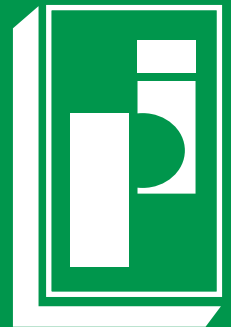


2019

Barings
PARTICIPATION INVESTORS
2019 Annual Report



Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the Fund's annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website <http://www.baring.com/MPV>, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically anytime by contacting your financial intermediary (such as a broker-dealer or bank).

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held in your account.

BARINGS PARTICIPATION INVESTORS

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

INVESTMENT OBJECTIVE & POLICY

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

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

In this report, you will find a complete listing of the Trust's holdings. We encourage you to read this section carefully for a better understanding of the Trust. We cordially invite all shareholders to attend the Trust's Annual Meeting of Shareholders, which will be held on April 23, 2020 at 11:00 A.M. in Charlotte, North Carolina.

PROXY VOTING POLICIES & PROCEDURES: PROXY VOTING RECORD

The Trustees of the Trust have delegated proxy voting responsibilities relating to the voting of securities held by the Trust to Barings LLC ("Barings"). A description of Barings' proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 1-866-399-1516; (2) on the Trust's website at <http://www.barings.com/mpv> and (3) on the U.S. Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>. Information regarding how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, 2019 is available (1) on the Trust's website at <http://www.barings.com/mpv> and (2) on the SEC's website at <http://www.sec.gov>.

FORM N-PORT

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

LEGAL MATTERS

The Trust has entered into contractual arrangements with an investment adviser, transfer agent and custodian (collectively "service providers") who each provide services to the Trust. Shareholders are not parties to, or intended beneficiaries of, these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the Trust.

Under the Trust's Bylaws, any claims asserted against or on behalf of the Trust, including claims against Trustees and officers must be brought in courts located within the Commonwealth of Massachusetts.

The Trust's registration statement and this shareholder report are not contracts between the Trust and its shareholders and do not give rise to any contractual rights or obligations or any shareholder rights other than any rights conferred explicitly by federal or state securities laws that may not be waived.

BARINGS PARTICIPATION INVESTORS

c / o Barings LLC
300 South Tryon St., Suite 2500
Charlotte, NC 28202
1-866-399-1516
<http://www.barings.com/mpv>

ADVISER

Barings LLC
300 South Tryon St., Suite 2500
Charlotte, NC 28202

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
Boston, Massachusetts 02110

COUNSEL TO THE TRUST

Ropes & Gray LLP
Boston, Massachusetts 02110

CUSTODIAN

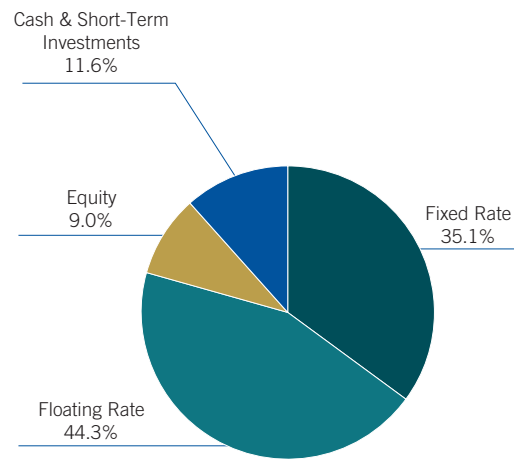
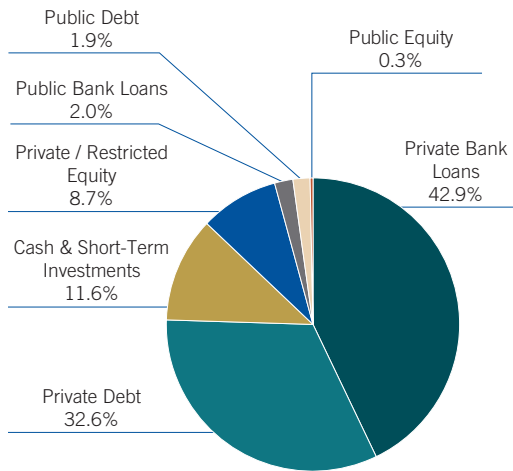
State Street Bank and Trust Company
Boston, MA 02110

TRANSFER AGENT & REGISTRAR

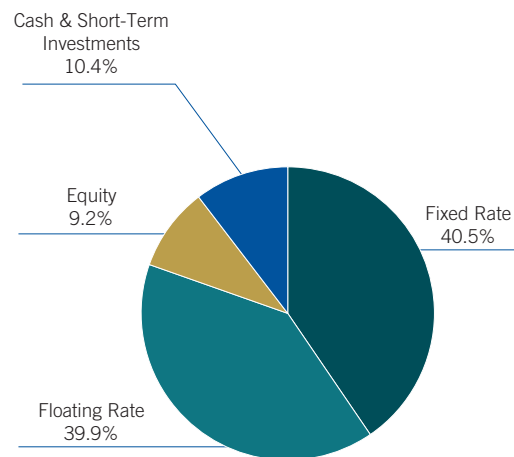
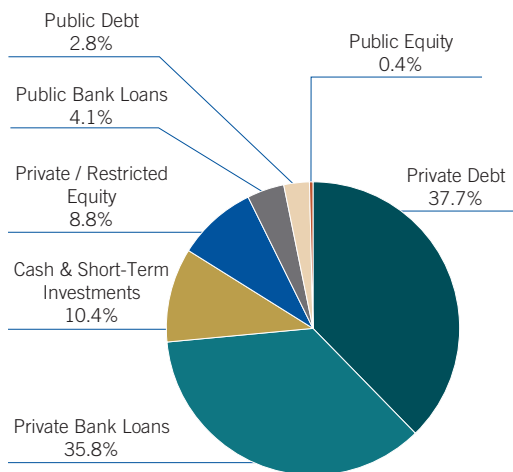
DST Systems, Inc.
P.O. Box 219086
Kansas City, MO 64121-9086
1-800-647-7374



PORTFOLIO COMPOSITION AS OF 12/31/19*

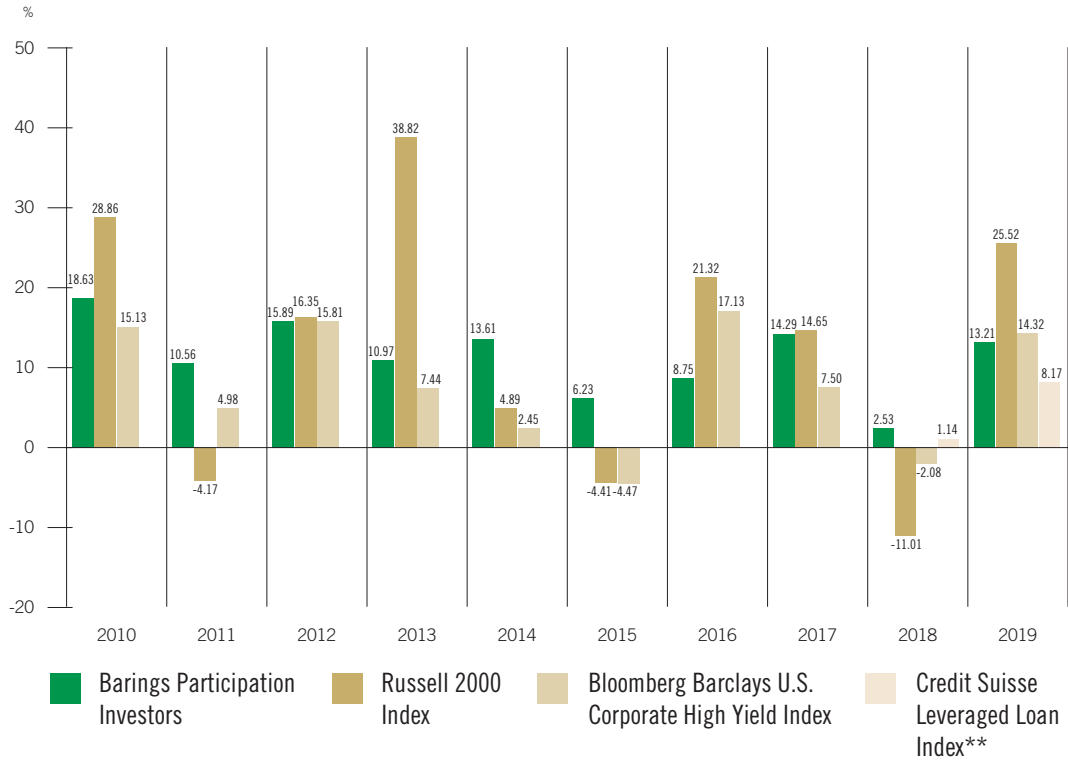


PORTFOLIO COMPOSITION AS OF 12/31/18*



* Based on market value of total investments

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



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

** The Credit Suisse Leveraged Loan Index was added in 2018 to represent the Trust's portfolio composition which now includes a material amount of floating rate securities.

TO OUR SHAREHOLDERS

I am pleased to share with you the Trust's Annual Report for the year ended December 31, 2019. At the Trust's meeting of the Board of Trustees, held on October 25, 2019, Robert M. Shettle announced that he was retiring from Barings LLC and as President of the Trust in January 2020. The Trust has announced that I, Christina Emery, would succeed Mr. Shettle as President of the Trust effective January 1, 2020. I previously served as Vice President of the Trust and am engaged in the day-to-day management of the Trust. I joined Barings in 2005 and since 2011 have been a Managing Director in Barings' Global Private Finance Group.

PORTFOLIO PERFORMANCE

The Trust's net total portfolio rate of return for 2019 was 13.21%, as measured by the change in net asset value assuming the reinvestment of all dividends and distributions. The Trust's total net assets were \$146,082,140 or \$13.80 per share, as of December 31, 2019. This compares to \$138,749,101 or \$13.18 per share, as of December 31, 2018. The Trust paid a quarterly dividend of \$0.27 per share for each of the four quarters of 2019, for a total annual dividend of \$1.08 per share. In 2018, the Trust also paid four quarterly dividends of \$0.27 per share, for a total annual dividend of \$1.08 per share. Net taxable investment income for 2019 was \$1.11 per share, compared to 2018 net taxable investment income of \$1.04 per share.

The Trust's stock price increased 7.2% during 2019, from \$15.05 as of December 31, 2018 to \$16.13 as of December 31, 2019. The Trust's stock price of \$16.13 as of December 31, 2019 equates to a 16.9% premium over the December 31, 2019 net asset value per share of \$13.80. The Trust's average quarter-end premium for the 3-, 5-, and 10-year periods ended December 31, 2019 was 9.5%, 6.1% and 9.5%, respectively.

The table below lists the average annual net returns of the Trust's portfolio, based on the change in net assets and assuming the reinvestment of all dividends and distributions. Average annual returns of the Bloomberg Barclays U.S. Corporate High Yield Index and the Russell 2000 Index for the 1-, 3-, 5-, 10- and 25-year periods ended December 31, 2019 and the Credit Suisse Leveraged Loan Index for the 1-year period ended December 31, 2019 are provided for comparison purposes only.

| | The Trust | Bloomberg Barclays US Corporate HY Index | Russell 2000 Index | Credit Suisse Leveraged Loan Index |
|----------|-----------|---|-----------------------|--|
| 1 Year | 13.21% | 14.32% | 25.52% | 8.17% |
| 3 Years | 9.88% | 6.37% | 8.59% | |
| 5 Years | 8.91% | 6.13% | 8.23% | |
| 10 Years | 11.38% | 7.57% | 11.83% | |
| 25 Years | 12.28% | 7.57% | 9.35% | |

Past performance is no guarantee of future results

PORTFOLIO ACTIVITY

The Trust had an active fourth quarter, closing on eight new private placement investments and eight add-on investments in existing portfolio companies representing \$10,339,961 of invested capital. For the year, the Trust closed 17 new private placement investments, and 22 add-on investments in existing portfolio companies. A brief description of these investments can be found in the Consolidated Schedule of

Investments. The total amount invested by the Trust in private placement investments in 2019 was \$25,187,109 which was significantly less than the \$52,534,366 of private placement investments made by the Trust in 2018, but was in line with private placement investments made in the five years prior.

Throughout 2019, the Trust's level of new investment activity benefited from several factors: the expansion of the Trust's target investment criteria; expansion of the private debt platform of Barings (the Trust's investment advisor); and overall activity within the private debt market. These favorable items were partially offset by the continuance of hyper-competitive and aggressive market conditions. In 2019, overall middle market sponsored private debt investment activity decreased by 19%, compared to 2018 volume (source: Refinitiv LPC's MM Weekly, February 7, 2020). Competition for new investment opportunities remained intense due to the amount of fresh capital that continues to flow into the private debt and private equity markets. As a result, companies continued to be pursued aggressively by both buyers and lenders alike, leading to the continued prevalence of high purchase multiples and leverage levels in the market. In 2019, average purchase price multiples for middle market companies, with less than \$50 million in EBITDA, increased to 12.9 times from 10.6 times in 2018 (S&P Global LCD Review, December 31, 2019). With average purchase multiples increasing, average debt multiples remained high at 6.0x total leverage and 5.25x senior leverage (Refinitiv LPC's Middle Market 4Q19 Institutional Review, January 10, 2020).

In addition to working on new investment activity, we continue to maintain our focus on managing and maintaining the quality of the portfolio. As such, the credit quality of the Trust's existing portfolio remained stable throughout the year. The number of companies on our watch list or in default continues to remain at acceptable levels.

We had 17 companies exit from the Trust's portfolio during 2019. This level of exit activity in the Trust's portfolio was slightly lower than recent years as realization levels have ranged from 18-32 exits annually since 2014. In 15 of these exits, the Trust realized a positive return on its investment. This level of realization activity in recent years is yet another indicator of how active and aggressive the middle market M&A and debt markets have been, and continue to be.

During 2019, the Trust had six portfolio companies fully or partially pre-pay their debt obligations. These transactions, in which the debt instruments held by the Trust were fully or partially prepaid, are generally driven by performing companies seeking to take advantage of lower interest rates and the abundance of debt capital. Unless replaced by new private debt investments, these prepayments reduce net investment income. The level of refinancing activity the portfolio has experienced has remained relatively stable since 2016. Three portfolio companies paid dividends to the Trust on its equity holdings in those companies.

OUTLOOK FOR 2020

As we enter 2020, debt markets continue to look promising. Default rates remain at relatively low levels, there is plenty of both private equity and private debt capacity which should continue to drive middle market M&A activity, and our pipeline of investment opportunities remains relatively stable and healthy. However, as mentioned above, the dynamics within that market have been, and are expected to remain aggressive. Rest assured that regardless of market conditions, we will continue to employ on behalf of the Trust the same investment philosophy that has served it well since its inception: investing in companies that we believe have a strong business proposition, solid cash flow and experienced, ethical management. We believe this philosophy, along with Barings' seasoned investment-management team, positions the Trust well to meet its long-term investment objectives.

