 27 cents per share, payable on August 16, 2013 to shareholders of record on August 5, 2013. The Trust paid a 27 cent per share dividend for the preceding quarter. The Trust earned 26 cents per share of net investment income for the second quarter of 2013, compared to 26 cents per share in the previous quarter.

During the second quarter, the net assets of the Trust decreased to \$131,772,834 or \$12.90 per share compared to \$133,137,561 or \$13.05 per share on March 31, 2013. This translates into a 0.9% total return for the quarter, based on the change in the Trust’s net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 15.5%, 14.1%, 9.9%, and 13.7% for the 1-, 3-, 5-, and 10-year time periods, respectively, based on the change in the Trust’s net assets assuming the reinvestment of all dividends.

The Trust’s share price increased 2.0% during the quarter, from \$14.35 per share as of March 31, 2013 to \$14.63 per share as of June 30, 2013. The Trust’s market price of \$14.63 per share equates to a 13.4% premium over the June 30, 2013 net asset value per share of \$12.90. The Trust’s average quarter-end premium for the 3, 5 and 10-year periods was 18.2%, 10.4% and 10.9%, respectively. U.S. equity markets, as approximated by the Russell 2000 Index, increased 3.1% for the quarter. U.S. fixed income markets, as approximated by the Barclays Capital U.S. Corporate High Yield Index, decreased 1.4% for the quarter.

The Trust closed three new private placement investments and three “follow-on” investments in existing portfolio companies during the second quarter. The three new investments were in ARI Holding Corporation, CG Holdings Manufacturing Company and Hi-Rel Group LLC, while the three follow-on investments were in F G I Equity LLC, K & N Parent, Inc. and Safety Infrastructure Solutions. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these six transactions was \$4,709,211.

U.S. middle market buyout activity continued at a sluggish pace during the second quarter of 2013. In fact, the level of private equity backed deals completed in the first half of 2013 was at its lowest level since 2009. While there is a shortage of quality deal flow, there is plenty of equity capital and senior and mezzanine debt looking to be invested. The result is that attractive companies are being aggressively pursued by buyers and lenders alike, pushing both purchase price multiples and leverage levels up. As we head into the third quarter of 2013, most market participants expect deal flow to improve over the remainder of the year. We currently have a number of deals under review and hope that our new investment activity in the second half of the year will exceed that of the first half of the year. We continue to be cautious, though, in light of the more aggressive leverage multiples and mezzanine pricing we are seeing in the market. We intend to maintain the same discipline and investment philosophy, based on taking prudent levels of risk and getting paid appropriately for the risks taken, that has served us well for so many years.

The quality of the Trust’s existing portfolio remained solid through the second quarter. We are pleased that sales and earnings for the Trust’s portfolio as a whole continued their upward momentum. We had no exits from the portfolio in the second quarter, but we have a healthy backlog of companies in the process of being sold and expect the second half of the year to be active for realizations. On the negative side of the ledger, however, we saw refinancing activity in the portfolio continue at a high level in the second quarter. These transactions, in which the debt instruments held by the Trust were fully or partially prepaid, are being driven by companies seeking to take advantage of low interest rates and plentiful credit. We had six portfolio companies fully or partially prepay the Trust’s debt holdings in the second quarter, on top of eight in the first quarter. As mentioned in prior reports, the loss of these income-producing investments, unless replaced by new investments, could adversely affect the Trust’s ability to sustain its dividend level

in the quarters ahead.

(Continued)

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

Sincerely,

Michael L. Klofas  
President

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

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

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

June 30, 2013

(Unaudited)

## Assets:

## Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value

(Cost - \$103,576,891) \$ 96,755,169

Corporate restricted securities at market value

(Cost - \$9,012,490) 9,075,198

Corporate public securities at market value

(Cost - \$27,867,626) 28,792,409

Short-term securities at amortized cost

5,449,374

Total investments (Cost - \$145,906,381)

140,072,150

Cash

6,168,843

Interest receivable

1,577,178

Receivable for investments sold

45,339

Other assets

26,254

Total assets

147,889,764

## Liabilities:

Note payable

15,000,000

Deferred tax liability

530,514

Investment advisory fee payable

296,489

Tax payable

149,095

Interest payable

27,267

Accrued expenses

113,565

Total liabilities

16,116,930

Total net assets

\$ 131,772,834

## Net Assets:

Common shares, par value \$.01 per share

\$ 102,142

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Additional paid-in capital	95,384,810
Retained net realized gain on investments, prior years	33,733,164
Undistributed net investment income	4,043,523
Accumulated net realized gain on investments	4,873,940
Net unrealized depreciation of investments	(6,364,745 )
Total net assets	\$ 131,772,834
Common shares issued and outstanding (14,785,750 authorized)	10,214,201
Net asset value per share	\$ 12.90

See Notes to Consolidated Financial Statements

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## CONSOLIDATED STATEMENT OF OPERATIONS

For the six months ended June 30, 2013

(Unaudited)

Investment Income:	
Interest	\$ 6,341,792
Dividends	101,515
Other	116,602
 Total investment income	 6,559,909
 Expenses:	
Investment advisory fees	596,049
Interest	306,750
Trustees' fees and expenses	168,000
Professional fees	113,400
Reports to shareholders	45,000
Custodian fees	15,000
Other	11,548
 Total expenses	 1,255,747
 Investment income - net	 5,304,162
 Net realized and unrealized gain on investments:	
Net realized gain on investments before taxes	1,197,232
Income tax expense	(1,572 )
Net realized gain on investments after taxes	1,195,660
Net change in unrealized depreciation of investments before taxes	(206,909 )
Net change in deferred income tax expense	(62,880 )
Net change in unrealized depreciation of investments after taxes	(269,789 )
 Net gain on investments	 925,871
 Net increase in net assets resulting from operations	 \$ 6,230,033

See Notes to Consolidated Financial Statements

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## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2013

(Unaudited)

Net increase in cash:	
Cash flows from operating activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$2,061,556
Purchases of portfolio securities	(16,200,894)
Proceeds from disposition of portfolio securities	18,302,305
Interest, dividends and other income received	5,735,866
Interest expense paid	(306,750 )
Operating expenses paid	(975,455 )
Income taxes paid	(918,072 )
Net cash provided by operating activities	7,698,556
Cash flows from financing activities:	
Cash dividends paid from net investment income	(5,503,240 )
Receipts for shares issued on reinvestment of dividends	422,439
Net cash used for financing activities	(5,080,801 )
Net increase in cash	2,617,755
Cash - beginning of year	3,551,088
Cash - end of period	\$6,168,843
Reconciliation of net increase in net assets to net cash provided by operating activities:	
Net increase in net assets resulting from operations	\$ 6,230,033
Decrease in investments	2,798,684
Increase in interest receivable	(445,304 )
Decrease in other assets	(45,339 )
Increase in payable for investments purchased	40,560
Increase in deferred tax liability	62,880
Increase in investment advisory fee payable	8,772
Decrease in tax payable	(916,500 )
Increase in accrued expenses	(35,230 )
Total adjustments to net assets from operations	1,468,523
Net cash provided by operating activities	\$ 7,698,556