The Trust was able to maintain its \$0.27 per share quarterly dividend in 2019 for a total annual dividend of \$1.08 per share. As has been mentioned in prior reports, recurring investment income alone has generally not been sufficient to fully fund the current dividend rate, which has required supplementation from non-recurring income and earnings carry forwards. While recurring investment income remains stable, it may not be sufficient to fully fund the current dividend rate in the future. Net investment income has generally been below the dividend rate since 2013 due principally to the considerable reduction in the number of higher yielding private debt securities resulting from prepayments and realizations in the portfolio, combined with generally lower investment returns available due to market and competitive dynamics in recent years. The percentage of the portfolio in floating rate debt securities increased in 2019 to 44% compared to 40% a year ago. All of the above said, the level of recurring investment income expected to be generated by the Trust in 2020 combined with the availability of earnings carry forwards and other non-recurring income, is currently expected to be sufficient to maintain the current dividend rate over the next couple of quarters. Over time, however, the Trust's dividend paying ability tends to be correlated with its recurring earnings capacity. We and the Board of Trustees will continue to evaluate the current and future earnings capacity of the Trust and formulate a dividend strategy that is consistent with the Trust's recurring earnings.

At the Trust's meeting of the Board of Trustees, held on January 23, 2020, James Roy announced that he was retiring from Barings LLC and as Chief Financial Officer of the Trust in 2020. The Trust has announced that Jonathan Bock would succeed Mr. Roy as Chief Financial Officer of the Trust effective March 1, 2020.

As always, I would like to thank you for your continued interest in and support of Barings Participation Investors. I look forward to seeing you at the Trust's annual shareholder meeting in Charlotte, NC, on April 23, 2020.

Sincerely,



Christina Emery

President

| 2019 Dividends | Record Date | Total Paid | Ordinary Income | Short-Term Gains | Long-Term Gains |
|----------------|-------------|------------|-----------------|------------------|-----------------|
| Regular | 5/6/2019 | 0.2700 | 0.2700 | - | - |
| Regular | 8/5/2019 | 0.2700 | 0.2700 | - | - |
| Regular | 11/4/2019 | 0.2700 | 0.2700 | - | - |
| Regular | 12/31/2019 | 0.2700 | 0.2700 | - | - |
| | | 1.0800 | 1.0800 | 0.0000 | 0.0000 |

The Trust did not have distributable net long-term capital gains in 2019.

| Annual Dividend | Qualified for Dividend Received Deduction* | Qualified Dividends** | Interest Earned on U.S. Gov't. Obligations |
|------------------|--|-----------------------|--|
| Amount Per Share | Percent | Amount Per Share | Percent |
| \$1.08 | 11.4895% | \$0.1238 | 0% |

* Not available to individual shareholders

** Qualified dividends are reported in Box 1b on IRS Form 1099-Div for 2019

BARINGS PARTICIPATION INVESTORS

Financial Report

| | |
|---|-------|
| Consolidated Statement of Assets and Liabilities | 8 |
| Consolidated Statement of Operations | 9 |
| Consolidated Statement of Cash Flows | 10 |
| Consolidated Statements of Changes in Net Assets | 11 |
| Consolidated Selected Financial Highlights | 12 |
| Consolidated Schedule of Investments | 13-36 |
| Notes to Consolidated Financial Statements | 37-44 |
| Report of Independent Registered Public Accounting Firm | 45 |
| Interested Trustees | 46-47 |
| Independent Trustees | 48-49 |
| Officers of the Trust | 50 |

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**December 31, 2019****Assets:**

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value

(Cost - \$126,882,310)

\$ 127,394,848

Corporate restricted securities at market value

(Cost - \$10,272,435)

10,511,608

Corporate public securities at market value

(Cost - \$7,500,507)

6,924,526

Short-term securities at amortized cost

5,796,090

Total investments (Cost - \$150,451,342)

150,627,072

Cash

13,121,822

Interest receivable

971,623

Receivable for investments sold

104,623

Other assets

1,975**Total assets****164,827,115****Liabilities:**

Note payable

15,000,000

Dividend payable

2,858,552

Tax payable

413,839

Investment advisory fee payable

328,685

Interest payable

27,267

Accrued expenses

116,632**Total liabilities****18,744,975**

Commitments and Contingencies (See Note 8)

Total net assets**\$146,082,140****Net Assets:**

Common shares, par value \$.01 per share

\$ 105,872

Additional paid-in capital

142,022,729

Total distributable earnings

3,953,539**Total net assets****\$146,082,140**

Common shares issued and outstanding (14,787,750 authorized)

10,587,228

Net asset value per share

\$ 13.80

CONSOLIDATED STATEMENT OF OPERATIONS**For the year ended December 31, 2019****Investment Income:**

| | |
|--------------------------------|--------------------------|
| Interest | \$ 12,931,252 |
| Dividends | 227,017 |
| Other | <u>123,477</u> |
| Total investment income | <u>13,281,746</u> |

Expenses:

| | |
|-----------------------------|-------------------------|
| Investment advisory fees | 1,312,070 |
| Interest | 613,500 |
| Professional fees | 307,259 |
| Trustees' fees and expenses | 260,000 |
| Reports to shareholders | 96,000 |
| Custodian fees | 24,000 |
| Other | <u>93,515</u> |
| Total expenses | <u>2,706,344</u> |

| | |
|--------------------------------|--------------------------|
| Investment income - net | <u>10,575,402</u> |
|--------------------------------|--------------------------|

Net realized and unrealized gain on investments:

| | |
|---|------------------------------------|
| Net realized gain on investments before taxes | 1,336,799 |
| Income tax expense | <u>(566,900)</u> |
| Net realized gain on investments after taxes | <u>769,899</u> |
| Net increase / (decrease) in unrealized appreciation / (depreciation) of investments before taxes | <u>6,464,660</u> |
| Net increase / (decrease) in unrealized appreciation / (depreciation) of investments after taxes | <u>6,464,660</u> |
| Net gain on investments | <u>7,234,559</u> |
| Net increase in net assets resulting from operations | <u><u>\$ 17,809,961</u></u> |

CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended December 31, 2019**

Net decrease in cash:

Cash flows from operating activities:

| | |
|---|-------------------------|
| Purchases/Proceeds/Maturities from short-term portfolio securities, net | \$ (5,644,877) |
| Purchases of portfolio securities | (31,849,168) |
| Proceeds from disposition of portfolio securities | 36,189,353 |
| Interest, dividends and other income received | 12,111,465 |
| Interest expense paid | (613,500) |
| Operating expenses paid | (2,090,690) |
| Income taxes paid | (957,099) |
| Net cash provided by operating activities | <u>7,145,484</u> |

Cash flows from financing activities:

| | |
|---|----------------------------|
| Cash dividends paid from net investment income | (11,394,313) |
| Receipts for shares issued on reinvestment of dividends | 933,680 |
| Net cash used for financing activities | <u>(10,460,633)</u> |

Net decrease in cash**(3,315,149)**

Cash - beginning of year

16,436,971

Cash - end of year

\$ 13,121,822

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

| | |
|---|-----------------------------|
| Net increase in net assets resulting from operations | <u>\$ 17,809,961</u> |
| Increase in investments | (9,446,632) |
| Decrease in interest receivable | 108,402 |
| Decrease in other assets | 268 |
| Decrease in tax payable | (433,367) |
| Increase in investment advisory fee payable | 16,500 |
| Increase in accrued expenses | 28,822 |
| Decrease in payable for investments purchased | (938,470) |
| Total adjustments to net assets from operations | <u>(10,664,477)</u> |
| Net cash provided by operating activities | <u>\$ 7,145,484</u> |

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**For the years ended December 31, 2019 and 2018**

| | 2019 | 2018 |
|--|----------------------|----------------------|
| Increase / (decrease) in net assets: | | |
| Operations: | | |
| Investment income - net | \$ 10,575,402 | \$ 10,797,239 |
| Net realized gain on investments after taxes | 769,899 | 2,674,681 |
| Net change in unrealized appreciation / (depreciation) of investments after taxes | <u>6,464,660</u> | <u>(9,832,362)</u> |
| Net increase in net assets resulting from operations | 17,809,961 | 3,639,558 |
| Increase from common shares issued on reinvestment of dividends | | |
| Common shares issued (2019 - 60,330; 2018 - 68,737) | 933,680 | 971,512 |
| Dividends to shareholders from: | | |
| Distributable earnings to Common Stock Shareholders (2019 - \$1.08 per share; 2018 - \$1.08 per share) | <u>(11,410,602)</u> | <u>(11,342,034)</u> |
| Total increase / (decrease) in net assets | 7,333,039 | (6,730,964) |
| Net assets, beginning of year | <u>138,749,101</u> | <u>145,480,065</u> |
| Net assets, end of year | <u>\$146,082,140</u> | <u>\$138,749,101</u> |

CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS**Selected data for each share of beneficial interest outstanding:**

| | For the years ended December 31, | | | | |
|--|----------------------------------|-----------|-----------|-----------|-----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net asset value: | | | | | |
| Beginning of year | \$ 13.18 | \$ 13.91 | \$ 13.15 | \$ 13.10 | \$ 13.35 |
| Net investment income (a) | 1.00 | 1.03 | 1.09 | 1.00 | 0.95 |
| Net realized and unrealized gain / (loss) on investments | 0.69 | (0.68) | 0.75 | 0.13 | (0.12) |
| Total from investment operations | 1.69 | 0.35 | 1.84 | 1.13 | 0.83 |
| Dividends from net investment income to common shareholders | (1.08) | (1.08) | (1.08) | (1.08) | (1.08) |
| Increase / (decrease) from dividends reinvested | 0.01 | (0.00)(b) | (0.00)(b) | (0.00)(b) | (0.00)(b) |
| Total dividends | (1.07) | (1.08) | (1.08) | (1.08) | (1.08) |
| Net asset value: End of year | \$ 13.80 | \$ 13.18 | \$ 13.91 | \$ 13.15 | \$ 13.10 |
| Per share market value: End of year | \$ 16.13 | \$ 15.05 | \$ 14.10 | \$ 14.20 | \$ 13.75 |
| Total investment return | | | | | |
| Net asset value (c) | 13.21% | 2.53% | 14.29% | 8.75% | 6.23% |
| Market value (c) | 14.72% | 15.02% | 7.21% | 11.45% | 12.66% |
| Net assets (in millions): End of year | \$ 146.08 | \$ 138.75 | \$ 145.48 | \$ 136.61 | \$ 135.35 |
| Ratio of total expenses to average net assets (d) | 2.26% | 2.76% | 3.23% | 2.26% | 2.17% |
| Ratio of operating expenses to average net assets | 1.45% | 1.56% | 1.49% | 1.35% | 1.49% |
| Ratio of interest expense to average net assets | 0.42% | 0.42% | 0.43% | 0.44% | 0.44% |
| Ratio of income tax expense to average net assets | 0.39% | 0.78% | 1.31% | 0.47% | 0.24% |
| Ratio of net investment income to average net assets | 7.30% | 7.47% | 7.92% | 7.45% | 6.95% |
| Portfolio turnover | 22% | 48% | 24% | 31% | 30% |
| (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) Total expenses include income tax expense. | | | | | |
| Senior borrowings: | | | | | |
| Total principal amount (in millions) | \$ 15 | \$ 15 | \$ 15 | \$ 15 | \$ 15 |
| Asset coverage per \$1,000 of indebtedness | \$ 10,739 | \$ 10,250 | \$ 10,699 | \$ 10,107 | \$ 10,023 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2019

| Corporate Restricted Securities - 94.40%: (A) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|---|---------------------|--------------|--------------|
| Private Placement Investments - 87.20%: (C) | | | | |
| 1A Smart Start, Inc. | | | | |
| A designer, distributor and lessor of ignition interlock devices ("IIDs"). IIDs are sophisticated breathalyzers wired to a vehicles ignition system. | | | | |
| 10.05% Second Lien Term Loan due 08/21/2022 (LIBOR + 8.250%) | \$1,725,000 | 12/21/17 | \$ 1,705,491 | \$ 1,714,092 |
| 1WorldSync, Inc. | | | | |
| A product information sharing platform that connects manufacturers/suppliers and key retailers via the Global Data Synchronizatoion Network. | | | | |
| 9.23% Term Loan due 6/24/2025 | \$1,720,853 | 07/01/19 | 1,689,125 | 1,686,731 |
| Accelerate Learning | | | | |
| A provider of standards-based, digital science education content of K-12 schools. | | | | |
| 6.44% Term Loan due 12/31/2024 (LIBOR + 4.500%) | \$ 974,753 | 12/19/18 | 958,595 | 936,572 |
| Advanced Manufacturing Enterprises LLC | | | | |
| A designer and manufacturer of large, custom gearing products for a number of critical customer applications. | | | | |
| Limited Liability Company Unit (B) | 1,945 uts. | * | 207,911 | 28,610 |
| * 12/07/12, 07/11/13 and 06/30/15. | | | | |
| AFC - Dell Holding Corporation | | | | |
| A distributor and provider of inventory management services for "C-Parts" used by OEMs in their manufacturing and production facilities. | | | | |
| 13% (1% PIK) Senior Subordinated Note due 02/28/2022 | \$1,906,795 | * | 1,892,234 | 1,906,795 |
| Preferred Stock Series A (B) | 1,194 shs. | ** | 112,154 | 180,021 |
| Preferred Stock Series V (B) | 53 shs. | 12/31/19 | 5,251 | 5,713 |
| Common Stock (B) | 407 shs. | ** | 363 | 89,883 |
| * 03/27/15, 11/16/18, 07/1/19, 08/21/19 and 12/05/19. | | | 2,010,002 | 2,182,412 |
| ** 03/27/15, 11/15/18 and 12/31/19. | | | | |
| Aftermath, Inc. | | | | |
| A provider of crime scene cleanup and biohazard remediation services. | | | | |
| 7.76% Term Loan due 04/10/2025 (LIBOR + 5.750%) | \$1,253,145 | 04/09/19 | 1,228,371 | 1,228,385 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|---|---|---------------------|--------------|--------------|
| American Scaffold, Inc. | | | | |
| A provider of scaffolding and environmental containment solutions. | | | | |
| 7.16% Term Loan due 09/06/2025 (LIBOR + 5.250%) | \$1,297,326 | 09/06/19 | \$ 1,269,693 | \$ 1,269,745 |
| 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)(F) | 114 uts. | 10/04/12 | 113,636 | 119,699 |
| ASC Holdings, Inc. | | | | |
| A manufacturer of capital equipment used by corrugated box manufacturers. | | | | |
| 13% (1% PIK) Senior Subordinated Note due 05/18/2021 | \$ 884,964 | 11/19/15 | 880,190 | 619,475 |
| Limited Liability Company Unit (B) | 111,100 uts. | 11/18/15 | 111,100 | - |
| | | | 991,290 | 619,475 |
| ASPEQ Holdings | | | | |
| A manufacturer of highly-engineered electric heating parts and equipment for a range of industrial, commercial, transportation and marine applications. | | | | |
| 7.15% Term Loan due 10/31/2025 (LIBOR + 5.250%) | \$1,211,624 | 11/08/19 | 1,193,899 | 1,196,357 |
| Audio Precision | | | | |
| A provider of high-end audio test and measurement sensing instrumentation software and accessories. | | | | |
| 7.42% Term Loan due 10/31/2024 (LIBOR + 5.500%) | \$1,782,000 | 10/30/18 | 1,753,621 | 1,709,065 |
| Aurora Parts & Accessories LLC | | | | |
| A distributor of aftermarket over-the-road semi-trailer parts and accessories sold to customers across North America. | | | | |
| 14% Junior Subordinated Note due 08/17/2022 | \$ 12,458 | 08/30/18 | 12,458 | 12,646 |
| 11% Senior Subordinated Note due 02/17/2022 | \$1,515,400 | 08/17/15 | 1,503,551 | 1,515,400 |
| Preferred Stock (B) | 210 shs. | 08/17/15 | 209,390 | 209,390 |
| Common Stock (B) | 210 shs. | 08/17/15 | 210 | 15,864 |
| | | | 1,725,609 | 1,753,300 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|---|---|---------------------|-----------|------------|
| 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% (3.75% PIK) Senior Subordinated Note due 03/31/2021 (D) | \$ 6,777 | 07/31/14 | \$ 6,650 | \$ - |
| Limited Liability Company Unit (B)(F) | 45,504 uts. | * | - | - |
| Limited Liability Company Unit Class C Preferred (B)(F) | 78,358 uts. | 09/29/17 | 484,578 | - |
| * 07/31/14 and 10/14/15. | | | 491,228 | - |
| BBB Industries LLC | | | | |
| A supplier of re-manufactured parts to the North American automotive aftermarket. | | | | |
| 10.30% Second Lien Term Loan due 08/02/2026 (LIBOR + 8.500%) | \$1,725,000 | 08/02/18 | 1,682,435 | 1,665,145 |
| BCC Software, Inc. | | | | |
| A provider of software and data solutions which enhance mail processing to help direct mail marketers realize discounts from the U.S. Postal Service, avoid penalties associated with mailing errors, and improve the accuracy and efficiency of marketing campaigns. | | | | |
| 12% (1% PIK) Senior Subordinated Note due 04/11/2023 | \$1,920,301 | * | 1,893,904 | 1,941,749 |
| Preferred Stock Series A (B) | 27 shs. | * | 272,163 | 272,200 |
| Common Stock Class A (B) | 783 shs. | * | 861 | 420,037 |
| * 10/11/17 and 01/28/19. | | | 2,166,928 | 2,633,986 |
| BDP International, Inc. | | | | |
| A provider of transportation and related services to the chemical and life sciences industries. | | | | |
| 6.69% Term Loan due 12/14/2024 (LIBOR + 4.750%) | \$2,440,350 | 12/18/18 | 2,399,979 | 2,410,697 |
| BEI Precision Systems & Space Company, Inc. | | | | |
| A provider of advanced design, manufacturing, and testing for custom optical encoder-based positioning systems, precision accelerometers, and micro scanners. | | | | |
| 12% (1% PIK) Senior Subordinated Note due 04/28/2024 | \$1,488,187 | 04/28/17 | 1,467,495 | 1,503,069 |
| Limited Liability Company Unit (B)(F) | 4,167 uts. | * | 416,654 | 334,437 |
| * 04/28/17 and 02/07/19. | | | 1,884,149 | 1,837,506 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|---|---------------------|------------------|------------------|
| Blue Wave Products, Inc. | | | | |
| A distributor of pool supplies. | | | | |
| 13% (1% PIK) Senior Subordinated Note due 09/30/2020 | \$ 84,576 | 10/12/12 | \$ 84,565 | \$ 84,300 |
| Common Stock (B) | 51,064 shs. | 10/12/12 | 51,064 | 22,063 |
| Warrant, exercisable until 2022, to purchase common stock at \$.01 per share (B) | 20,216 shs. | 10/12/12 | 20,216 | 8,735 |
| | | | <u>155,845</u> | <u>115,098</u> |
| BlueSpire Holding, Inc. | | | | |
| A marketing services firm that integrates strategy, technology, and content to deliver customized marketing solutions for clients in the senior living, financial services and healthcare end markets. | | | | |
| Common Stock (B) | 2,956 shs. | 06/30/15 | 937,438 | - |
| Brown Machine LLC | | | | |
| A designer and manufacturer of thermoforming equipment used in the production of plastic packaging containers within the food and beverage industry. | | | | |
| 7.19% Term Loan due 10/04/2024 (LIBOR + 5.250%) | \$ 680,840 | 10/03/18 | 674,092 | 646,100 |
| Cadence, Inc. | | | | |
| A full-service contract manufacturer ("CMO") and supplier of advanced products, technologies, and services to medical device, life science, and industrial companies. | | | | |
| 6.30% Lien Term Loan due 04/30/2025 (LIBOR + 4.500%) | \$ 897,596 | * | 883,733 | 880,002 |
| * 05/14/18 and 05/31/19. | | | | |
| Cadent, LLC | | | | |
| A provider of advertising solutions driven by data and technology. | | | | |
| 7.05% Term Loan due 09/07/2023 (LIBOR + 5.250%) | \$1,013,213 | 09/04/18 | 1,005,708 | 1,008,146 |
| 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% (1.5% PIK) Senior Subordinated Note due 03/31/2023 | \$ 816,224 | 01/19/11 | 815,138 | 816,224 |
| 14% (2% PIK) Senior Subordinated Note due 03/31/2023 | \$ 217,834 | 08/03/12 | 217,518 | 216,939 |
| Common Stock (B) | 375 shs. | 01/19/11 | 37,500 | 24,013 |
| Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B) | 295 shs. | 01/19/11 | 29,250 | 18,876 |
| | | | <u>1,099,406</u> | <u>1,076,052</u> |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|---|---------------------|------------|------------|
| 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. | | | | |
| Limited Liability Company Unit (B) | 1,853 uts. | 07/18/16 | \$ 189,267 | \$ 349,156 |
| Claritas Holdings, Inc. | | | | |
| A market research company that provides market segmentation insights to customers engaged in direct-to-consumer and business-to-business marketing activities. | | | | |
| 7.94% Term Loan due 12/31/2023 (LIBOR +6.000%) | \$1,616,204 | 12/20/18 | 1,584,119 | 1,585,256 |
| Clubessential LLC | | | | |
| A leading SaaS platform for private clubs and resorts. | | | | |
| 11.83% Senior Subordinated Note due 01/12/2024 (LIBOR +9.500%) | \$1,787,305 | 01/16/18 | 1,761,054 | 1,746,752 |
| CORA Health Services, Inc. | | | | |
| A provider of outpatient rehabilitation therapy services. | | | | |
| 11.00% (1% PIK) Term Loan due 05/05/2025 | \$2,000,697 | * | 1,220,893 | 1,227,191 |
| Preferred Stock Series A (B) | 758 shs. | 06/30/16 | 2,647 | 106,348 |
| Common Stock Class A (B) | 3,791 shs. | 06/30/16 | 3,791 | 125,010 |
| * 05/01/18 and 06/28/19. | | | 1,227,331 | 1,458,549 |
| Dart Buyer, Inc. | | | | |
| A manufacturer of helicopter aftermarket equipment and OEM Replacement parts for rotorcraft operators, providers and OEMs. | | | | |
| 7.21% Term Loan due 04/01/2025 (LIBOR + 5.250%) | \$1,719,773 | 04/01/19 | 1,190,731 | 1,193,374 |
| Del Real LLC | | | | |
| A manufacturer and distributor of fully-prepared fresh refrigerated Hispanic entrees as well as side dishes that are typically sold on a heat-and-serve basis at retail grocers. | | | | |
| 11% Senior Subordinated Note due 04/06/2023 | \$1,420,588 | 10/07/16 | 1,403,759 | 1,313,791 |
| Limited Liability Company Unit (B)(F) | 368,799 uts. | * | 368,928 | 228,771 |
| * 10/07/16, 07/25/18, 03/13/19 and 06/17/19. | | | 1,772,687 | 1,542,562 |
| Discovery Education, Inc. | | | | |
| A provider of standards-based, digital education content for K-12 schools. | | | | |
| 6.04% Term Loan due 04/30/2024 (LIBOR + 4.750%) | \$1,911,885 | 04/20/18 | 1,884,306 | 1,867,293 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|---|---|---------------------|------------------|------------------|
| DPL Holding Corporation | | | | |
| A distributor and manufacturer of aftermarket undercarriage parts for medium and heavy duty trucks and trailers. | | | | |
| Preferred Stock (B) | 25 shs. | 05/04/12 | \$ 252,434 | \$ 305,038 |
| Common Stock (B) | 25 shs. | 05/04/12 | 28,048 | - |
| | | | <u>280,482</u> | <u>305,038</u> |
| Dunn Paper | | | | |
| A provider of specialty paper for niche product applications. | | | | |
| 10.55% Second Lien Term Loan due 08/26/2023 (LIBOR + 8.750%) | \$1,725,000 | 09/28/16 | 1,706,656 | 1,673,250 |
| Electronic Power Systems | | | | |
| A provider of electrical testing services for apparatus equipment and protection & controls infrastructure. | | | | |
| 6.55% Term Loan due 12/21/2024 (LIBOR + 4.750%) | \$1,684,075 | 12/21/18 | 1,663,080 | 1,654,519 |
| Common Stock (B) | 52 shs. | 12/28/18 | 52,176 | 67,005 |
| | | | <u>1,715,256</u> | <u>1,721,524</u> |
| Elite Sportswear Holding, LLC | | | | |
| A designer and manufacturer of gymnastics, competitive cheerleading and swimwear apparel in the U.S. and internationally. | | | | |
| 11.5% (1% PIK) Senior Subordinated Note due 09/20/2022 (D) | \$1,588,640 | 10/14/16 | 1,568,694 | 1,509,208 |
| Limited Liability Company Unit (B)(F) | 101 uts. | 10/14/16 | 159,722 | 20,719 |
| | | | <u>1,728,416</u> | <u>1,529,927</u> |
| English Color & Supply LLC | | | | |
| A distributor of aftermarket automotive paint and related products to collision repair shops, auto dealerships and fleet customers through a network of stores in the Southern U.S. | | | | |
| 11.5% (0.5% PIK) Senior Subordinated Note due 12/31/2023 | \$1,343,990 | 06/30/17 | 1,326,080 | 1,343,990 |
| Limited Liability Company Unit (B)(F) | 397,695 uts. | 06/30/17 | 397,695 | 448,089 |
| | | | <u>1,723,775</u> | <u>1,792,079</u> |
| E.S.P. Associates, P.A. | | | | |
| A professional services firm providing engineering, surveying and planning services to infrastructure projects. | | | | |
| Limited Liability Company Unit (B) | 229 uts. | 04/04/18 | 228,955 | 377,572 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

| Corporate Restricted Securities - 94.40%: (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 Class B-1 (B) | 65,789 uts. | 12/15/10 | \$ 56,457 | \$ 637,520 |
| Limited Liability Company Unit Class B-2 (B) | 8,248 uts. | 12/15/10 | 7,078 | 79,926 |
| Limited Liability Company Unit Class B-3 (B) | 6,522 uts. | 08/30/12 | 13,844 | 64,894 |
| Limited Liability Company Unit Class C (B) | 1,575 uts. | 12/20/10 | 8,832 | 89,096 |
| | | | <u>86,211</u> | <u>871,436</u> |

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 Preferred (B) | 76 uts. | 10/05/12 | 75,920 | 58,820 |
| Limited Liability Company Unit Common (B) | 767 uts. | 10/05/12 | 767 | - |
| | | | <u>76,687</u> | <u>58,820</u> |

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% (2% PIK) Senior Subordinated Note due 11/30/2021 (D) | \$1,366,471 | 03/27/13 | 975,841 | 1,298,147 |
| Preferred Stock (B) | 295 shs. | 03/29/19 | 295,276 | 322,656 |
| Common Stock (B) | 1,181 shs. | 03/27/13 | 118,110 | 29,318 |
| | | | <u>1,389,227</u> | <u>1,650,121</u> |

GraphPad Software, Inc.

A provider of data analysis, statistics and graphing software solution for scientific research applications, with a focus on the life sciences and academic end-markets.

| | | | | |
|---|-------------|---|-----------|-----------|
| 8.2% Term Loan due 12/15/2023 (LIBOR + 6.000%) | \$2,440,239 | * | 2,407,998 | 2,404,607 |
|---|-------------|---|-----------|-----------|

* 12/19/17 and 04/16/19.

GTI Holding Company

A designer, developer, and marketer of precision specialty hand tools and handheld test instruments.

| | | | | |
|---|------------|----------|----------------|----------------|
| Common Stock (B) | 1,046 shs. | * | 104,636 | 147,235 |
| Warrant, exercisable until 2027, to purchase common stock at \$.01 per share (B) | 397 shs. | 02/05/14 | 36,816 | 55,882 |
| | | | <u>141,452</u> | <u>203,117</u> |

* 02/05/14 and 11/22/17.

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|---|---------------------|----------------|----------------|
| Handi Quilter Holding Company (Premier Needle Arts) | | | | |
| A designer and manufacturer of long-arm quilting machines and related components for the consumer quilting market. | | | | |
| Limited Liability Company Unit Preferred (B) | 372 uts. | * | \$ 371,644 | \$ 468,857 |
| Limited Liability Company Unit Common Class A (B) | 3,594 uts. | 12/19/14 | - | - |
| *12/19/14 and 04/29/16. | | | <u>371,644</u> | <u>468,857</u> |

Happy Floors Acquisition, Inc.

A wholesale importer and value-added distributor of premium European flooring tile to residential and commercial end markets.

| | | | | |
|--|------------|----------|----------------|----------------|
| 12.5% (1% PIK) Senior Subordinated Note due 01/01/2023 | \$ 389,976 | 07/01/16 | 386,252 | 389,976 |
| Common Stock (B) | 150 shs. | 07/01/16 | <u>149,500</u> | <u>255,610</u> |
| | | | <u>535,752</u> | <u>645,586</u> |

Hartland Controls Holding Corporation

A manufacturer and distributor of electronic and electromechanical components.

| | | | | |
|--|-------------|----------|------------------|------------------|
| 14% (2% PIK) Senior Subordinated Note due 08/14/2020 | \$1,174,618 | 02/14/14 | 1,171,935 | 1,174,618 |
| 12% Senior Subordinated Note due 08/14/2020 | \$ 431,250 | 06/22/15 | 430,634 | 431,250 |
| Common Stock (B) | 821 shs. | 02/14/14 | <u>822</u> | <u>255,397</u> |
| | | | <u>1,603,391</u> | <u>1,861,265</u> |

HHI Group, LLC

A developer, marketer, and distributor of hobby-grade radio control products.

| | | | | |
|---------------------------------------|----------|----------|----------------|----------------|
| Limited Liability Company Unit (B)(F) | 102 uts. | 01/17/14 | <u>101,563</u> | <u>223,749</u> |
|---------------------------------------|----------|----------|----------------|----------------|

Hollandia Produce LLC

A hydroponic greenhouse producer of branded root vegetables.