See Notes to Consolidated Financial Statements

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## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the six months ended 06/30/2013 (Unaudited)	For the year ended 12/31/2012
Increase in net assets:		
Operations:		
Investment income - net	\$ 5,304,162	\$ 10,965,123
Net realized gain on investments after taxes	1,195,660	2,488,796
Net change in unrealized depreciation of investments after taxes	(269,789 )	4,059,101
Net increase in net assets resulting from operations	6,230,033	17,513,020
Increase from common shares issued on reinvestment of dividends		
Common shares issued (2013 - 30,952; 2012 - 71,363)	422,439	1,013,772
Dividends to shareholders from:		
Net investment income (2013 - \$0.27 per share; 2012 - \$1.04 per share)	(2,753,763 )	(10,584,312 )
Net realized gains (2013 - \$0.00 per share; 2012 - \$0.04 per share)	—	(388,021 )
Total increase in net assets	3,898,709	7,554,459
Net assets, beginning of year	127,874,125	120,319,666
Net assets, end of period/year (including undistributed net investment income of \$4,043,523 and \$1,493,124, respectively)	\$ 131,772,834	\$ 127,874,125

See Notes to Consolidated Financial Statements



## CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

Selected data for each share of beneficial interest outstanding:

	For the six months ended 06/30/2013 (Unaudited)	For the years ended December 31,				
		2012	2011	2010	2009	2008
Net asset value:						
Beginning of year	\$ 12.56	\$ 11.90	\$ 11.89	\$ 10.91	\$ 11.10	\$ 12.84
Net investment income (a)	0.52	1.08	1.14	1.02	0.94	1.08
Net realized and unrealized gain (loss) on investments	0.09	0.64	0.08	0.95	(0.13 )	(1.82 )
Total from investment operations	0.61	1.72	1.22	1.97	(0.81 )	0.74
Dividends from net investment income to common shareholders	(0.27 )	(1.04 )	(1.23 )	(1.00 )	(1.00 )	(1.00 )
Dividends from net realized gain on investments to common shareholders	—	(0.04 )	(0.00 )(b)	—	—	—
Increase from dividends reinvested	(0.00 )(b)	0.02	0.02	0.01	0.00	0.00
Total dividends	(0.27 )	(1.06 )	(1.21 )	(0.99 )	(1.00 )	(1.00 )
Net asset value:						
End of period/year	\$ 12.90	\$ 12.56	\$ 11.90	\$ 11.89	\$ 10.91	\$ 11.10
Per share market value:						
End of period/year	\$ 14.63	\$ 13.91	\$ 15.85	\$ 13.88	\$ 12.20	\$ 9.05
Total investment						

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return

Net asset value (c)	4.84	%	15.89	%	10.56	%	18.71	%	7.60	%	(6.01	%)
Market value (c)	7.25	%	(4.54	%)	24.16	%	22.94	%	40.86	%	(25.36	%)
Net assets (in millions):												
End of period/year	\$ 131.77		\$ 127.87		\$ 120.32		\$ 119.54		\$ 108.93		\$ 110.18	
Ratio of operating expenses to average net assets	1.46	%(e)	1.51	%	1.42	%	1.46	%	1.41	%	1.33	%
Ratio of interest expense to average net assets	0.47	%(e)	0.49	%	0.56	%	0.61	%	0.63	%	0.58	%
Ratio of income tax expense to average net assets (d)	0.00	%(e)	0.83	%	0.20	%	0.46	%	0.00	%	0.00	%
Ratio of net expenses to average net assets	1.93	%(e)	2.83	%	2.18	%	2.53	%	2.04	%	1.91	%
Ratio of net investment income to average net assets	8.18	%(e)	8.82	%	9.33	%	8.96	%	8.55	%	8.74	%
Portfolio turnover	12	%	34	%	21	%	27	%	23	%	32	%

(a) Calculated using average shares.

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

(c) Net asset value return represents portfolio returns based on change in the Trust's net asset value assuming the reinvestment of all dividends and distributions which differs from the total investment return based on the Trust's market value due to the difference between the Trust's net asset value and the market value of its shares outstanding; past performance is no guarantee of future results.

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

(e) Annualized

Senior borrowings:

\$ 15	\$ 15	\$ 15	\$ 12	\$ 12	\$ 12
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Total principal  
amount (in millions)

Asset coverage per  
\$1,000

of indebtedness	\$ 9,785	\$ 9,525	\$ 9,021	\$ 10,962	\$ 10,077	\$ 10.181
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See Notes to Consolidated Financial Statements

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## CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2013

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities - 80.31%: (A)				
Private Placement Investments - 73.42%				
1492 Acquisition LLC				
A leading producer of premium Italian cured meats and deli meats in the U.S.				
14% Senior Subordinated Note due 2019	\$1,152,411	10/17/12	\$1,131,097	\$1,111,395
Limited Liability Company Unit Class A Common (B)	11,364 uts.	10/17/12	11,364	17,566
Limited Liability Company Unit Class A Preferred (B)	102 uts.	10/17/12	102,270	106,054
			1,244,731	1,235,015
A E Company, Inc.				
A designer and manufacturer of machined parts and assembly structures for the commercial and military aerospace industries.				
	184,615			
Common Stock (B)	shs.	11/10/09	184,615	447,097
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	92,308 shs.	11/10/09	68,566	223,550
			253,181	670,647
A H C Holding Company, Inc.				
A designer and manufacturer of boilers and water heaters for the commercial sector.				
Limited Partnership Interest (B)	12.26% int.	11/21/07	119,009	170,092
A S C Group, Inc.				
A designer and manufacturer of high reliability encryption equipment, communications products, computing systems and electronic components primarily for the military and aerospace sectors.				
Limited Liability Company Unit Class A (B)	2,186 uts.	*	78,340	118,276
Limited Liability Company Unit Class B (B)	1,479 uts.	10/09/09	52,999	80,023
* 10/09/09 and 10/27/10.			131,339	198,299
A W X Holdings Corporation				
A provider of aerial equipment rental, sales and repair services to non-residential construction and maintenance contractors operating in the State of Indiana.				
10.5% Senior Secured Term Note due 2014 (D)	\$420,000	05/15/08	413,944	210,000
13% Senior Subordinated Note due 2015 (D)	\$420,000	05/15/08	384,626	—
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	—
			894,224	210,000

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ABC Industries, Inc.

A manufacturer of mine and tunneling ventilation products in the U.S.