| | | | | |
|---|-------------|----------|------------------|------------------|
| 11% (3.25% PIK) Senior Subordinated Note due 03/31/2021 | \$1,494,012 | * | 1,487,291 | 1,494,012 |
| 9.71% Term Loan due 12/12/2020 (LIBOR + 8.000%) | \$ 109,916 | 04/06/18 | 109,916 | 109,796 |
| 9.71% Term Loan due 12/11/2020 (LIBOR + 8.000%) | \$ 146,780 | 04/06/18 | <u>146,780</u> | <u>146,621</u> |
| * 12/30/15 and 12/23/16. | | | <u>1,743,987</u> | <u>1,750,429</u> |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|---|---------------------|--------------|--------------|
| Holley Performance Products | | | | |
| A provider of automotive aftermarket performance products. | | | | |
| 6.93% Term Loan due 10/24/2025 (LIBOR + 5.000%) | \$2,440,350 | 10/24/18 | \$ 2,409,801 | \$ 2,408,148 |
| 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)(F) | 47 uts. | 10/14/11 | - | - |
| Limited Liability Company Unit Class G (B)(F) | 114 uts. | 10/14/11 | - | - |
| Limited Liability Company Unit Class H (B)(F) | 47 uts. | 10/14/11 | - | - |
| Limited Liability Company Unit Class I (B)(F) | 47 uts. | 10/14/11 | - | - |
| | | | - | - |
| Hyperion Materials & Technologies, Inc. | | | | |
| A producer of specialty hard materials and precision tool components that are used to make precision cutting, grinding and other machining tools used by tool manufacturers and final product manufacturers. | | | | |
| 7.30% Term Loan due 08/14/2026 (LIBOR + 5.500%) | \$1,609,511 | 08/16/19 | 1,581,638 | 1,595,427 |
| IM Analytics Holdings, LLC | | | | |
| A provider of test and measurement equipment used for vibration, noise, and shock testing. | | | | |
| 8.41% Term Loan due 11/22/2023 (LIBOR + 6.500%) | \$1,068,593 | 11/21/19 | 1,058,178 | 1,060,532 |
| Warrant, exercisable until 2026, to purchase common stock at \$.01 per share (B) | 8,885 shs. | 11/25/19 | - | - |
| | | | 1,058,178 | 1,060,532 |
| K P I Holdings, Inc. | | | | |
| The largest player in the U.S. non-automotive, non-ferrous die casting segment. | | | | |
| Limited Liability Company Unit Class C Preferred (B) | 40 uts. | 06/30/15 | - | - |
| Common Stock (B) | 353 shs. | 07/15/08 | 285,619 | - |
| | | | 285,619 | - |
| LAC Acquisition LLC | | | | |
| A provider of center-based applied behavior analysis treatment centers for children diagnosed with autism spectrum disorder. | | | | |
| 7.71% Term Loan due 10/01/2024 (LIBOR + 5.750%) | \$1,764,719 | 10/01/18 | 1,100,240 | 1,087,328 |
| Limited Liability Company Unit Class A (F) | 22,222 uts. | 10/01/18 | 22,222 | 23,491 |
| | | | 1,122,462 | 1,110,819 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|---|---|---------------------|------------------|------------------|
| Manhattan Beachwear Holding Company | | | | |
| A designer and distributor of women's swimwear. | | | | |
| 12.5% Senior Subordinated Note due 05/30/2022 (D) | \$ 419,971 | 01/15/10 | \$ 404,121 | \$ 377,974 |
| 15% (2.5% PIK) Senior Subordinated Note due 05/30/2022 (D) | \$ 115,253 | 10/05/10 | 114,604 | 103,727 |
| Common Stock (B) | 35 shs. | 10/05/10 | 35,400 | - |
| Common Stock Class B (B) | 118 shs. | 01/15/10 | 117,647 | - |
| Warrant, exercisable until 2023, to purchase common stock at \$.01 per share (B) | 104 shs. | 10/05/10 | 94,579 | - |
| | | | <u>766,351</u> | <u>481,701</u> |
| Master Cutlery LLC | | | | |
| A designer and marketer of a wide assortment of knives and swords. | | | | |
| 13% Senior Subordinated Note due 04/17/2020 | \$ 868,102 | 04/17/15 | 867,529 | - |
| Limited Liability Company Unit | 5 uts. | 04/17/15 | 678,329 | - |
| | | | <u>1,545,858</u> | <u>-</u> |
| Media Recovery, Inc. | | | | |
| A global manufacturer and developer of shock, temperature, vibration and other condition indicators and monitors for in-transit and storage applications. | | | | |
| 7.66% First Out Term Loan due 11/22/2025 (LIBOR + 5.500%) | \$ 371,810 | 11/25/19 | 364,499 | 365,260 |
| 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. | | | | |
| 16% Senior Subordinated Note due 03/03/2022 (D) | \$ 454,295 | 09/22/11 | 449,013 | 454,295 |
| 15% PIK Senior Subordinated Note due 04/30/2022 (D) | \$ 23,839 | 08/18/15 | 23,839 | 23,839 |
| 15% PIK Senior Subordinated Note due 03/03/2022 (D) | \$ 44,503 | 01/03/19 | 44,503 | 44,503 |
| 14% PIK Senior Subordinated Note due 03/03/2022 | \$ 81,615 | * | 81,615 | 81,615 |
| Common Stock Class A (B) | 83,080 shs. | ** | 170,705 | 589,950 |
| | | | <u>769,675</u> | <u>1,194,202</u> |

* 10/21/16, 01/27/17 and 10/13/17.

** 08/18/15, 10/20/16 and 01/27/17.

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|---|---------------------|------------------|------------------|
| 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% (1% PIK) Senior Subordinated Note due 09/30/2021 | \$1,140,295 | 09/30/14 | \$ 1,133,062 | \$ 1,140,295 |
| 12% Senior Subordinated Note due 09/30/2021 | \$ 306,338 | 02/28/18 | 303,093 | 309,313 |
| Preferred Stock Series A (B) | 30,926 shs. | 07/25/19 | 12,412 | 24,740 |
| Common Stock Class B (B) | 259,252 shs. | * | 244,163 | 19,924 |
| * 09/30/14 and 02/28/18. | | | <u>1,692,730</u> | <u>1,494,272</u> |

MeTEOR Education LLC

A leading provider of classroom and common area design services, furnishings, equipment and instructional support to K-12 schools.

| | | | | |
|--|------------|----------|------------------|------------------|
| 12% Senior Subordinated Note due 06/20/2023 | \$ 915,819 | 03/09/18 | 902,909 | 919,294 |
| Limited Liability Company Unit (B)(F) | 182 uts. | 03/09/18 | 183,164 | 112,005 |
| | | | <u>1,086,073</u> | <u>1,031,299</u> |

Midwest Industrial Rubber, Inc.

A supplier of industrial maintenance, repair, and operations ("MRO") products, specializing in the fabrication and distribution of lightweight conveyor belting and related conveyor components and accessories.

| | | | | |
|---|-------------|----------|------------------|------------------|
| 12% (1% PIK) Senior Subordinated Note due 12/02/2022 | \$1,602,187 | 12/02/16 | 1,584,216 | 1,602,187 |
| Preferred Stock (B) | 1,711 shs. | 12/02/16 | 171,116 | 222,423 |
| Common Stock (B) | 242 shs. | 12/02/16 | 242 | 161,046 |
| | | | <u>1,755,574</u> | <u>1,985,656</u> |

Motion Controls Holdings

A manufacturer of high performance mechanical motion control and linkage products.

| | | | | |
|---|-------------|----------|----------------|----------------|
| 14.25% (1.75% PIK) Senior Subordinated Note due 08/15/2020 | \$ 294,428 | 11/30/10 | 294,034 | 294,428 |
| Limited Liability Company Unit Class B-1 (B)(F) | 75,000 uts. | 11/30/10 | - | 62,535 |
| Limited Liability Company Unit Class B-2 (B)(F) | 6,801 uts. | 11/30/10 | - | 5,671 |
| | | | <u>294,034</u> | <u>362,634</u> |

New Mountain Learning, LLC

A leading provider of blended learning solutions to the K-12 and post-secondary school market.

| | | | | |
|--|-------------|----------|-----------|-----------|
| 7.94% Term Loan due 03/16/2024 (LIBOR + 6.000%) | \$1,676,431 | 03/15/18 | 1,651,282 | 1,451,447 |
|--|-------------|----------|-----------|-----------|

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|--|---|---------------------|------------------|------------------|
| NSi Industries Holdings, Inc. | | | | |
| A manufacturer and distributor of electrical components and accessories to small to mid-sized electrical wholesalers. | | | | |
| 12.75% (1.75% PIK) Senior Subordinated Note due 05/17/2023 | \$3,043,998 | * | \$ 2,999,643 | \$ 3,080,580 |
| Common Stock (B) | 207 shs. | 05/17/16 | 207,000 | 729,849 |
| * 06/30/16, 03/11/19, 08/09/19 and 11/06/19. | | | <u>3,206,643</u> | <u>3,810,429</u> |
| Options Technology Ltd | | | | |
| A provider of vertically focused financial technology managed services and IT infrastructure products for the financial services industry. | | | | |
| 6.46% Term Loan due 12/18/2025 (LIBOR + 4.500%) | \$1,610,983 | 12/23/19 | 1,243,201 | 1,246,426 |
| PANOS Brands LLC | | | | |
| A marketer and distributor of branded consumer foods in the specialty, natural, better-for-you, "free from" healthy and gluten-free categories. | | | | |
| 12% (1% PIK) Senior Subordinated Note due 08/17/2022 | \$1,775,705 | 02/17/17 | 1,758,592 | 1,784,584 |
| Common Stock Class B (B) | 380,545 shs. | * | 380,545 | 411,391 |
| * 01/29/16 and 02/17/17. | | | <u>2,139,137</u> | <u>2,195,975</u> |
| PB Holdings LLC | | | | |
| A designer, manufacturer and installer of maintenance and repair parts and equipment for industrial customers. | | | | |
| 6.94% Term Loan due 03/06/2025 (LIBOR + 5.000%) | \$ 941,006 | 03/06/19 | 841,832 | 830,543 |
| Pegasus Transtech Corporation | | | | |
| A provider of end-to-end document, driver and logistics management solutions, which enable its customers (carriers, brokers, and drivers) to operate more efficiently, reduce manual overhead, enhance compliance, and shorten cash conversion cycles. | | | | |
| 8.05% Term Loan due 11/17/2024 (LIBOR + 6.250%) | \$1,894,364 | 11/14/17 | 1,861,353 | 1,885,128 |
| Petroplex Inv Holdings LLC | | | | |
| A leading provider of acidizing services to E&P customers in the Permian Basin. | | | | |
| Limited Liability Company Unit | 0.40% int. | * | 174,669 | 19,293 |
| * 11/29/12 and 12/20/16. | | | | |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

| Corporate Restricted Securities - 94.40%: (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. | | | | |
| 13.9% (7.9% PIK) Senior Subordinated Note due 12/31/2020 (D) | \$1,069,985 | 07/31/14 | \$ 1,064,183 | \$ 802,489 |
| Limited Liability Company Unit | 148,096 uts. | 07/31/14 | 148,096 | 1,170 |
| Limited Liability Company Unit Class F | 36,976 uts. | * | 24,802 | 41,377 |
| * 09/28/17 and 02/15/18. | | | <u>1,237,081</u> | <u>845,036</u> |
| PPC Event Services | | | | |
| A special event equipment rental business. | | | | |
| 14% (2% PIK) Senior Subordinated Note due 05/28/2023 | \$1,238,864 | 11/20/14 | 1,233,372 | 1,238,864 |
| Limited Liability Company Unit (B) | 3,450 uts. | 11/20/14 | 172,500 | 289,860 |
| Limited Liability Company Unit Series A-1 (B) | 339 uts. | 03/16/16 | 42,419 | 23,782 |
| | | | <u>1,448,291</u> | <u>1,552,506</u> |
| ReelCraft Industries, Inc. | | | | |
| A designer and manufacturer of heavy-duty reels for diversified industrial, mobile equipment OEM, auto aftermarket, government/military and other end markets. | | | | |
| 10.5% (0.5% PIK) Senior Subordinated Note due 02/28/2023 | \$1,446,943 | 11/13/17 | 1,446,943 | 1,446,943 |
| Limited Liability Company Unit Class B | 293,617 uts. | 11/13/17 | 184,688 | 542,181 |
| | | | <u>1,631,631</u> | <u>1,989,124</u> |
| REVSpring, Inc. | | | | |
| A provider of accounts receivable management and revenue cycle management services to customers in the healthcare, financial and utility industries. | | | | |
| 10.05% Second Lien Term Loan due 10/11/2026 (LIBOR + 8.250%) | \$1,725,000 | 10/11/18 | 1,681,167 | 1,664,917 |
| Rock-it Cargo | | | | |
| A provider of specialized international logistics solutions to the music touring, performing arts, live events, fine art and specialty industries. | | | | |
| 6.67% Term Loan due 06/22/2024 (LIBOR + 4.750%) | \$2,434,188 | 07/30/18 | 2,387,741 | 2,384,150 |
| ROI Solutions | | | | |
| Call center outsourcing and end user engagement services provider. | | | | |
| 7.06% Term Loan due 07/31/2024 (LIBOR + 5.000%) | \$1,626,252 | 07/31/18 | 635,309 | 623,842 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|---|---|---------------------|--------------|--------------|
| Ruffalo Noel Levitz | | | | |
| A provider of enrollment management, student retention and career services, and fundraising management for colleges and universities. | | | | |
| 7.94% Term Loan due 05/29/2022 (LIBOR + 6.000%) | \$1,251,243 | 01/08/19 | \$ 1,237,906 | \$ 1,241,804 |
| Sandvine Corporation | | | | |
| A provider of active network intelligence solutions. | | | | |
| 9.80% Second Lien Term Loan due 11/02/2026 (LIBOR + 8.000%) | \$1,725,000 | 11/01/18 | 1,688,147 | 1,674,348 |
| Sara Lee Frozen Foods | | | | |
| A provider of frozen bakery products, desserts and sweet baked goods. | | | | |
| 6.30% Lien Term Loan due 07/30/2025 (LIBOR + 4.500%) | \$1,517,955 | 07/27/18 | 1,491,900 | 1,475,007 |
| Scaled Agile, Inc. | | | | |
| A provider of training and certifications for IT professionals focused on software development. | | | | |
| 7.05% Term Loan due 06/28/2024 (LIBOR + 5.250%) | \$ 676,715 | 06/27/19 | 670,525 | 670,585 |
| Soliant Holdings, LLC | | | | |
| A healthcare staffing platform focused on placing highly skilled professionals in the education, nursing/allied health, life sciences and pharmacy end-markets. | | | | |
| 7.30% Term Loan due 11/30/2026 (LIBOR + 5.500%) | \$1,015,879 | 12/27/19 | 995,569 | 997,368 |
| Specified Air Solutions | | | | |
| A manufacturer and distributor of heating, dehumidification and other air quality solutions. | | | | |
| 10.5% (0.5% PIK) Senior Subordinated Note due 06/19/2024 | \$1,231,135 | 12/19/18 | 1,220,657 | 1,243,447 |
| Limited Liability Company Unit | 531,730 uts. | 02/20/19 | 539,795 | 1,155,241 |
| | | | 1,760,452 | 2,398,688 |
| Springbrook Software | | | | |
| A provider of vertical-market enterprise resource planning software and payments platforms focused on the local government end-market. | | | | |
| 7.68% Term Loan due 12/20/2026 (LIBOR + 5.750%) | \$1,658,030 | 12/23/19 | 1,180,970 | 1,183,825 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|---|---|---------------------|------------------|------------------|
| SR Smith LLC | | | | |
| A manufacturer of mine and tunneling ventilation products in the United States. | | | | |
| 11% Senior Subordinated Note due 03/27/2022 | \$1,084,565 | * | \$ 1,078,968 | \$ 1,084,565 |
| Limited Liability Company Unit Series A | 1,072 uts. | * | 1,060,968 | 1,968,728 |
| * 03/27/17 and 08/07/18. | | | <u>2,139,936</u> | <u>3,053,293</u> |

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.

| | | | | |
|--------------------------------|--------------|----------|----------------|----------------|
| Preferred Stock Series A (B) | 158,967 shs. | 12/13/13 | 158,967 | 364,945 |
| Preferred Stock Series A-2 (B) | 26,543 shs. | 09/10/15 | 29,994 | 60,936 |
| | | | <u>188,961</u> | <u>425,881</u> |

Sunrise Windows Holding Company

A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.

| | | | | |
|---|-------------|----------|------------------|------------------|
| 16% Senior Subordinated Note due 05/28/2021 (D) | \$2,211,310 | * | 1,358,229 | 1,990,179 |
| Common Stock (B) | 38 shs. | 12/14/10 | 38,168 | - |
| Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B) | 37 shs. | 12/14/10 | 37,249 | - |
| * 12/14/10, 08/17/12 and 03/31/16. | | | <u>1,433,646</u> | <u>1,990,179</u> |

Sunvair Aerospace Group Inc.

An aerospace maintenance, repair, and overhaul provider servicing landing gears on narrow body aircraft.

| | | | | |
|---|-------------|----------|------------------|------------------|
| 12% (1% PIK) Senior Subordinated Note due 08/01/2024 (D) | \$1,390,169 | 07/31/15 | 1,381,828 | 1,320,660 |
| Common Stock (B) | 68 shs. | * | 104,986 | 73,498 |
| * 07/31/15 and 11/08/17. | | | <u>1,486,814</u> | <u>1,394,158</u> |

The Hilb Group, LLC

An insurance brokerage platform that offers insurance and benefits programs to middle-market companies throughout the Eastern seaboard.

| | | | | |
|---|-------------|----------|-----------|-----------|
| 7.44% Term Loan due 9/30/2026 (LIBOR + 5.750%) | \$1,525,119 | 12/02/19 | 1,153,373 | 1,155,723 |
|---|-------------|----------|-----------|-----------|

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|---|---|---------------------|------------------|------------------|
| Therma-Stor Holdings LLC | | | | |
| A designer and manufacturer of dehumidifiers and water damage restoration equipment for residential and commercial applications. | | | | |
| 10.5% (0.5% PIK) Senior Subordinated Note due 11/30/2023 | \$1,380,126 | 11/30/17 | \$ 1,380,126 | \$ 1,393,927 |
| Limited Liability Company Unit (B) | 19,696 uts. | 11/30/17 | 3,172 | 7,153 |
| | | | <u>1,383,298</u> | <u>1,401,080</u> |
| Trident Maritime Systems | | | | |
| A leading provider of turnkey marine vessel systems and solutions for government and commercial new ship construction as well as repair, refurbishment, and retrofit markets worldwide. | | | | |
| 7.30% Term Loan due 06/04/2024 (LIBOR + 5.500%) | \$2,345,858 | 05/14/18 | 2,307,171 | 2,286,138 |
| Tristar Global Energy Solutions, Inc. | | | | |
| A hydrocarbon and decontamination services provider serving refineries worldwide. | | | | |
| 12.5% (1.5% PIK) Senior Subordinated Note due 07/31/2020 | \$1,195,918 | 01/23/15 | 1,193,051 | 1,180,894 |
| Truck-Lite | | | | |
| A leading provider of harsh environment LED safety lighting, electronics, filtration systems, and telematics for a wide range of commercial vehicles, specialty vehicles, final mile delivery vehicles, off-road/off-highway, marine, and other adjacent harsh environment markets. | | | | |
| 8.14% Term Loan due 12/02/2026 (LIBOR + 6.250%) | \$1,725,000 | 12/13/19 | 1,469,571 | 1,472,318 |
| Trystar, Inc. | | | | |
| A niche manufacturer of temporary power distribution products for the power rental, industrial, commercial utility and back-up emergency markets. | | | | |
| 6.69% Term Loan due 10/01/2023 (LIBOR + 4.750%) | \$2,060,712 | 09/28/18 | 2,033,720 | 2,056,134 |
| Limited Liability Company Unit (B)(F) | 47 uts. | 09/28/18 | 46,562 | 76,964 |
| | | | <u>2,080,282</u> | <u>2,133,098</u> |
| U.S. Legal Support, Inc. | | | | |
| A provider of court reporting, record retrieval and other legal supplemental services. | | | | |
| 7.69% Term Loan due 11/12/2024 (LIBOR + 5.750%) | \$2,126,930 | * | 2,090,685 | 2,074,689 |

* 11/29/18 and 03/25/19.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|---|---|---------------------|--------------|--------------|
| U.S. Oral Surgery Management | | | | |
| An operator of oral surgery practices providing medically necessary treatments. | | | | |
| 6.96% Term Loan due 12/31/2023 (LIBOR + 4.500%) | \$2,450,211 | * | \$ 2,337,634 | \$ 2,337,918 |
| * 01/04/19 and 10/01/19. | | | | |
| U.S. Retirement and Benefit Partners, Inc. | | | | |
| A leading independent provider of outsourced benefit design and administration and retirement services, primarily to K-12 school districts, employee unions, and governmental agencies. | | | | |
| 10.68% Second Lien Term Loan due 09/29/2025 (LIBOR + 8.750%) | \$1,725,000 | 03/05/18 | 1,583,153 | 1,541,380 |
| UBEO, LLC | | | | |
| A dealer and servicer of printers and copiers to medium sized businesses. | | | | |
| 11.00% Term Loan due 10/03/2024 | \$1,558,661 | 11/05/18 | 1,532,831 | 1,521,020 |
| Velocity Technology Solutions, Inc. | | | | |
| A provider of outsourced hosting services for enterprise resource planning software applications and information technology infrastructure to mid and large-sized enterprises. | | | | |
| 7.91% Lien Term Loan due 12/07/2023 (LIBOR + 6.000%) | \$2,058,000 | 12/07/17 | 2,044,487 | 2,035,692 |
| VP Holding Company | | | | |
| A provider of school transportation services for special-needs and homeless children in Massachusetts and Connecticut. | | | | |
| 7.30% Lien Term Loan due 05/22/2024 (LIBOR + 5.500%) | \$2,438,483 | 05/17/18 | 1,726,423 | 1,715,109 |
| Westminster Acquisition LLC | | | | |
| A manufacturer of premium, all-natural oyster cracker products sold under the Westminster and Olde Cape Cod brands. | | | | |
| 12% (1% PIK) Senior Subordinated Note due 08/03/2021 | \$ 439,572 | 08/03/15 | 437,779 | 219,786 |
| Limited Liability Company Unit (B)(F) | 370,241 uts. | 08/03/15 | 370,241 | - |
| | | | 808,020 | 219,786 |
| Whitebridge Pet Brands Holdings, LLC | | | | |
| A manufacturer and marketer of branded, all-natural treats and foods for dogs and cats. | | | | |
| 11.5% (0.5% PIK) Senior Subordinated Note due 08/18/2021 | \$1,501,399 | 04/18/17 | 1,492,238 | 1,341,659 |
| Limited Liability Company Unit Class A (B)(F) | 123 uts. | 04/18/17 | 148,096 | 120,453 |
| Limited Liability Company Unit Class B (B)(F) | 123 uts. | 04/18/17 | - | - |
| | | | 1,640,334 | 1,462,112 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities - 94.40%: (A) (Continued) | Principal Amount, Shares, Units or Ownership Percentage | Acquisition Date | Cost | Fair Value |
|---|---|---------------------|----------------------|----------------------|
| Wolf-Gordon, Inc. | | | | |
| A designer and specialty distributor of wallcoverings and related building products, including textiles, paint, and writeable surfaces. | | | | |
| Common Stock (B) | 157 shs. | 01/22/16 | \$ 62,177 | \$ 139,813 |
| WP Supply Holding Corporation | | | | |
| A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest. | | | | |
| Common Stock (B) | 1,500 shs. | 11/03/11 | 150,000 | 136,731 |
| York Wall Holding Company | | | | |
| A designer, manufacturer and marketer of wall covering products for both residential and commercial wall coverings. | | | | |
| Preferred Stock Series A (B) | 2,936 shs. | 02/05/19 | 293,616 | 293,600 |
| Common Stock (B) | 2,046 shs. | * | 200,418 | 196,351 |
| * 03/04/15 and 02/07/18 | | | 494,034 | 489,951 |
| Total Private Placement Investments (E) | | | \$126,882,310 | \$127,394,848 |

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Restricted Securities: (A) (Continued) | Interest Rate | Maturity Date | Principal Amount | Cost | Market Value |
|---|------------------|------------------|---------------------|--------------------------|--------------------------|
| Rule 144A Securities - 7.20%: | | | | | |
| Bonds - 7.20% | | | | | |
| Acrisure, LLC | 7.000% | 11/15/25 | \$757,000 | \$ 705,418 | \$ 730,504 |
| Alliance Residential Company | 7.500 | 05/01/25 | 306,000 | 315,768 | 278,460 |
| Altice Financing S.A. | 7.500 | 05/15/26 | 308,000 | 308,000 | 331,100 |
| Avantor Inc. | 6.000 | 10/01/24 | 313,000 | 313,000 | 333,730 |
| Boyne USA, Inc. | 7.250 | 05/01/25 | 129,000 | 129,000 | 140,288 |
| Calumet Specialty Products Partners, L.P. | 11.000 | 04/15/25 | 500,000 | 500,000 | 543,750 |
| CommScope Finance LLC | 8.250 | 03/01/27 | 500,000 | 474,853 | 526,250 |
| CVR Partners, L.P. | 9.250 | 06/15/23 | 385,000 | 379,472 | 402,163 |
| Dominion Diamond | 7.125 | 11/01/22 | 500,000 | 266,361 | 374,999 |
| Financial & Risk US Holdings, Inc. | 6.250 | 05/15/26 | 116,000 | 116,000 | 126,585 |
| First Quantum Minerals Ltd. | 7.500 | 04/01/25 | 500,000 | 481,206 | 511,250 |
| First Quantum Minerals Ltd. | 7.250 | 04/01/23 | 385,000 | 381,726 | 398,583 |
| Houghton Mifflin Harcourt | 9.000 | 02/15/25 | 500,000 | 490,170 | 512,500 |
| Jonah Energy LLC | 7.250 | 10/15/25 | 385,000 | 336,533 | 113,575 |
| LBC Tank Terminals Holding Netherlands B.V. | 6.875 | 05/15/23 | 511,000 | 517,171 | 516,749 |
| Manitowoc Company, Inc. | 9.000 | 04/01/26 | 368,000 | 351,802 | 385,480 |
| Mattamy Group Corp. | 6.500 | 10/01/25 | 385,000 | 378,501 | 410,988 |
| New Gold Inc. | 6.250 | 11/15/22 | 500,000 | 501,346 | 497,657 |
| OPE KAG Finance Sub | 7.875 | 07/31/23 | 385,000 | 394,633 | 376,499 |
| Ortho Clinical Diagnostics, Inc. | 6.625 | 05/15/22 | 600,000 | 591,837 | 596,250 |
| Suncoke Energy | 7.500 | 06/15/25 | 385,000 | 380,542 | 370,243 |
| Trident TPI Holdings Inc. | 9.250 | 08/01/24 | 500,000 | 485,444 | 505,000 |
| Veritas US, Inc. | 10.500 | 02/01/24 | 750,000 | 658,672 | 693,750 |
| Verscend Holding Corp | 9.750 | 08/15/26 | 482,000 | 513,980 | 527,188 |
| VRX Escrow Corp. | 6.125 | 04/15/25 | 140,000 | 140,000 | 144,652 |
| Warrior Met Coal, Inc. | 8.000 | 11/01/24 | 161,000 | 161,000 | 163,415 |
| Total Bonds | | | | <u>10,272,435</u> | <u>10,511,608</u> |
| Common Stock - 0.00% | | | | | |
| TherOX, Inc. (B) | | | 2 | - | - |
| Touchstone Health Partnership (B) | | | 292 | - | - |
| Total Common Stock | | | | <u>-</u> | <u>-</u> |
| Total Rule 144A Securities | | | | <u>10,272,435</u> | <u>10,511,608</u> |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Corporate Public Securities - 4.74%: (A) | <u>LIBOR Spread</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Cost</u> | <u>Market Value</u> |
|---|-------------------------|--------------------------|--------------------------|-----------------------------|---------------------------|---------------------------|
| Bank Loans - 2.23% | | | | | | |
| BMC Software Finance, Inc. | 4.250% | 6.049% | 10/02/25 | \$495,000 | \$ 490,928 | \$ 488,892 |
| Confie Seguros Holding II Co. | 8.500 | 10.414 | 11/02/25 | 446,131 | 438,672 | 412,671 |
| Edelman Financial Services | 6.750 | 8.535 | 07/20/26 | 128,178 | 127,652 | 127,537 |
| Fieldwood Energy LLC | 7.250 | 9.177 | 04/11/23 | 977,612 | 947,584 | 542,575 |
| ION Trading Technologies Sarl | 4.000 | 6.064 | 11/21/24 | 272,764 | 267,392 | 261,171 |
| PowerSchool | 6.750 | 8.644 | 08/01/26 | 500,000 | 495,879 | 495,000 |
| PS Logistics LLC | 4.750 | 6.549 | 03/13/25 | 493,750 | 497,467 | 465,358 |
| STS Operating, Inc. | 8.000 | 9.799 | 04/25/26 | 500,000 | 505,000 | 469,585 |
| Total Bank Loans | | | | | <u>3,770,574</u> | <u>3,262,789</u> |
| Bonds - 2.13% | | | | | | |
| Brunswick Corporation | | 7.125 | 08/01/27 | 500,000 | 503,127 | 583,872 |
| Dish DBS Corporation | | 7.750 | 07/01/26 | 385,000 | 411,257 | 407,865 |
| Laredo Petroleum, Inc. | | 5.625 | 01/15/22 | 385,000 | 375,855 | 373,450 |
| Laredo Petroleum, Inc. | | 6.250 | 03/15/23 | 385,000 | 385,670 | 360,937 |
| Oasis Petroleum Inc. | | 6.875 | 03/15/22 | 424,000 | 413,075 | 408,100 |
| PBF Holding Company LLC | | 7.250 | 06/15/25 | 385,000 | 395,857 | 410,988 |
| Triumph Group, Inc. | | 7.750 | 08/15/25 | 500,000 | 503,653 | 521,350 |
| William Lyon Homes | | 7.000 | 08/15/22 | 41,000 | 41,000 | 41,103 |
| Total Bonds | | | | | <u>3,029,494</u> | <u>3,107,665</u> |
| Common Stock - 0.03% | | | | | | |
| Jupiter Resources Inc. | | | | 41,472 | 200,439 | 41,472 |
| Total Common Stock | | | | | <u>200,439</u> | <u>41,472</u> |
| Preferred Stock - 0.35% | | | | | | |
| B. Riley Financial Inc. | | | | 20,000 | 500,000 | 512,600 |
| Total Preferred Stock | | | | | <u>500,000</u> | <u>512,600</u> |
| Total Corporate Public Securities | | | | | <u>\$7,500,507</u> | <u>\$6,924,526</u> |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Short-Term Security: | Interest Rate/Yield [^] | Maturity Date | Principal Amount | Cost | Market Value |
|------------------------------------|-------------------------------------|------------------|---------------------|----------------------|----------------------|
| Commercial Paper - 3.97% | | | | | |
| Bemis Company Inc. | 2.060% | 01/23/20 | \$1,600,000 | \$ 1,597,986 | \$ 1,597,986 |
| Eversource Energy | 2.050 | 01/03/20 | 1,600,000 | 1,599,818 | 1,599,818 |
| Volkswagen AG | 2.220 | 01/13/20 | 1,600,000 | 1,598,816 | 1,598,816 |
| Walgreens Boots Alliance | 2.174 | 01/10/20 | 1,000,000 | 999,470 | 999,470 |
| Total Short-Term Securities | | | | \$ 5,796,090 | \$ 5,796,090 |
| Total Investments | 103.11% | | | \$150,451,342 | \$150,627,072 |
| Other Assets | 9.72 | | | | 14,200,043 |
| Liabilities | (12.83) | | | | (18,744,975) |
| Total Net Assets | 100.00% | | | | \$146,082,140 |

(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 December 31, 2019 the values of these securities amounted to \$127,394,848 or 87.20% of net assets.