13% Senior Subordinated Note due 2019	\$500,000	08/01/12	451,701	486,299
Preferred Stock Series A (B)	125,000 shs.	08/01/12	125,000	115,895
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	22,414 shs.	08/01/12	42,446	—
			619,147	602,194

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>ACP Cascade Holdings LLC</b>				
A manufacturer and distributor of vinyl windows and patio doors throughout the northwestern United States.				
Limited Liability Company Unit Class B (B)	32 shs.	11/09/12	\$—	\$—
<b>Advanced Manufacturing Enterprises LLC</b>				
A designer and manufacturer of large, custom gearing products for a number of critical customer applications.				
14% Senior Subordinated Note due 2018	\$1,134,615	12/07/12	1,118,651	1,080,812
Limited Liability Company Unit (B)	1,154 uts.	12/07/12	115,385	78,994
			1,234,036	1,159,806
<b>Advanced Technologies Holdings</b>				
A provider of factory maintenance services to industrial companies.				
Preferred Stock Series A (B)	421 shs.	12/27/07	208,456	799,310
Convertible Preferred Stock Series B (B)	28 shs.	01/04/11	21,600	52,730
			230,056	852,040
<b>All Current Holding Company</b>				
A specialty re-seller of essential electrical parts and components primarily serving wholesale distributors.				
12% Senior Subordinated Note due 2015	\$603,697	09/26/08	579,817	603,697
Common Stock (B)	713 shs.	09/26/08	71,303	128,054
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	507 shs.	09/26/08	46,584	91,056
			697,704	822,807
<b>American Hospice Management Holding LLC</b>				
A for-profit hospice care provider in the United States.				
12% Senior Subordinated Note due 2013	\$1,237,502	*	1,229,414	1,237,502
Preferred Class A Unit (B)	1,706 uts.	**	170,600	241,736
Preferred Class B Unit (B)	808 uts.	06/09/08	80,789	177,139
Common Class B Unit (B)	16,100 uts.	01/22/04	1	—
Common Class D Unit (B)	3,690 uts.	09/12/06	—	—
			1,480,804	1,656,377
* 01/22/04 and 06/09/08.				
** 01/22/04 and 09/12/06.				
<b>AMS Holding LLC</b>				
A leading multi-channel direct marketer of high-value collectible coins and proprietary-branded jewelry and watches.				

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14.25% Senior Subordinated Note due 2019	\$1,155,361	10/04/12	1,134,108	1,143,133
Limited Liability Company Unit Class A Preferred (B)	114 uts.	10/04/12	113,636	113,630
			1,247,744	1,256,763

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Apex Analytix Holding Corporation</b>				
A provider of audit recovery and fraud detection services and software to commercial and retail businesses in the U.S. and Europe.				
12.5% Senior Subordinated Note due 2017	\$1,012,500	04/28/09	\$928,354	\$1,012,500
Preferred Stock Series B (B)	1,623 shs.	04/28/09	162,269	216,400
Common Stock (B)	723 shs.	04/28/09	723	80,400
			1,091,346	1,309,300
<b>Arch Global Precision LLC</b>				
A leading manufacturer of high tolerance precision components and consumable tools.				
14.75% Senior Subordinated Note due 2018	\$782,008	12/21/11	765,167	781,425
Limited Liability Company Unit Class B (B)	28 uts.	12/21/11	28,418	37,032
Limited Liability Company Unit Class C (B)	222 uts.	12/21/11	221,582	288,722
			1,015,167	1,107,179
<b>ARI Holding Corporation</b>				
A leading national supplier of products used primarily by specialty contractors.				
13.5% Senior Subordinated Note due 2020	\$1,305,336	05/21/13	1,279,525	1,267,238
Preferred Stock Series (B)	29 shs.	05/21/13	289,604	275,135
Common Stock (B)	29 shs.	05/21/13	32,178	30,571
			1,601,307	1,572,944
<b>Arrow Tru-Line Holdings, Inc.</b>				
A manufacturer of hardware for residential and commercial overhead garage doors in North America.				
12% Senior Subordinated Note due 2016 (D)	\$780,136	05/18/05	717,775	780,136
Preferred Stock (B)	33 shs.	10/16/09	33,224	69,149
Common Stock (B)	263 shs.	05/18/05	263,298	—
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	69 shs.	05/18/05	59,362	—
			1,073,659	849,285
<b>Baby Jogger Holdings LLC</b>				
A designer and marketer of premium baby strollers and stroller accessories.				
14% Senior Subordinated Note due 2019	\$942,213	04/20/12	925,827	961,057
Common Stock (B)	754 shs.	04/20/12	75,376	119,597
			1,001,203	1,080,654
<b>Blue Wave Products, Inc.</b>				
A distributor of pool supplies.				
10% Senior Secured Term Note due 2018	\$317,730	10/12/12	311,955	309,644
13% Senior Subordinated Note due 2019	\$320,031	10/12/12	298,016	308,869



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Common Stock (B)	51,064 shs.	10/12/12	51,064	33,892
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	20,216 shs.	10/12/12	20,216 681,251	13,418 665,823

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>BP SCI LLC</b>				
A leading value-added distributor of branded pipes, valves, and fittings (PVF) to diversified end markets.				
14% Senior Subordinated Note due 2018	\$1,056,552	10/17/12	\$1,037,357	\$1,022,861
Limited Liability Company Unit Class A (B)	417 uts.	10/17/12	41,667	34,173
Limited Liability Company Unit Class B (B)	167 uts.	10/17/12	166,666	175,962
			1,245,690	1,232,996
<b>Bravo Sports Holding Corporation</b>				
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 2014	\$1,207,902	06/30/06	1,194,011	1,147,507
Preferred Stock Class A (B)	465 shs.	06/30/06	141,946	55,985
Common Stock (B)	1 sh.	06/30/06	152	—
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	164 shs.	06/30/06	48,760	19,676
			1,384,869	1,223,168
<b>C D N T, Inc.</b>				
A value-added converter and distributor of specialty pressure sensitive adhesives, foams, films, and foils.				
10.5% Senior Secured Term Note due 2014	\$107,268	08/07/08	106,776	107,268
12.5% Senior Subordinated Note due 2015	\$429,070	08/07/08	412,123	429,070
Common Stock (B)	41,860 shs.	08/07/08	41,860	60,919
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	32,914 shs.	08/07/08	32,965	47,900
			593,724	645,157
<b>Capital Specialty Plastics, Inc.</b>				
A producer of desiccant strips used for packaging pharmaceutical products.				
Common Stock (B)	55 shs.	*	252	623,596
* 12/30/97 and 05/29/99.				
<b>CG Holdings Manufacturing Company</b>				
A coating provider in the fragmented North American market, serving the automotive, agricultural, heavy truck and other end markets.				
13% Senior Subordinated Note due 2019	\$1,136,364	05/09/13	1,070,008	1,101,116
Preferred Stock (B)	1,023 shs.	05/09/13	102,272	97,159
Preferred Stock-OID (B)	402 shs.	05/09/13	40,215	38,204
Common Stock (B)	105 shs.	05/09/13	11,364	10,741
Warrant, exercisable until 2023, to purchase				

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common stock at \$.01 per share (B)	48 shs.	05/09/13	4,465	—
			1,228,324	1,247,220

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<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% Senior Subordinated Note due 2018	\$739,459	01/19/11	\$706,940	\$746,464
14% Senior Subordinated Note due 2019	\$190,972	08/03/12	187,530	188,362
Common Stock (B)	375 shs.	01/19/11	37,500	44,754
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	295 shs.	01/19/11	29,250	35,179
			961,220	1,014,759
<b>Church Services Holding Company</b>				
A provider of diversified residential services to homeowners in Houston, Dallas, and Austin markets.				
14.5% Senior Subordinated Note due 2018	\$410,191	03/26/12	398,484	408,666
Common Stock (B)	1,327 shs.	*	132,700	106,098
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	57 shs.	03/26/12	5,740	4,557
* 03/26/12, 05/25/12 and 06/19/12.			536,924	519,321
<b>Clough, Harbour and Associates</b>				
An engineering service firm that is located in Albany, NY.				
Preferred Stock (B)	147 shs.	12/02/08	146,594	207,531
<b>Connecticut Electric, Inc.</b>				
A supplier and distributor of electrical products sold into the retail and wholesale markets.				
10% Senior Subordinated Note due 2014 (D)	\$771,051	01/12/07	719,299	747,285
Limited Liability Company Unit Class A (B)	82,613 uts.	01/12/07	82,613	32,269
Limited Liability Company Unit Class C (B)	59,756 uts.	01/12/07	59,756	25,014
Limited Liability Company Unit Class D (B)	671,525 uts.	05/03/10	—	715,671
Limited Liability Company Unit Class E (B)	1,102 uts.	05/03/10	—	—
			861,668	1,520,239
<b>Connor Sport Court International, Inc.</b>				
A designer and manufacturer of outdoor and indoor synthetic sports flooring and other temporary flooring products.				
Preferred Stock Series B-2 (B)	9,081 shs.	07/05/07	370,796	821,319
Preferred Stock Series C (B)	3,748 shs.	07/05/07	125,207	339,003
Common Stock (B)	380 shs.	07/05/07	4	—
Limited Partnership Interest (B)	6.88% int.	*	103,135	—
* 08/12/04 and 01/14/05.			599,142	1,160,322



## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>CorePharma LLC</b>				
A manufacturer of oral dose generic pharmaceuticals targeted at niche applications.				
Warrant, exercisable until 2013, to purchase common stock at \$.001 per share (B)	10 shs.	08/04/05	\$72,617	\$361,414
<b>Crane Rental Corporation</b>				
A crane rental company since 1960, headquartered in Florida.				
13% Senior Subordinated Note due 2015	\$1,032,750	08/21/08	986,915	1,032,750
Common Stock (B)	135,000 shs.	08/21/08	135,000	81,445
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	72,037 shs.	08/21/08	103,143	43,459
			1,225,058	1,157,654
<b>Custom Engineered Wheels, Inc.</b>				
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.	10/27/09	156,468	183,528
Preferred Stock Series A (B)	114 shs.	10/27/09	104,373	134,089
Common Stock (B)	38 shs.	10/27/09	38,244	—
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	28 shs.	10/27/09	25,735	—
			324,820	317,617
<b>DPL Holding Corporation</b>				
A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers.				
14% Senior Subordinated Note due 2019	\$1,309,272	05/04/12	1,286,310	1,244,245
Preferred Stock (B)	25 shs.	05/04/12	252,434	256,969
Common Stock (B)	25 shs.	05/04/12	28,048	—
			1,566,792	1,501,214
<b>Duncan Systems, Inc.</b>				
A distributor of windshields and side glass for the recreational vehicle market.				
10% Senior Secured Term Note due 2013	\$77,143	11/01/06	77,069	76,654
13% Senior Subordinated Note due 2014	\$488,572	11/01/06	474,446	481,276
Common Stock (B)	102,857 shs.	11/01/06	102,857	25,390
Warrant, exercisable until 2014, to purchase				

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common stock at \$.01 per share (B)	32,294 shs.	11/01/06	44,663	7,972
			699,035	591,292
E S P Holdco, Inc.				
A manufacturer of power protection technology for commercial office equipment, primarily supplying the office equipment dealer network.				
14% Senior Subordinated Note due 2015	\$1,311,166	01/08/08	1,300,555	1,311,166
Common Stock (B)	349 shs.	01/08/08	174,701	200,391
			1,475,256	1,511,557

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Eatem Holding Company</b>				
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.				
12.5% Senior Subordinated Note due 2018	\$950,000	02/01/10	\$860,177	\$935,389
Common Stock (B)	50 shs.	02/01/10	50,000	52,222
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	119 shs.	02/01/10	107,100	124,518
			1,017,277	1,112,129
<b>ELT Holding Company</b>				
A provider of web-based ethics and compliance training solutions for companies in the United States.				
14% Senior Subordinated Note due 2019	\$933,902	03/01/12	918,030	932,096
Common Stock (B)	41 shs.	03/01/12	90,909	104,519
			1,008,939	1,036,615
<b>F F C Holding Corporation</b>				
A leading U.S. manufacturer of private label frozen novelty and ice cream products.				
16% Senior Subordinated Note due 2017	\$913,022	09/27/10	901,817	922,152
Limited Liability Company Unit Preferred (B)	171 uts.	09/27/10	58,345	187,963
Limited Liability Company Unit (B)	171 uts.	09/27/10	17,073	21,550
			977,235	1,131,665
<b>F G I Equity LLC</b>				
A manufacturer of a broad range of filters and related products that are used in commercial, light industrial, healthcare, gas turbine, nuclear, laboratory, clean room, hotel, educational system, and food processing settings.				
13.25% Senior Subordinated Note due 2018	\$435,085	05/02/13	430,846	436,317
14.25% Senior Subordinated Note due 2018	\$113,390	02/29/12	113,422	115,658
Limited Liability Company Unit Class B-1 (B)	65,789 uts.	12/15/10	65,789	145,436
Limited Liability Company Unit Class B-2 (B)	8,248 uts.	12/15/10	8,248	18,233
Limited Liability Company Unit Class B-3 (B)	6,522 uts.	08/30/12	15,000	16,028
Limited Liability Company Unit Class C (B)	1,575 uts.	12/20/10	16,009	23,230
			649,314	754,902
<b>Flutes, Inc.</b>				
An independent manufacturer of micro fluted corrugated sheet material for the food and consumer products packaging industries.				
10% Senior Secured Term Note due 2014 (D)	\$655,392	04/13/06	519,050	622,622
14% Senior Subordinated Note due 2014 (D)	\$432,280	04/13/06	290,908	—
			809,958	622,622
<b>G C Holdings</b>				



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A leading manufacturer of gaming tickets, industrial recording charts, security-enabled point-of sale receipts, and medical charts and supplies.

12.5% Senior Subordinated Note due 2017	\$ 1,000,000	10/19/10	952,058	1,010,000
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	198 shs.	10/19/10	46,958	545,535
			999,016	1,555,535

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>GD Dental Services LLC</b>				
A provider of convenient “onestop” general, specialty, and cosmetic dental services with 21 offices located throughout South and Central Florida.				
14% Senior Subordinated Note due 2019 Limited Liability Company Unit Common (B)	\$1,178,854 767 uts.	10/05/12	\$1,156,917 767	\$1,144,965 —
Limited Liability Company Unit Preferred (B)	76 uts.	10/05/12	75,920 1,233,604	74,245 1,219,210
<b>gloProfessional Holdings, Inc.</b>				
A marketer and distributor of premium mineral-based cosmetics, cosmeceuticals and professional hair care products to the professional spa and physician’s office channels.				
14% Senior Subordinated Note due 2019	\$1,137,738	03/27/13	1,115,740	1,114,944
Common Stock (B)	1,181 shs.	03/27/13	118,110 1,233,850	101,960 1,216,904
<b>Golden County Foods Holding, Inc.</b>				
A manufacturer of frozen appetizers and snacks.				
16% Senior Subordinated Note due 2015 (D)	\$1,012,500	11/01/07	938,215	—
14% PIK Note due 2015 (D)	\$250,259	12/31/08	217,699	—
8% Series A Convertible Preferred Stock, convertible into common shares (B)	151,643 shs.	11/01/07	77,643 1,233,557	— —
<b>H M Holding Company</b>				
A designer, manufacturer, and importer of promotional and wood furniture.				
7.5% Senior Subordinated Note due 2014 (D)	\$362,700	10/15/09	271,181	—
Preferred Stock (B)	21 shs.	*	21,428	—
Preferred Stock Series B (B)	1,088 shs.	10/15/09	813,544	—
Common Stock (B)	180 shs.	02/10/06	180,000	—
Common Stock Class C (B)	296 shs.	10/15/09	—	—
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	67 shs.	02/10/06	61,875	—
* 09/18/07 and 06/27/08.			1,348,028	—
<b>Handi Quilter Holding Company</b>				
A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market.				
12% Senior Subordinated Note due 2017	\$461,539	11/14/11	433,574	475,385
Common Stock (B)	38 shs.	11/14/11	38,461	85,670
Warrant, exercisable until 2021, to purchase				