(F) Held in PI Subsidiary Trust

[^] Effective yield at purchase

PIK - Payment-in-kind

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Industry Classification: | Fair Value/ Market Value | Fair Value/ Market Value | |
|--|-----------------------------|---|------------------|
| AEROSPACE & DEFENSE - 6.98% | | CONSUMER CYCLICAL SERVICES - 4.57% | |
| American Scaffold, Inc. | \$ 1,269,745 | Accelerate Learning | \$ 936,572 |
| BEI Precision Systems & Space Company, Inc. | 1,837,506 | CHG Alternative Education Holding Company | 1,076,052 |
| Dart Buyer, Inc. | 1,193,374 | MeTEOR Education LLC | 1,031,299 |
| Merex Holding Corporation | 1,194,202 | PPC Event Services | 1,552,506 |
| Sunvair Aerospace Group Inc. | 1,394,158 | PS Logistics LLC | 465,358 |
| Trident Maritime Systems | 2,286,138 | ROI Solutions | 623,842 |
| Trident TPI Holdings Inc. | 505,000 | Soliant Holdings, LLC | 997,368 |
| Triumph Group, Inc. | 521,350 | | <u>6,682,997</u> |
| | <u>10,201,473</u> | CONSUMER PRODUCTS - 5.61% | |
| AUTOMOTIVE - 6.43% | | AMS Holding LLC | 119,699 |
| Aurora Parts & Accessories LLC | 1,753,300 | Blue Wave Products, Inc. | 115,098 |
| BBB Industries LLC | 1,665,145 | Elite Sportwear Holding, LLC | 1,529,927 |
| DPL Holding Corporation | 305,038 | gloProfessional Holdings, Inc. | 1,650,121 |
| English Color & Supply LLC | 1,792,079 | GTI Holding Company | 203,117 |
| Holley Performance Products | 2,408,148 | Handi Quilter Holding Company | 468,857 |
| Truck-Lite | 1,472,318 | HHI Group, LLC | 223,749 |
| | <u>9,396,028</u> | Manhattan Beachwear Holding Company | 481,701 |
| BROKERAGE, ASSET MANAGERS & EXCHANGES - 0.79% | | Master Cutlery LLC | - |
| The Hilb Group, LLC | 1,155,723 | New Mountain Learning, LLC | 1,451,447 |
| | <u>1,155,723</u> | Whitebridge Pet Brands Holdings, LLC | 1,462,112 |
| BUILDING MATERIALS - 4.51% | | York Wall Holding Company | 489,951 |
| Happy Floors Acquisition, Inc. | 645,586 | | <u>8,195,779</u> |
| NSi Industries Holdings, Inc. | 3,810,429 | DIVERSIFIED MANUFACTURING - 8.38% | |
| Sunrise Windows Holding Company | 1,990,179 | Advanced Manufacturing Enterprises LLC | 28,610 |
| Wolf-Gordon, Inc. | 139,813 | F G I Equity LLC | 871,436 |
| | <u>6,586,007</u> | Hyperion Materials & Technologies, Inc. | 1,595,427 |
| CHEMICALS - 1.21% | | K P I Holdings, Inc. | - |
| CVR Partners, L.P. | 402,163 | Manitowoc Company, Inc. | 385,480 |
| LBC Tank Terminals Holding Netherlands B.V. | 516,749 | Motion Controls Holdings | 362,634 |
| Polytex Holdings LLC | 845,036 | Reelcraft Industries, Inc. | 1,989,124 |
| | <u>1,763,948</u> | SR Smith LLC | 3,053,293 |
| | | Strahman Holdings Inc. | 425,881 |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

| Industry Classification: (Continued) | Fair Value/ Market Value | | Fair Value/ Market Value |
|--|-----------------------------|--|-----------------------------|
| Therma-Stor Holdings LLC | \$ 1,401,080 | Verscend Holding Corp | \$ 527,188 |
| Trystar, Inc. | 2,133,098 | VRX Escrow Corp. | 144,652 |
| | <u>12,246,063</u> | | <u>7,447,928</u> |
| ELECTRIC - 2.27% | | HOME CONSTRUCTION - 0.31% | |
| Electronic Power Systems | 1,721,524 | Mattamy Group Corp. | 410,988 |
| Eversource Energy | 1,599,818 | William Lyon Homes | 41,103 |
| | <u>3,321,342</u> | | <u>452,091</u> |
| FINANCIAL OTHER - 3.46% | | INDEPENDENT - 1.26% | |
| Acrisure, LLC | 730,504 | Fieldwood Energy LLC | 542,575 |
| B. Riley Financial Inc. | 512,600 | Jonah Energy LLC | 113,575 |
| Confie Seguros Holding II Co. | 412,671 | Jupiter Resources Inc. | 41,472 |
| Edelman Financial Services | 127,537 | Laredo Petroleum, Inc. | 734,387 |
| Financial & Risk US Holdings, Inc. | 126,585 | Oasis Petroleum Inc. | 408,100 |
| U.S. Retirement and Benefit Partners, Inc. | 1,541,380 | | <u>1,840,109</u> |
| Volkswagen AG | 1,598,816 | INDUSTRIAL OTHER - 11.00% | |
| | <u>5,050,093</u> | AFC - Dell Holding Corporation | 2,182,412 |
| FOOD & BEVERAGE - 5.01% | | Aftermath, Inc. | 1,228,385 |
| Del Real LLC | 1,542,562 | ASPEQ Holdings | 1,196,357 |
| Hollandia Produce LLC | 1,750,429 | Brunswick Corporation | 583,872 |
| PANOS Brands LLC | 2,195,975 | E.S.P. Associates, P.A. | 377,572 |
| Sara Lee Frozen Foods | 1,475,007 | Hartland Controls Holding Corporation | 1,861,265 |
| Westminster Acquisition LLC | 219,786 | IM Analytics Holdings, LLC | 1,060,532 |
| WP Supply Holding Corporation | 136,731 | Media Recovery, Inc. | 365,260 |
| | <u>7,320,490</u> | Midwest Industrial Rubber, Inc. | 1,985,656 |
| HEALTHCARE - 5.10% | | PB Holdings LLC | 830,543 |
| Avantor Inc. | 333,730 | Specified Air Solutions | 2,398,688 |
| Cadence, Inc. | 880,002 | STS Operating, Inc. | 469,585 |
| CORA Health Services, Inc. | 1,458,549 | UBEO, LLC | 1,521,020 |
| GD Dental Services LLC | 58,820 | | <u>16,061,147</u> |
| Ortho Clinical Diagnostics, Inc. | 596,250 | MEDIA & ENTERTAINMENT - 2.70% | |
| LAC Acquisition LLC | 1,110,819 | BlueSpire Holding, Inc. | - |
| TherOX, Inc. | - | Boyne USA, Inc. | 140,288 |
| Touchstone Health Partnership | - | Cadent, LLC | 1,008,146 |
| U.S. Oral Surgery Management | 2,337,918 | Discovery Education, Inc. | 1,867,293 |
| | | Dish DBS Corporation | 407,865 |
| | | HOP Entertainment LLC | - |

See Notes to Consolidated Financial Statements

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)**December 31, 2019**

| Industry Classification: (Continued) | Fair Value/ Market Value | | Fair Value/ Market Value |
|--|-----------------------------|--|-----------------------------|
| Houghton Mifflin Harcourt | \$ 512,500 | BCC Software, Inc. | \$ 2,633,986 |
| | <u>3,936,092</u> | BMC Software Finance, Inc. | 488,892 |
| METALS & MINING - 1.78% | | Claritas Holdings, Inc. | 1,585,256 |
| Alliance Residential Company | 278,460 | Clubessential LLC | 1,746,752 |
| Dominion Diamond | 374,999 | CommScope Finance LLC | 526,250 |
| First Quantum Minerals Ltd. | 909,833 | GraphPad Software, Inc. | 2,404,607 |
| New Gold Inc. | 497,657 | ION Trading Technologies Sarl | 261,171 |
| Suncoke Energy | 370,243 | Options Technology Ltd | 1,246,426 |
| Warrior Met Coal, Inc. | 163,415 | PowerSchool | 495,000 |
| | <u>2,594,607</u> | REVSpring, Inc. | 1,664,917 |
| OIL FIELD SERVICES - 0.01% | | Ruffalo Noel Levitz | 1,241,804 |
| Avantech Testing Services LLC | - | Sandvine Corporation | 1,674,348 |
| Petroplex Inv Holdings LLC | 19,293 | Scaled Agile, Inc. | 670,585 |
| | <u>19,293</u> | Springbrook Software | 1,183,825 |
| PACKAGING - 1.96% | | U.S. Legal Support, Inc. | 2,074,689 |
| ASC Holdings, Inc. | 619,475 | Velocity Technology Solutions, Inc. | 2,035,692 |
| Bemis Company Inc. | 1,597,986 | Veritas US, Inc. | 693,750 |
| Brown Machine LLC | 646,100 | | <u>27,737,838</u> |
| | <u>2,863,561</u> | TELECOMMUNICATIONS - 0.23% | |
| PAPER - 1.15% | | Altice Financing S.A. | 331,100 |
| Dunn Paper | 1,673,250 | | |
| | <u>1,673,250</u> | TRANSPORTATION SERVICES - 6.00% | |
| PHARMACEUTICALS - 0.24% | | BDP International, Inc. | 2,410,697 |
| Clarion Brands Holding Corp. | 349,156 | OPE KAG Finance Sub | 376,499 |
| | <u>349,156</u> | Pegasus Transtech Corporation | 1,885,128 |
| REFINING - 2.48% | | Rock-it Cargo | 2,384,150 |
| Calumet Specialty Products Partners, L.P. | 543,750 | VP Holding Company | 1,715,109 |
| MES Partners, Inc. | 1,494,272 | | <u>8,771,583</u> |
| PBF Holding Company LLC | 410,988 | | |
| Tristar Global Energy Solutions, Inc. | 1,180,894 | Total Investments - 103.11% | |
| | <u>3,629,904</u> | (Cost - \$150,451,342) | <u>\$150,627,072</u> |
| RETAILERS - 0.68% | | | |
| Walgreens Boots Alliance | 999,470 | | |
| | <u>999,470</u> | | |
| TECHNOLOGY - 18.99% | | | |
| 1A Smart Start, Inc. | 1,714,092 | | |
| 1WorldSync, Inc. | 1,686,731 | | |
| Audio Precision | 1,709,065 | | |

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. History

Barings Participation Investors (the "Trust") was organized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts pursuant to a Declaration of Trust dated April 7, 1988.

The Trust is a diversified closed-end management investment company. Barings LLC ("Barings"), a wholly-owned indirect subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"), acts as its investment adviser. The Trust's investment objective is to maintain a portfolio of securities providing a current yield and, when available, an opportunity for capital gains. The Trust's principal investments are privately placed, below-investment grade, long-term debt obligations including bank loans and mezzanine debt instruments. Such direct placement securities may, in some cases, be accompanied by equity features such as common stock, preferred stock, warrants, conversion rights, or other equity features. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically made to small or middle market companies. In addition, the Trust may invest, subject to certain limitations, in marketable debt securities (including high yield and/or investment grade securities) and marketable common stock. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay capital.

On January 27, 1998, the Board of Trustees authorized the formation of a wholly-owned subsidiary of the Trust ("PI Subsidiary Trust") for the purpose of holding certain investments. The results of the PI Subsidiary Trust are consolidated in the accompanying financial statements. Footnote 2.D below discusses the Federal tax consequences of the PI Subsidiary Trust.

2. Significant Accounting Policies

The following is a summary of significant accounting policies followed consistently by the Trust in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The Trustees have determined that the Trust is an investment company in accordance with Accounting Standards Codification ("ASC") 946, Financial Services - Investment Companies, for the purpose of financial reporting.

A. Fair Value Measurements:

Under U.S. GAAP, fair value represents the price that should be received to sell an asset (exit price) in an

orderly transaction between willing market participants at the measurement date.

Determination of Fair Value

The determination of the fair value of the Trust's investments is the responsibility of the Trust's Board of Trustees (the "Trustees"). The Trustees have adopted procedures for the valuation of the Trust's securities and have delegated responsibility for applying those procedures to Barings. Barings has established a Pricing Committee which is responsible for setting the guidelines used in following the procedures adopted by the Trustees ensuring that those guidelines are being followed. Barings considers all relevant factors that are reasonably available, through either public information or information available to Barings, when determining the fair value of a security. The Trustees meet at least once each quarter to approve the value of the Trust's portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the Trust, including a majority of the Trustees who are not interested persons of the Trust or of Barings. In approving valuations, the Trustees will consider reports by Barings analyzing each portfolio security in accordance with the procedures and guidelines referred to above, which include the relevant factors referred to below. Barings has agreed to provide such reports to the Trust at least quarterly. The consolidated financial statements include private placement restricted securities valued at \$127,394,848 (87.20% of net assets) as of December 31, 2019 the values of which have been estimated by the Trustees based on the process described above in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Following is a description of valuation methodologies used for assets recorded at fair value.

Corporate Public Securities at Market Value – Bank Loans, Corporate Bonds, Preferred Stocks and Common Stocks

The Trust uses external independent third-party pricing services to determine the fair values of its Corporate Public Securities. At December 31, 2019, 100% of the carrying value of these investments was from external pricing services. In the event that the primary pricing service does not provide a price, the Trust utilizes the pricing provided by a secondary pricing service.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Public debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Trust's pricing services use multiple valuation techniques to determine fair value. In instances where significant market activity exists, the pricing services may utilize a market based approach through which quotes from market makers are used to determine fair value. In instances where significant market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, option adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal underlying prepayments, collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

The Trust's investments in bank loans are normally valued at the bid quotation obtained from dealers in loans by an independent pricing service in accordance with the Trust's valuation policies and procedures approved by the Trustees.

Public equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sales price of that day.

At least annually, Barings conducts reviews of the primary pricing vendors to validate that the inputs used in that vendors' pricing process are deemed to be market observable as defined in the standard. While Barings is not provided access to proprietary models of the vendors, the reviews have included on-site walk-throughs of the pricing process, methodologies and control procedures for each asset class and level for which prices are provided. The reviews also include an examination of the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels and various durations. In addition, the pricing vendors have an established challenge process in place for all security valuations, which facilitates identification and resolution of prices that fall outside expected ranges. Barings believes that the prices received from the pricing vendors are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

Corporate Restricted Securities at Fair Value – Bank Loans, Corporate Bonds

The fair value of certain notes is determined using an internal model that discounts the anticipated cash flows of those notes using a specific discount rate. Changes to that discount rate are driven by changes in general interest rates, probabilities of default and

credit adjustments. The discount rate used within the models to discount the future anticipated cash flows is considered a significant unobservable input. Increases/(decreases) in the discount rate would result in a (decrease)/increase to the notes' fair value.