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common stock at \$.01 per share (B)	28 shs.	11/14/11	25,596	61,345
			497,631	622,400

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Healthcare Direct Holding Company</b>				
A direct-to-customer marketer of discount dental plans.				
14% Senior Subordinated Note due 2019	\$717,061	03/09/12	\$704,846	\$683,602
Common Stock (B)	517 shs.	03/09/12	51,724	16,508
			756,570	700,110
<b>Hi-Rel Group LLC</b>				
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 2018	\$703,125	04/15/13	658,113	682,213
Limited Liability Company Unit (B)	234 uts.	04/15/13	234,375	222,661
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	37,177 shs.	04/15/13	32,344	372
			924,832	905,246
<b>Home Décor Holding Company</b>				
A designer, manufacturer and marketer of framed art and wall décor products.				
Common Stock (B)	33 shs.	*	33,216	84,238
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	106 shs.	*	105,618	267,827
* 06/30/04 and 08/19/04.			138,834	352,065
<b>HOP Entertainment LLC</b>				
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	—	—
			—	—
<b>Hospitality Mints Holding Company</b>				
A manufacturer of individually-wrapped imprinted promotional mints.				
12% Senior Subordinated Note due 2016	\$1,098,837	08/19/08	1,055,166	1,060,023
Common Stock (B)	251 shs.	08/19/08	251,163	53,298
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	65 shs.	08/19/08	60,233	13,777
			1,366,562	1,127,098
<b>HVAC Holdings, Inc.</b>				

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A provider of integrated energy efficiency services and maintenance programs for HVAC systems.

14% Senior Subordinated Note due 2019	\$ 1,153,750	09/27/12	1,132,545	1,108,841
Preferred Stock Series A (B)	1,127 shs.	09/27/12	112,726	119,760
Common Stock (B)	910 shs.	09/27/12	910	3,397
			1,246,181	1,231,998

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Ideal Tridon Holdings, Inc.</b>				
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	\$126,743
<b>Insurance Claims Management, Inc.</b>				
A third party administrator providing auto and property claim administration services for insurance companies.				
Common Stock (B)	47 shs.	02/27/07	1,424	248,788
<b>International Offshore Services LLC</b>				
A leading provider of marine transportation services, platform decommissioning, and salvage services to oil and gas producers in the shallow waters of the Gulf of Mexico.				
14.25% Senior Subordinated Secured Note due 2017 (D)	\$1,350,000	07/07/09	1,236,405	—
Limited Liability Company Unit (B)	1,647 uts.	07/07/09	98,833	—
			1,335,238	—
<b>J A C Holding Enterprises, Inc.</b>				
A supplier of luggage racks and accessories to the original equipment manufacturers.				
12.5% Senior Subordinated Note due 2017	\$833,333	12/20/10	741,147	841,666
Preferred Stock A (B)	165 shs.	12/20/10	165,000	132,304
Preferred Stock B (B)	0.06 shs.	12/20/10	—	48
Common Stock (B)	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	—
			1,013,457	974,018
<b>Jason Partners Holdings LLC</b>				
A diversified manufacturing company serving various industrial markets.				
Limited Liability Company Unit (B)	48 uts.	09/21/10	449,086	25,511
<b>JMH Investors LLC</b>				
A developer and manufacturer of custom formulations for a wide variety of foods.				
14.25% Senior Subordinated Note due 2019	\$1,045,955	12/05/12	1,026,313	1,020,651
Limited Liability Company Unit (B)	217,391 uts.	12/05/12	217,391	188,754
			1,243,704	1,209,405
<b>K &amp; N Parent, Inc.</b>				
A manufacturer and supplier of automotive aftermarket performance air filters and intake systems.				

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14% Senior Subordinated Note due 2019	\$1,137,087	12/23/11	1,110,988	1,109,511
Preferred Stock Series A (B)	102 shs.	12/23/11	39,887	113,181
Preferred Stock Series B (B)	29 shs.	12/23/11	—	32,031
Common Stock (B)	130 shs.	12/23/11	6,522	37,409
			1,157,397	1,292,132

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>K N B Holdings Corporation</b>				
A designer, manufacturer and marketer of products for the custom framing market.				
15% Senior Subordinated Note due 2017	\$2,268,785	*	\$2,117,213	\$2,268,785
Common Stock (B)	71,053 shs.	05/25/06	71,053	39,017
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	43,600 shs.	05/25/06	37,871	23,942
* 05/25/06 and 04/12/11.			2,226,137	2,331,744
<b>K P H I Holdings, Inc.</b>				
A manufacturer of highly engineered plastic and metal components for a diverse range of end-markets, including medical, consumer and industrial, automotive and defense.				
Common Stock (B)	232,826 shs.	12/10/10	232,826	246,575
<b>K P I Holdings, Inc.</b>				
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	58,000
Convertible Preferred Stock Series D (B)	13 shs.	09/17/09	12,958	38,880
Common Stock (B)	235 shs.	07/15/08	234,783	41,919
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	51 shs.	07/16/08	50,836	9,077
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	67 shs.	09/17/09	—	12,034
			327,925	159,910
<b>LPC Holding Company</b>				
A designer and manufacturer of precision-molded silicone rubber components that are utilized in the medical and automotive end markets.				
13.5% Senior Subordinated Note due 2018	\$1,170,975	08/15/11	1,152,215	1,186,531
Common Stock (B)	105 shs.	08/15/11	105,019	132,583
			1,257,234	1,319,114
<b>M V I Holding, Inc.</b>				
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	40,510
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	35 shs.	09/12/08	34,714	43,750



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			66,857	84,260
Mail Communications Group, Inc.				
A provider of mail processing and handling services, lettershop services, and commercial printing services.				
Limited Liability Company Unit (B)	12,764 uts.	*	166,481	262,776
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	1,787 shs.	05/04/07	22,781	36,791
* 05/04/07 and 01/02/08.			189,262	299,567

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Manhattan Beachwear Holding Company</b>				
A designer and distributor of women's swimwear.				
12.5% Senior Subordinated Note due 2018	\$419,971	01/15/10	\$382,213	\$419,971
15% Senior Subordinated Note due 2018	\$109,649	10/05/10	108,079	103,426
Common Stock (B)	35 shs.	10/05/10	35,400	39,392
Common Stock Class B (B)	118 shs.	01/15/10	117,647	130,917
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	104 shs.	01/15/10	94,579	115,862
			737,918	809,568
<b>Marshall Physicians Services LLC</b>				
A provider of emergency department and hospital medicine services to hospitals located in the state of Kentucky. The company was founded in 1999 and is owned by seven practicing physicians.				
13% Senior Subordinated Note due 2016	\$447,882	09/20/11	440,673	450,103
Limited Liability Company Unit Class A (B)	2,900 uts.	09/20/11	60,000	48,554
Limited Liability Company Unit Class D (B)	291 uts.	09/20/11	—	4,880
			500,673	503,537
<b>MBWS Ultimate Holdco, Inc.</b>				
A provider of services throughout North Dakota that address the fluid management and related transportation needs of an oil well.				
12% Senior Subordinated Note due 2016	\$1,117,495	*	1,047,769	1,128,670
Preferred Stock Series A (B)	1,388 shs.	09/07/10	138,797	444,259
Common Stock (B)	162 shs.	03/01/11	16,226	51,852
Common Stock (B)	153 shs.	09/07/10	15,282	48,971
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	103 shs.	03/01/11	10,325	32,967
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	386 shs.	09/07/10	38,623	123,547
* 09/07/10 and 03/01/11.			1,267,022	1,830,266
<b>MedSystems Holdings LLC</b>				
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	66,451	85,495
Common Unit Class A (B)	671 uts.	08/29/08	671	43,800
Common Unit Class B (B)	250 uts.	08/29/08	63,564	16,297
			130,686	145,592
<b>MEGTEC Holdings, Inc.</b>				
A supplier of industrial and environmental products and services to a broad array of industries.				

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Preferred Stock (B)	56 shs.	09/24/08	54,040	84,910
Limited Partnership Interest (B)	0.74% int.	09/16/08	205,932	261,796
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	18 shs.	09/24/08	18,237 278,209	13,748 360,454

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Merex Holding Corporation</b>				
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 2018	\$ 424,528	09/22/11	\$ 417,555	\$ 429,794
Limited Liability Company Unit Series B (B)	155,945 uts.	09/22/11	155,945	124,175
			573,500	553,969
<b>MicroGroup, Inc.</b>				
A manufacturer of precision parts and assemblies, and a value-added supplier of metal tubing and bars.				
7% Senior Subordinated Note due 2014 (D)	\$ 902,727		* 865,676	255,682
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 2014, to purchase common stock at \$.02 per share (B)	87 shs.		* 86,281	—
* 08/12/05 and 09/11/06.			1,688,697	255,682
<b>MNX Holding Company</b>				
An international third party logistics Company providing customized logistics services to customers across the globe.				
14% Senior Subordinated Note due 2019		\$1,221,431 11/02/12	1,198,729	1,65,288
Common Stock (B)		45 shs. 11/02/12	44,643	28,144
			1,243,372	1,193,432
<b>Monessen Holding Corporation</b>				
A designer and manufacturer of a broad line of gas, wood, and electric hearth products and accessories.				
15% Senior Subordinated Note due 2015 (D)		\$823,794 06/28/11	547,745	—
7% Senior Subordinated Note due 2014 (D)		\$1,350,000 06/28/11	1,281,479	—
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)		81 shs. 03/31/06	73,125	—
			1,902,349	—
<b>Motion Controls Holdings</b>				
A manufacturer of high performance mechanical motion control and linkage products.				
14.25% Senior Subordinated Note due 2017		\$948,712 11/30/10	936,056	933,596
Limited Liability Company Unit Class B-1 (B)		93,750 uts. 11/30/10	—	70,368

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Limited Liability Company Unit Class B-2 (B)	8,501 uts.	11/30/10	—	6,381
			936,056	1,010,345
NABCO, Inc.				
A producer of explosive containment vessels in the United States.				
Common Stock (B)	429 shs.	12/20/12	306,091	216,113

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>NetShape Technologies, Inc.</b>				
A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.				
14% Senior Subordinated Note due 2014	\$1,061,463	02/02/07	\$1,004,545	\$1,008,389
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	155,546
Limited Liability Company Unit Class D-2 of Saw Mill PCG Partners LLC (B)	68 uts.	04/29/11	34,547	—
* 12/18/08 and 09/30/09.			1,757,202	1,163,935
<b>Nicoat Acquisitions LLC</b>				
A manufacturer of water-based and ultraviolet coatings for high-performance graphic arts, packaging and other specialty coating applications.				
14% Senior Subordinated Note due 2018	\$488,028	11/05/10	456,448	492,908
Limited Liability Company Unit Series B (B)	17,241 uts.	11/05/10	17,241	20,912
Limited Liability Company Unit Series B (B)	34,931 uts.	11/05/10	34,931	42,367
Limited Liability Company Unit Series F (B)	52,172 uts.	11/05/10	—	161,867
			508,620	718,054
<b>Northwest Mailing Services, Inc.</b>				
A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs.				
12% Senior Subordinated Note due 2016	\$1,492,105	*	1,321,263	1,461,614
Limited Partnership Interest (B)	1,740 uts.	*	174,006	51,901
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	2,605 shs.	*	260,479	77,693
* 07/09/09 and 08/09/10.			1,755,748	1,591,208
<b>NT Holding Company</b>				
A leading developer, manufacturer and provider of medical products used primarily in interventional pain management.				
12% Senior Subordinated Note due 2019	\$883,117	02/02/11	826,803	891,948
Common Stock (B)	126 shs.	*	125,883	116,935
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	59 shs.	02/02/11	52,987	54,575

\* 02/02/11 and 06/30/11.

1,005,673 1,063,458

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Corporate Restricted Securities: (A) (Continued)				
O E C Holding Corporation				
A provider of elevator maintenance, repair and modernization services.				
13% Senior Subordinated Note due 2017	\$ 444,445	06/04/10	\$417,015	\$423,556
Preferred Stock Series A (B)	554 shs.	06/04/10	55,354	20,200
Preferred Stock Series B (B)	311 shs.	06/04/10	31,125	11,358
Common Stock (B)	344 shs.	06/04/10	344	—
			503,838	455,114
Ontario Drive & Gear Ltd.				
A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories.				
Limited Liability Company Unit (B)	1,942 uts.	01/17/06	302,885	743,504
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	328 shs.	01/17/06	90,424	125,531
			393,309	869,035
P K C Holding Corporation				
A manufacturer of plastic film and badges for the general industrial, medical, and food industries.				
14% Senior Subordinated Note due 2016	\$ 1,632,745	12/21/10	1,616,203	1,649,072
Preferred Stock Class A (B)	29 shs.	12/21/10	180,380	326,443
Common Stock (B)	29 shs.	12/21/10	13,500	1,278
			1,810,083	1,976,793
P P T Holdings LLC				
A high-end packaging solutions provider that targets customers who have multiple packaging needs, require a high number of low volume SKUs, short lead times, technical expertise, and overall supply chain management.				
15% Senior Subordinated Note due 2017	\$963,879	12/20/10	950,544	949,368
Limited Liability Company Unit Class A (B)	33 uts.	12/20/10	106,071	90,418
Limited Liability Company Unit Class B (B)	33 uts.	12/20/10	1,072	90,418
			1,057,687	1,130,204
Pacific Consolidated Holdings LLC				
A manufacturer of rugged, mobile liquid and gaseous oxygen and nitrogen generating systems used in the global defense, oil and gas, and medical sectors.				
0% Senior Subordinated Note due 2014	\$ 42,187	12/18/12	—	42,187
Paradigm Packaging, Inc.				
A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care, and food packaging markets.				