The fair value of certain distressed notes is based on an enterprise waterfall methodology which is discussed in the equity security valuation section below.

Corporate Restricted Securities at Fair Value – Common Stock, Preferred Stock and Partnerships & LLC's

The fair value of equity securities is determined using an enterprise waterfall methodology. Under this methodology, the enterprise value of the company is first estimated and that value is then allocated to the company's outstanding debt and equity securities based on the documented priority of each class of securities in the capital structure. Generally, the waterfall proceeds from senior debt, to senior and junior subordinated debt, to preferred stock, then finally common stock.

To estimate a company's enterprise value, the company's trailing twelve months earnings before interest, taxes, depreciation and amortization ("EBITDA") is multiplied by a valuation multiple.

Both the company's EBITDA and valuation multiple are considered significant unobservable inputs. Increases/(decreases) to the company's EBITDA and/or valuation multiple would result in increases/(decreases) to the equity value.

Short-Term Securities

Short-term securities with more than sixty days to maturity are valued at fair value, using external independent third-party services. Short-term securities, of sufficient credit quality, having a maturity of sixty days or less are valued at amortized cost, which approximates fair value.

Fair Value 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)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table summarizes the levels in the fair value hierarchy into which the Trust's financial instruments are categorized as of December 31, 2019.

The fair values of the Trust's investments disaggregated into the three levels of the fair value hierarchy based upon the lowest level of significant input used in the valuation as of December 31, 2019 are as follows:

| Assets: | Total | Level 1 | Level 2 | Level 3 |
|-----------------------|----------------------|------------------|---------------------|----------------------|
| Restricted Securities | | | | |
| Corporate Bonds | \$ 53,309,997 | \$ - | \$10,511,608 | \$ 42,798,389 |
| Bank Loans | 70,255,151 | - | - | 70,255,151 |
| Common Stock - U.S. | 3,993,481 | - | - | 3,993,481 |
| Preferred Stock | 2,836,867 | - | - | 2,836,867 |
| Partnerships and LLCs | 7,510,960 | - | - | 7,510,960 |
| Public Securities | | | | |
| Bank Loans | 3,262,789 | - | 2,093,948 | 1,168,841 |
| Corporate Bonds | 3,107,665 | - | 3,107,665 | - |
| Common Stock - U.S. | 41,472 | - | 41,472 | - |
| Preferred Stock | 512,600 | 512,600 | - | - |
| Short-term Securities | 5,796,090 | - | 5,796,090 | - |
| Total | \$150,627,072 | \$512,600 | \$21,550,783 | \$128,563,689 |

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

Quantitative Information about Level 3 Fair Value Measurements*

The following table represents quantitative information about Level 3 fair value measurements as of December 31, 2019.

| | Fair Value | Valuation Technique | Unobservable Inputs | Range | Weighted** |
|----------------------|--------------|-----------------------|---------------------|----------------------------------|----------------|
| Bank Loans | \$67,573,754 | Discounted Cash Flows | Discount Rate | 4.8% to 12.0% | 6.8% |
| Corporate Bonds | \$33,952,492 | Discounted Cash Flows | Discount Rate | 9.2% to 19.3% | 11.9% |
| | \$8,845,897 | Market Approach | Valuation Multiple | 5.0x to 10.0x | 7.6x |
| | | | EBITDA | \$0.1 million to \$24.0 million | \$7.9 million |
| Equity Securities*** | \$14,341,308 | Market Approach | Valuation Multiple | 5.0x to 16.9x | 10.0x |
| | | | EBITDA | \$0.1 million to \$278.0 million | \$33.4 million |

Certain of the Trust's Level 3 equity securities investments may be valued using unadjusted inputs that have not been internally developed by the Trust, including recently purchased securities held at cost. As of December 31, 2019, there were no securities valued in this manner.

* Excludes Level 3 assets of \$3,850,238 which are valued based upon unadjusted prices from independent pricing services and independent indicative broker quotes where pricing inputs are not readily available.

** The weighted averages disclosed in the table above were weighted by relative fair value

*** Including partnerships and LLC's

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

| Assets: | Beginning balance at 12/31/2018 | Included in earnings | Purchases | Sales | Prepayments | Transfers into Level 3 | Transfers out of Level 3 | Ending balance at 12/31/2019 |
|-----------------------|---------------------------------------|-------------------------|---------------|-----------------|-----------------|------------------------------|--------------------------------|------------------------------------|
| Restricted Securities | | | | | | | | |
| Corporate Bonds | \$ 49,613,537 | \$ 1,585,603 | \$ 3,067,865 | \$ (7,013,944) | \$ (4,454,672) | \$ - | \$ - | \$ 42,798,389 |
| Bank Loans | 56,358,155 | 579,571 | 21,211,333 | (394,709) | (6,572,409) | 3,125,555 | (4,052,345) | 70,255,151 |
| Common Stock - U.S. | 4,250,108 | 1,839,611 | 125 | (2,096,363) | - | - | - | 3,993,481 |
| Preferred Stock | 2,197,761 | 324,699 | 641,094 | (326,687) | - | - | - | 2,836,867 |
| Partnerships and LLCs | 7,372,814 | 3,277,587 | 366,576 | (3,506,017) | - | - | - | 7,510,960 |
| Public Securities | | | | | | | | |
| Bank Loans | 1,648,460 | 13,729 | - | - | (304,361) | 1,667,544 | (1,856,531) | 1,168,841 |
| Common Stock - U.S. | 141,005 | - | - | - | - | - | (141,005) | - |
| | \$ 121,581,840 | \$ 7,620,800 | \$ 25,286,993 | \$ (13,337,720) | \$ (11,331,442) | \$ 4,793,099 | \$ (6,049,881) | \$ 128,563,689 |

Income, Gains and Losses on Level 3 assets included in Net Increase in Net Assets resulting from Operations for the year are presented in the following accounts on the Statement of Operations:

| | Net Increase in Net Assets Resulting from Operations | Change in Unrealized Gains & (Losses) in Net Assets from assets still held |
|--|--|---|
| Interest (Amortization) | \$ 331,837 | - |
| Net realized gain on investments before taxes | \$ 2,070,171 | - |
| Net change in unrealized appreciation of investments before taxes | \$ 5,218,792 | 4,505,427 |

B. Accounting for Investments:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held. The Trust does not accrue income when payment is delinquent and when management believes payment is questionable.

Realized gains and losses on investment transactions are reported for financial statement and Federal income tax purposes on the identified cost method.

C. Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

D. Federal Income Taxes:

The Trust has elected to be taxed as a "regulated investment company" under the Internal Revenue

Code, and intends to maintain this qualification and to distribute substantially all of its net taxable income to its shareholders. In any year when net long-term capital gains are realized by the Trust, management, after evaluating the prevailing economic conditions, will recommend that Trustees either designate the net realized long-term gains as undistributed and pay the federal capital gains taxes thereon, or distribute all or a portion of such net gains. For the year ended December 31, 2019, the Trust did not have realized taxable long-term capital gains.

The Trust is taxed as a regulated investment company and is therefore limited as to the amount of non-qualified income that it may receive as the result of operating a trade or business, e.g. the Trust's pro rata share of income allocable to the Trust by a partnership operating company. The Trust's violation of this limitation could result in the loss of its status as a regulated investment company, thereby subjecting all of its net income and capital gains to corporate taxes prior to distribution to its shareholders. The Trust, from time-to-time, identifies investment opportunities in the securities of entities that could cause such trade or business income to be allocable to the Trust. The PI

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Subsidiary Trust (described in Footnote 1, above) was formed in order to allow investment in such securities without adversely affecting the Trust's status as a regulated investment company.

Net investment income and net realized gains or losses of the Trust as presented under U.S. GAAP may differ from distributable taxable earnings due to earnings from the PI Subsidiary Trust as well as certain permanent and temporary differences in the recognition of income and realized gains or losses on certain investments. In accordance with U.S. GAAP, the Trust has made reclassifications among its capital accounts. These reclassifications are intended to adjust the components of the Trust's net assets to reflect the tax character of permanent book/tax differences and have no impact on the net assets or net asset value of the Trust. As of December 31, 2019, the Trust made reclassifications to increase or (decrease) the components of net assets detailed below:

| Paid-in Capital | Total Distributable Earnings | Retained Capital Gains |
|--------------------|---------------------------------|---------------------------|
| \$(43,600) | \$368,379 | \$(324,779) |

The Trusts' current income tax expense as shown on the Statement of Operations is \$566,900 which is comprised of excise tax expense related to the regulated investment company of \$43,168 as well as taxes related to the PI Subsidiary Trust as described in the table below of \$523,732.

The PI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust receiving any distributions from the PI Subsidiary Trust, all of the PI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates. The PI Subsidiary Trust had \$1,560,271 of taxable income as of December 31, 2019.

The components of income taxes included in the PI Subsidiary Trust were as follows:

Income tax expense (benefit)

| | | |
|--|------------------|--|
| Current: | | |
| Federal | \$220,685 | |
| State | 303,047 | |
| Total current | <u>523,732</u> | |
| Deferred: | | |
| Federal | \$ - | |
| State | - | |
| Total deferred | <u>-</u> | |
| Total income tax expense from continuing operations | <u>\$523,732</u> | |

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. As of December 31, 2019, the PI Subsidiary Trust has no deferred tax liability.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2019 were as follows:

Deferred tax assets:

| | |
|--------------------------------|------------------|
| Unrealized loss on investments | \$ 303,903 |
| Total deferred tax assets | 303,903 |
| Less valuation allowance | <u>(303,903)</u> |
| Net deferred tax asset | - |
| Unrealized gain on investments | - |
| Total deferred tax liabilities | <u>-</u> |
| Net deferred tax liability | <u>\$ -</u> |

The Trust recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, the Trust measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions not deemed to meet the "more-likely-than-not" threshold are reserved and recorded as a tax benefit or expense in the current year. All penalties and interest associated with income taxes are included in income tax expense. The Trust has evaluated and determined that the tax positions did not have a material effect on the Trust's financial position and results of operations for the year ended December 31, 2019.

A reconciliation of the differences between the PI Subsidiary Trust's income tax expense and the amount computed by applying the prevailing U.S. federal tax rate to pretax income for the year ended December 31, 2019 is as follows:

| | <u>Amount</u> | <u>Percentage</u> |
|---|------------------|-------------------|
| Provision for income at the U.S. federal rate | \$327,657 | 21.00% |
| State tax, net of federal effect | 136,842 | 8.77% |
| Change in valuation allowance | <u>59,233</u> | <u>3.80%</u> |
| Income tax expense | <u>\$523,732</u> | <u>33.57%</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**E. Distributions to Shareholders:**

The Trust records distributions to shareholders from distributable earnings, if any, on the ex-dividend date. The Trust's dividend is declared four times per year, in April, July, October, and December. The Trust's net realized capital gain distribution, if any, is declared in December.

The tax basis components of distributable earnings at December 31, 2019 are as follows:

| | |
|--|--------------|
| Undistributed Ordinary Income | \$ (727,874) |
| Accumulated Realized Gain | 4,505,683 |
| Net Unrealized Appreciation/ (Depreciation) | 70,912 |

The differences between book-basis and tax-basis unrealized appreciation/(depreciation) are primarily due to partnership investments.

The following information is provided on a tax basis as of December 31, 2019:

| | |
|-----------------------------|---------------|
| Tax Cost | \$150,556,159 |
| Tax Unrealized Appreciation | 8,137,470 |
| Tax Unrealized Depreciation | (8,066,558) |
| Net Unrealized Appreciation | 70,912 |

The tax character of distributions declared during the years ended December 31, 2019 and 2018 was as follows:

| | | |
|--------------------------|--------------|--------------|
| Distributions paid from: | <u>2019</u> | <u>2018</u> |
| Ordinary Income | \$11,410,602 | \$11,342,034 |

3. Investment Advisory and Administrative Services Contract**A. Services:**

Under an Investment Advisory and Administrative Services Contract (the "Contract") with the Trust, Barings has agreed to use its best efforts to present to the Trust a continuing and suitable investment program consistent with the investment objectives and policies of the Trust. Barings represents the Trust in any negotiations with issuers, investment banking firms, securities brokers or dealers and other institutions or investors relating to the Trust's investments. Under the Contract, Barings also provides administration of the day-to-day operations of the Trust and provides the Trust with office space and office equipment, accounting and bookkeeping services, and necessary executive, clerical and secretarial personnel for the performance of the foregoing services.

B. Fee:

For its services under the Contract, Barings is paid a quarterly investment advisory fee equal to 0.225% of the value of the Trust's net assets as of the last business day of each fiscal quarter, an amount approximately equivalent to 0.90% on an annual basis. A majority of the Trustees, including a majority of the Trustees who are not interested persons of the Trust or of Barings, approve the valuation of the Trust's net assets as of such day.

4. Senior Indebtedness

MassMutual holds the Trust's \$15,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust on December 13, 2011. The Note is due December 13, 2023 and accrues interest at 4.09% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the year ended December 31, 2019, the Trust incurred total interest expense on the Note of \$613,500.

The Trust may redeem the Note, in whole or in part, at the principal amount proposed to be redeemed together with the accrued and unpaid interest thereon through the redemption date plus the Make Whole Premium. The Make Whole Premium equals the excess of (i) the present value of the scheduled payments of principal and interest which the Trust would have paid but for the proposed redemption, discounted at the rate of interest of U.S. Treasury obligations whose maturity approximates that of the Note plus 0.50% over (ii) the principal of the Note proposed to be redeemed.

Management estimates that the fair value of the Note was \$15,836,430 as of December 31, 2019. The fair value measurement of the Note would be categorized as a Level 3 under ASC 820.

5. Purchases and Sales of Investments

| | <u>For the year ended 12/31/19</u> | |
|---------------------------------|---|--|
| | <u>Cost of Investments Acquired</u> | <u>Proceeds from Sales or Maturities</u> |
| Corporate restricted securities | \$30,406,948 | \$30,974,374 |
| Corporate public securities | 503,750 | 5,214,979 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**6. Quarterly Results of Investment Operations (Unaudited)**

| | <u>March 31, 2019</u> | |
|--|---------------------------|------------------|
| | <u>Amount</u> | <u>Per Share</u> |
| Investment income | \$3,600,613 | |
| Net investment income | 2,913,357 | \$0.28 |
| Net realized and unrealized gain on investments (net of taxes) | 1,497,043 | 0.14 |
| | <u>June 30, 2019</u> | |
| | <u>Amount</u> | <u>Per Share</u> |
| Investment income | \$3,383,396 | |
| Net investment income | 2,690,053 | \$0.25 |
| Net realized and unrealized gain on investments (net of taxes) | 2,963,453 | 0.28 |
| | <u>September 30, 2019</u> | |
| | <u>Amount</u> | <u>Per Share</u> |
| Investment income | \$3,387,279 | |
| Net investment income | 2,705,958 | \$0.26 |
| Net realized and unrealized gain on investments (net of taxes) | 702,678 | 0.07 |
| | <u>December 31, 2019</u> | |
| | <u>Amount</u> | <u>Per Share</u> |
| Investment income | \$2,910,458 | |
| Net investment income | 2,266,034 | \$0.21 |
| Net realized and unrealized gain on investments (net of taxes) | 2,071,385 | 0.20 |

7. Investment Risks

In the normal course of its business, the Trust trades various financial instruments and enters into certain investment activities with investment risks. These risks include: (i) market risk, (ii) volatility risk and (iii) credit, counterparty and liquidity risk. It is the Trust's policy to identify, measure and monitor risk through various mechanisms including risk management strategies and credit policies. These include monitoring risk guidelines and diversifying exposures across a variety of instruments, markets and counterparties. There can be no assurance that the Trust will be able to implement its credit guidelines or that its risk monitoring strategies will be successful.