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12% Senior Subordinated Note due 2016	\$ 843,750	12/19/00	842,314	843,750
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	197 shs.	12/21/00	140,625 982,939	128,636 972,386

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Pearlman Enterprises, Inc.</b>				
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	\$—
Preferred Stock Series B (B)	7,059 shs.	05/22/09	290,050	—
Common Stock (B)	21,462 shs.	05/22/09	993,816	—
			1,342,900	—
<b>Petroplex Inv Holdings LLC</b>				
A leading provider of acidizing services to E&P customers in the Permian Basin.				
16% Senior Subordinated Note due 2018	\$1,119,949	11/29/12	1,094,513	1,088,547
	156,250			
Limited Liability Company Unit (B)	uts.	11/29/12	156,250	133,829
			1,250,763	1,222,376
<b>Postle Aluminum Company LLC</b>				
A manufacturer and distributor of aluminum extruded products.				
15% Senior Subordinated Note due 2013			\$888,051	06/03/10
			885,767	888,051
Limited Liability Company Unit Class A (B)			733 uts.	10/02/06
			270,000	99,329
Limited Liability Company Unit (B)			76 uts.	05/22/09
			340	10,302
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)			4,550 shs.	10/02/06
			65,988	616,839
			1,222,095	1,614,521
<b>Precision Wire Holding Company</b>				
A manufacturer of specialty medical wires that are used in non-elective minimally invasive surgical procedures.				
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)			109 shs.	11/12/09
			107,970	170,920
<b>Qualis Automotive LLC</b>				
A distributor of aftermarket automotive brake and chassis products.				
			187,500	
Common Stock (B)	shs.	05/28/04	187,500	207,344
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)			199,969	
	shs.	05/28/04	199,969	221,132
			387,469	428,476
<b>R A J Manufacturing Holdings LLC</b>				
A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.				
14.5% Senior Subordinated Note due 2014	\$ 831,458	12/15/06	811,311	706,739

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Limited Liability Company Unit (B)	1,497 uts.	12/15/06	149,723	17,816
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	2 shs.	12/15/06	69,609	8,407
			1,030,643	732,962

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>REVSpring, Inc.</b>				
A provider of accounts receivable management and revenue cycle management services to customers in the healthcare, financial and utility industries.				
14% Senior Subordinated Note due 2018	\$1,149,214	*	\$1,131,237	\$1,145,909
Limited Liability Company Unit Class A (B)	13,548 uts.	*	135,477	168,769
* 10/21/11 and 08/03/12.			1,266,714	1,314,678
<b>RM Holding Company</b>				
A specialty distributor of home medical care equipment.				
13% Senior Subordinated Note due 2018	\$460,318	02/09/12	436,645	460,318
Preferred Stock (B)	39,679 shs.	02/09/12	39,678	38,380
Common Stock (B)	369 shs.	02/09/12	4	36,061
Warrant, exercisable until 2022, to purchase preferred stock A at \$.01 per share (B)	12,088 shs.	02/09/12	11,980	16,964
Warrant, exercisable until 2022, to purchase preferred stock B at \$.01 per share (B)	7,067 shs.	02/09/12	7,067	6,836
Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B)	185 shs.	02/09/12	—	18,082
			495,374	576,641
<b>Rose City Holding Company</b>				
A designer and printer of folding cartons and packaging for food and beverage manufacturers on the West Coast.				
14.5% Senior Subordinated Note due 2018	\$594,059	12/11/12	583,134	577,563
Preferred Stock (B)	39,062 shs.	12/11/12	39,062	35,560
Common Stock (B)	39 shs.	12/11/12	4	—
			622,200	613,123
<b>Safety Infrastructure Solutions</b>				
A provider of trench safety equipment to a diverse customer base across multiple end markets in Texas and the Southwestern United States.				
15% Senior Subordinated Note due 2018	\$ 843,750	*	832,536	856,048
Preferred Stock (B)	2,098 shs.	03/30/12	83,920	92,095
Common Stock (B)	983 shs.	03/30/12	9,830	236
* 03/30/12 and 05/16/13.			926,286	948,379
<b>Sencore Holding Company</b>				
A designer, manufacturer, and marketer of decoders, receivers and modulators sold to broadcasters, satellite, cable and telecom operators for encoding/decoding analog and digital transmission video signals.				

12.5% Senior Subordinated Note due 2014 (D)	\$ 1,157,231	01/15/09	826,004	289,308
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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Signature Systems Holding Company</b>				
A seller and installer of a variety of modular surfaces, industrial matting and related products used for ground protection.				
12.5% Senior Subordinated Note due 2021	\$755,088	03/15/13	\$712,582	\$736,513
Common Stock (B)	76 shs.	03/15/13	75,509	63,749
Warrant, exercisable until 2023, to purchase common stock A at \$.01 per share (B)	31 shs.	03/15/13	28,316	26,045
			816,407	826,307
<b>Smart Source Holdings LLC</b>				
A short-term computer rental company.				
Limited Liability Company Unit (B)	328 uts.	*	261,262	467,644
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	83 shs.	*	67,467	118,455
* 08/31/07 and 03/06/08.			328,729	586,099
<b>Snacks Parent Corporation</b>				
The world's largest provider of trail mixes and a leading provider of snack nuts, dried fruits, and other healthy snack products.				
13% Senior Subordinated Note due 2020	\$891,858	11/12/10	853,294	900,777
Preferred Stock A (B)	1,132 shs.	11/12/10	100,501	147,895
Preferred Stock B (B)	525 shs.	11/12/10	—	68,629
Common Stock (B)	6,579 shs.	11/12/10	6,579	56,372
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	1,806 shs.	11/12/10	1,806	15,476
			962,180	1,189,149
<b>SouthernCare Holdings, Inc.</b>				
A hospice company providing palliative care services to terminally ill patients.				
Common Stock (B)	909 shs.	12/01/11	90,909	86,324
<b>Spartan Foods Holding Company</b>				
A manufacturer of branded pizza crusts and pancakes.				
14.25% Senior Subordinated Note due 2017	\$1,200,671	12/15/09	1,079,379	1,130,176
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	136 shs.	12/15/09	120,234	44,455
			1,199,613	1,174,631
<b>Specialty Commodities, Inc.</b>				
A distributor of specialty food ingredients.				
Common Stock (B)	16 shs.	10/23/08	158,824	183,619

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Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	6 shs.	10/23/08	53,285 212,109	69,369 252,988
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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Stag Parkway Holding Company</b>				
A distributor of RV parts and accessories in the United States.				
13% Senior Subordinated Note due 2018	\$1,137,810	12/19/12	\$1,086,940	\$1,119,050
Common Stock (B)	118 shs.	12/19/12	118,203	105,897
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	35 shs.	12/19/12	31,848	31,097
			1,236,991	1,256,044
<b>Strata/WLA Holding Corporation</b>				
A leading independent anatomic pathology laboratory that conducts over 320,000 tests annually to customers in 40 U.S. states and in Canada and Venezuela.				
14.5% Senior Subordinated Note due 2018	\$959,148	07/01/11	943,703	479,574
Preferred Stock Series A (B)	76 shs.	07/01/11	76,046	—
			1,019,749	479,574
<b>Sundance Investco LLC</b>				
A provider of post-production services to producers of movies and television shows.				
Limited Liability Company Unit Class A (B)	3,405 shs.	03/31/10	—	—
<b>Sunrise Windows Holding Company</b>				
A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.				
14% Senior Subordinated Note due 2017	\$1,012,642	12/14/10	969,918	991,683
14% Senior Subordinated PIK Note due 2017	\$84,484	08/17/12	81,374	82,736
Common Stock (B)	38 shs.	12/14/10	38,168	16,055
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	37 shs.	12/14/10	37,249	15,668
			1,126,709	1,106,142
<b>Synteract Holdings Corporation</b>				
A provider of outsourced clinical trial management services to pharmaceutical and biotechnology companies.				
14% Senior Subordinated Note due 2019	1,750,602	09/02/08	1,683,962	1,750,602
Preferred Stock Series D (B)	257 shs.	02/27/13	25,678	18,658
Redeemable Preferred Stock Series A (B)	678 shs.	09/02/08	6,630	—
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	6,778 shs.	09/02/08	59,661	—
			1,775,931	1,769,260





## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Terra Renewal LLC</b>				
A provider of wastewater residual management and required environmental reporting, permitting, nutrient management planning and record keeping to companies involved in poultry and food processing.				
12% Senior Subordinated Note due 2014 (D)	\$ 664,062	*	\$ 644,369	\$ —
9.7% Term Note due 2013 (C)	\$ 667,310	06/10/13	667,310	567,214
9.75% Term Note due 2013 (C)	\$ 1,575	06/28/13	1,575	1,338
Common Stock Class B	32 shs.	*	20,136	—
Limited Partnership Interest of Saw Mill Capital Fund V, LLC (B)	2.27% int.	**	287,411	—
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	41 shs.	04/28/06	33,738	—
* 04/28/06 and 09/13/06.			1,654,539	568,552
** 03/01/05 and 10/10/08.				
<b>Torrent Group Holdings, Inc.</b>				
A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.				
14.5% Senior Subordinated Note due 2014 (D)	\$ 1,300,003	10/26/07	1,136,835	1,252,891
Series B Preferred Stock (B)	97 shs.	03/31/10	—	105,275
Common Stock (B)	273 shs.	03/31/10	219,203	
			1,356,038	1,358,166
<b>Transpac Holding Company</b>				
A designer, importer, and wholesaler of home décor and seasonal gift products.				
12% Senior Subordinated Note due 2015	\$ 938,651	10/31/07	899,829	890,736
Common Stock (B)	110 shs.	10/31/07	110,430	6,857
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	50 shs.	10/31/07	46,380	3,096
			1,056,639	900,689
<b>Tranzonic Companies (The)</b>				
A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.				
13% Senior Subordinated Note due 2015	\$ 542,400	02/05/98	542,130	542,400
Common Stock (B)	315 shs.	02/04/98	315,000	298,935
Warrant, exercisable until 2015, to purchase				

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common stock at \$.01 per share (B)	222 shs.	02/05/98	184,416	210,678
			1,041,546	1,052,013

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Truck Bodies &amp; Equipment International</b>				
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.				
12% Senior Subordinated Note due 2013	\$ 1,222,698	*	\$ 1,191,831	\$ 1,220,503
Preferred Stock Series B (B)	128 shs.	10/20/08	127,677	159,474
Common Stock (B)	393 shs.	*	423,985	—
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	81 shs.	*	84,650	—
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	558 shs.	10/20/08	—	—
* 07/19/05 and 12/22/05.			1,828,143	1,379,977
<b>TruStile Doors, Inc.</b>				
A manufacturer and distributor of interior doors.				
Limited Liability Company Unit (B)		5,888 uts.	02/28/11	109,375
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)		3,060 shs.	04/11/03	36,032
			145,407	239,860
<b>U-Line Corporation</b>				
A manufacturer of high-end, built-in, undercounter ice making, wine storage and refrigeration appliances.				
Common Stock (B)	96 shs.	04/30/04	96,400	150,171
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	122 shs.	04/30/04	112,106	190,050
			208,506	340,221
<b>U M A Enterprises, Inc</b>				
An importer and wholesaler of home décor products.				
Convertible Preferred Stock (B)		470 shs.	02/08/08	469,565
				960,790
<b>Visioneering, Inc.</b>				
A designer and manufacturer of tooling and fixtures for the aerospace industry.				
10.5% Senior Secured Term Loan due 2013	\$	414,706	05/17/07	414,495
				415,027

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13% Senior Subordinated Note due 2014	\$ 370,588	05/17/07	362,871	370,588
	21,261			
18% PIK Convertible Preferred Stock (B)	shs.	03/13/09	41,440	82,295
	70,588			
Common Stock (B)	shs.	05/17/07	70,588	109,110
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	20,003 shs.	05/17/07	31,460	30,919
			920,854	1,007,939

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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

JUNE 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
<b>Vitex Packaging Group, Inc.</b>				
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	490,403
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	490,403
<b>Wellborn Forest Holding Company</b>				
A manufacturer of semi-custom kitchen and bath cabinetry.				
12.13% Senior Subordinated Note due 2016	\$ 911,250	11/30/06	867,531	820,125
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	820,125
<b>Wheaton Holding Corporation</b>				
A distributor and manufacturer of laboratory supply products and packaging.				
Preferred Stock Series B (B)	703 shs.	06/08/10	70,308	—
Common Stock (B)	353 shs.	06/08/10	353	—
			70,661	—
<b>Whitcraft Holdings, Inc.</b>				
A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components.				
12% Senior Subordinated Note due 2018	\$ 794,521	12/16/10	743,326	800,856
Common Stock (B)	205 shs.	12/16/10	205,480	123,963
Warrant, exercisable until 2018, to purchase common stock at \$.02 per share (B)	55 shs.	12/16/10	49,334	33,313
			998,140	958,132
<b>Workplace Media Holding Company</b>				
A direct marketer specializing in providing advertisers with access to consumers in the workplace.				
	\$ 654,247	05/14/07	601,454	—

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13% Senior Subordinated Note due 2015

(D)				
Limited Partnership Interest (B)	12.26% int.	05/14/07	61,308	—
Warrant, exercisable until 2015, to purchase common stock at \$.02 per share (B)	47 shs.	05/14/07	44,186	—
			706,948	—

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 2018	\$ 885,931	11/03/11	871,524	886,909
Common Stock (B)	1,500 shs.	11/03/11	150,000	161,611
			1,021,524	1,048,520

Total Private Placement Investments (E)			\$ 103,576,891	\$ 96,755,169
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## CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2013

(Unaudited)

Corporate Restricted Securities: (A) (Continued)	Interest Rate	Due Date	Shares or Principal Amount	Cost	Market Value
Rule 144A Securities - 6.89%:					
Bonds 6.89%					
AAR Corporation	7.250 %	01/15/22	\$ 500,000	\$ 536,801	\$ 536,250
ArcelorMittal	6.125	06/01/18	500,000	513,170	515,000
Calumet Specialty Products Partners L.P.	9.625	08/01/20	500,000	491,716	543,750
Clearwater Paper Corporation	4.500	02/01/23	500,000	495,097	475,000
Cornerstone Chemical Company	9.375	03/15/18	375,000	384,889	393,750
First Data Corporation	7.375	06/15/19	250,000	250,000	256,875
FMG Resources	7.000	11/01/15	250,000	255,912	252,500
Hilcorp Energy Company	7.625	04/15/21	325,000		