8. Commitments and Contingencies

During the normal course of business, the Trust may enter into contracts and agreements that contain a variety of representations and warranties. The exposure, if any, to the Trust under these arrangements is unknown as this would involve future claims that may or may not be made against the Trust and which have not yet occurred. The Trust has no history of prior claims related to such contracts and agreements.

At December 31, 2019, the Trust had the following unfunded commitments:

| <u>Investment</u> | <u>Unfunded Amount</u> |
|---|------------------------|
| ROI Solutions, LLC | \$961,561 |
| CORA Health Services, Inc. | 773,705 |
| VP Holding Co | 671,733 |
| LAC Acquisition LLC | 628,889 |
| Dart Buyer, Inc | 496,800 |
| Springbrook Software | 448,116 |
| Options Technology Ltd | 335,621 |
| The Hilb Group, LLC | 333,968 |
| Truck-Lite | 221,154 |
| U.S. Retirement & Benefits Partners, Inc. | 117,300 |
| PB Holdings LLC | 83,037 |
| U.S. Oral Surgery Management | 67,788 |

9. Aggregate Remuneration Paid to Officers, Trustees and Their Affiliated Persons

For the year ended December 31, 2019, the Trust paid its Trustees aggregate remuneration of \$252,425. During the year, the Trust did not pay any compensation to any of its Trustees who are "interested persons" (as defined by the 1940 Act) of the Trust. The Trust classifies Messrs. Noreen and Joyal as "interested persons" of the Trust.

All of the Trust's officers are employees of Barings or MassMutual. Pursuant to the Contract, the Trust does not compensate its officers who are employees of Barings or MassMutual (except for the Chief Compliance Officer of the Trust unless assumed by Barings). For the year ended December 31, 2019, Barings paid the compensation of the Chief Compliance Officer of the Trust.

In addition to the amounts payable pursuant to the Contract, the Trust paid Barings \$3,893 to reimburse expenses paid on behalf of the Trust.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Certifications (Unaudited)

As required under New York Stock Exchange ("NYSE") Corporate Governance Rules, the Trust's principal executive officer has certified to the NYSE that she was not aware, as of the certification date, of any violation by the Trust of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Trust's principal executive and principal financial officers have made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-PORT, relating to, among other things, the Trust's disclosure controls and procedures and internal control over financial reporting, as applicable.

11. Subsequent Events

Effective January 1, 2020, Christina Emery succeeded Robert M. Shettle as President for the Trust.

Effective January 23, 2020, the Board appointed Michael Cowart to succeed Melissa M. LaGrant as Chief Compliance Officer for the Trust.

Effective March 1, 2020, the Board also appointed Jonathan Bock to succeed James M. Roy as Chief Financial Officer for the Trust.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Trustees of Barings Participation Investors

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of assets and liabilities of Barings Participation Investors and subsidiary (collectively, the "Trust"), including the consolidated schedule of investments, as of December 31, 2019, the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the consolidated financial statements) and the consolidated financial highlights for each of the years in the five-year period then ended. In our opinion, the consolidated financial statements and consolidated financial highlights present fairly, in all material respects, the financial position of the Trust as of December 31, 2019, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements and consolidated financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements and consolidated financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and consolidated financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements and consolidated financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements and consolidated financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2019, by correspondence with custodians and brokers or by other appropriate auditing procedures when replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and consolidated financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the auditor of the Trust since 2004.

Boston, Massachusetts
February 27, 2020

INTERESTED TRUSTEES

| Name (Age), Address | Position(s) With The Trust(s) | Office Term and Length of Time Served | Principal Occupations During Past 5 Years | Portfolios Overseen in Fund Complex | Other Directorships Held by Director |
|--|---|--|--|-------------------------------------|--|
| <p>Clifford M. Noreen* (62) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202</p> | <p>Trustee, Chairman</p> | <p>Term expires 2021; Trustee since 2009</p> | <p>Head of Global Investment Strategy (since 2019); Deputy Chief Investment Officer and Managing Director (2016-2019), MassMutual; President (2008-2016), Vice Chairman (2007-2008), Member of the Board of Managers (2006-2016), Managing Director (2000-2016), Barings; President (2005-2009), Vice President (1993-2005) of the Trusts.</p> | <p>2</p> | <p>Chairman and Trustee (since 2009), President (2005-2009), Vice President (1993-2005), Barings Corporate Investors; President (2009-2015), Senior Vice President (1996-2009), HYP Management LLC (LLC Manager); Member of the Board of Managers (since 2008), Jefferies Finance LLC (finance company); Chairman and Chief Executive Officer (since 2009), Member of the Board of Managers (since 2007), MMC Equipment Finance LLC; Chairman (since 2009), Trustee (since 2005), President (2005-2009), CI Subsidiary Trust and PI Subsidiary Trust; Member of the Investment Committee (since 1999), Diocese of Springfield; Member of the Investment Committee (since 2005), Baystate Health Systems; Member of the Board of Managers (2011-2016), Wood Creek Capital Management, LLC (investment advisory firm); Director (2005-2013), MassMutual Corporate Value Limited (investment company); Director (2005-2013), MassMutual Corporate Value Partners Limited (investment company);.</p> |

* Mr. Noreen is classified as an "interested person" of each Trust and Barings (as defined by the 1940 Act), because of his position as an Officer of each Trust and his former position as President of Barings.

INTERESTED TRUSTEES

| Name (Age), Address | Position(s) With The Trust(s) | Office Term and Length of Time Served | Principal Occupations During Past 5 Years | Portfolios Overseen in Fund Complex | Other Directorships Held by Director |
|--|-------------------------------|---------------------------------------|--|-------------------------------------|--|
| Robert E. Joyal* (75) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Trustee | Term expires 2021; Trustee since 2003 | Retired (since 2003); President (2001-2003), Barings; President (1993-2003) of the Trusts. | 106 | Trustee (since 2003), President (1993-2003), Barings Corporate Investors; Trustee (since 2003), MassMutual Select Funds (open-end investment company advised by MassMutual); Trustee (since 2003), MML Series Investment Funds (open-end investment company advised by MassMutual); Trustee (since 2012), MML Series Investment Funds II (open-end investment company advised by MassMutual); Trustee (since 2012), MassMutual Premier Funds (open-end investment company advised by MassMutual); Director (2013-2018), Leucadia National Corporation (holding company owning businesses ranging from insurance to telecommunications); Director (2012-2017), Ormat Technologies, Inc. (geothermal energy company); Director (2013-2016), Baring Asset Management (Korea) Limited (company that engages in asset management, business administration and investment management); Director (2006-2014), Jefferies Group, Inc. (financial services). |

* Mr. Joyal retired as President of Barings in June 2003. In addition and as noted above, Mr. Joyal was formerly a Director of Leucadia National Corporation, which is the parent company of Jefferies Finance, LLC, and a former Director of Jefferies Group, Inc., which has a wholly-owned broker-dealer subsidiary that may execute portfolio transactions and/or engage in principal transactions with the Trusts, other investment companies advised by Barings or any other advisory accounts over which Barings has brokerage placement discretion. Accordingly, the Trusts have determined to classify Mr. Joyal as an "interested person" of the Trusts and Barings (as defined by the 1940 Act).

INDEPENDENT TRUSTEES

| Name (Age), Address | Position(s) With The Trust(s) | Office Term and Length of Time Served | Principal Occupations During Past 5 Years | Portfolios Overseen in Fund Complex | Other Directorships Held by Director |
|---|-------------------------------|---------------------------------------|--|-------------------------------------|--|
| Michael H. Brown (62) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Trustee / Nominee | Term expires 2020; Trustee since 2005 | Private Investor; Managing Director (1994-2005), Morgan Stanley. | 2 | Trustee (since 2005), Barings Corporate Investors; Independent Director (2006-2014), Invicta Holdings LLC and its subsidiaries (derivative trading company owned indirectly by MassMutual). |
| Barbara M. Ginader (63) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Trustee / Nominee | Term expires 2020; Trustee since 2013 | Retired (since 2017); Managing Director and General Partner (1993-2017), Boston Ventures Management (private equity firm). | 2 | Trustee (since 2013), Barings Corporate Investors; Member of the Board of Overseers (since 2013), MSPCA-Angell Memorial Hospital; Member of the Grants Committee (2012-2017), IECA Foundation; Managing Director (1993-2017), Boston Ventures V, L.P. (private equity fund); Managing Director (1993-2016), Boston Ventures VI, L.P. (private equity fund). |
| Edward P. Grace III (69) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Trustee | Term expires 2021; Trustee since 2012 | President (since 1997), Phelps Grace International, Inc. (investment management); Managing Director (1998-2018), Grace Venture Partners LP (venture capital fund); Senior Advisor (2011-2017), Angelo Gordon & Co. (investment adviser). | 2 | Trustee (since 2012), Barings Corporate Investors; Director (since 2012), Benihana, Inc. (restaurant chain); Director (2011-2018), Firebirds Wood Fired Holding Corporation (restaurant chain); Director (since 1998), Shawmut Design and Construction (construction management and general contracting firm); Director (2010-2017), Larkburger, Inc. (restaurant chain). |
| Susan B. Sweeney (67) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Trustee | Term expires 2022; Trustee since 2012 | Retired (since 2014); Senior Vice President and Chief Investment Officer (2010-2014), Selective Insurance Company of America; Senior Managing Director (2008-2010), Ironwood Capital. | 106 | Trustee (since 2012), Barings Corporate Investors; Trustee (since 2009), MassMutual Select Funds (open-end investment company advised by MassMutual); Trustee (since 2009), MML Series Investment Funds (open-end investment company advised by MassMutual); Trustee (since 2012), MML Series Investment Funds II (open-end investment company advised by MassMutual); Trustee (since 2012), MassMutual Premier Funds (open-end investment company advised by MassMutual). |

INDEPENDENT TRUSTEES

| Name (Age), Address | Position(s) With The Trust(s) | Office Term and Length of Time Served | Principal Occupations During Past 5 Years | Portfolios Overseen in Fund Complex | Other Directorships Held by Director |
|---|-------------------------------|---------------------------------------|---|-------------------------------------|---|
| Maleyne M. Syracuse (63) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Trustee / Nominee | Term expires 2020; Trustee since 2007 | Private Investor (since 2007); Managing Director (2000-2007), JP Morgan Securities, Inc. (investment banking); Managing Director (1999-2000), Deutsche Bank Securities; Managing Director (1981-1999), Bankers Trust/BT Securities. | 2 | Trustee (since 2007), Barings Corporate Investors, Member of the Board of Directors (since 1998) and President of the Board (since 2002), Peters Valley School of Craft (non-profit arts organization); Member of the Board of Directors (since 2014) and Treasurer (since 2017), Charles Lawrence Keith & Clara Miller Foundation (non-profit philanthropic foundation); Member of the Board of Directors (since 2015) and Treasurer of the Board (since 2016), Greater Pike Community Foundation (non-profit philanthropic foundation). |

OFFICERS OF THE TRUST

| Name (Age), Address | Position(s) With The Trust(s) | Office Term* and Length of Time Served | Principal Occupations(s) During Past 5 Years |
|---|---|--|--|
| Christina Emery (46) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | President | Since 2020 | President (since 2020), Vice President (2018-2020), Barings Corporate Investors; Managing Director (since 2011), Barings. |
| James M. Roy (57) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Vice President and Chief Financial Officer | Since 2005 | Vice President and Chief Financial Officer (since 2005), Treasurer (2003-2005), Associate Treasurer (1999-2003) of Barings Corporate Investors; Managing Director (since 2005), Director (2000-2005), Barings; Trustee (since 2005), Treasurer (since 2005), Controller (2003-2005), CI Subsidiary Trust and PI Subsidiary Trust. |
| Janice M. Bishop (55) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Vice President, Secretary and Chief Legal Officer | Since 2015 | Secretary and Chief Legal Officer (since 2018), Barings BDC, Inc.; Vice President, Secretary and Chief Legal Officer (since 2015), Associate Secretary (2008-2015) of Barings Corporate Investors; Vice President, Secretary and Chief Legal Officer (since 2013), Barings Funds Trust (open-end investment company advised by Barings); Vice President, Secretary and Chief Legal Officer (since 2012), Barings Global Short Duration High Yield Fund (closed-end investment company advised by Barings); Senior Counsel and Managing Director (since 2014), Counsel (2007-2014), Barings; Vice President and Secretary (since 2015), Assistant Secretary (2008-2015), CI Subsidiary Trust and PI Subsidiary Trust. |
| Melissa M. LaGrant (46) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Chief Compliance Officer | Since 2006 | Managing Director and Deputy Chief Compliance Officer (since 2019), Managing Director (since 2006), Barings; Chief Compliance Officer (since 2006), Barings Corporate Investor; Chief Compliance Officer (since 2018), Barings BDC, Inc.; Chief Compliance Officer (since 2013), Barings Finance LLC; Chief Compliance Officer (since 2013), Barings Funds Trust (open-end investment company advised by Barings); Chief Compliance Officer (since 2012), Barings Global Short Duration High Yield Fund (closed-end investment company advised by Barings). |
| Christopher Hanscom (37) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Treasurer | Since 2017 | Treasurer (since 2017), Barings Corporate Investors; Director (since 2018), Associate Director (2015-2018), Analyst (2005-2015), Barings. |
| Sean Feeley (52) 300 South Tryon Street, Suite 2500 Charlotte, NC 28202 | Vice President | Since 2011 | Managing Director (since 2003), Barings; Vice President (since 2011), Barings Corporate Investors; President (since 2017), Vice President (2012-2017), Barings Global Short Duration High Yield Fund (closed-end investment company advised by Barings); Vice President (since 2011), CI Subsidiary Trust and PI Subsidiary Trust. |
| Jill Dinerman (43) 300 South Tryon Street Suite 2500 Charlotte, NC 28202 | Assistant Secretary | Since 2019 | General Counsel (since January 2020), Corporate Secretary (since 2018), Managing Director (since 2016), Associate General Counsel (2018-2020), Senior Counsel (2016-2018), Counsel and Director (2011-2016), Barings; Assistant Secretary (since 2019), Barings Funds Trust (open-end investment company advised by Barings); Assistant Secretary (since 2019), Barings Global Short Duration High Yield Fund (closed-end investment company advised by Barings); Assistant Secretary (since 2019), Barings Corporate Investors; and Assistant Secretary (since 2019), Barings BDC, Inc. (a business development company managed by Barings). |

* Officers hold their position with the Trusts until a successor has been duly elected and qualified. Officers are generally elected annually by the Board of each Trust. The officers were last elected on October 25, 2019.

This page left intentionally blank.

This page left intentionally blank.

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

Barings Participation Investors (the "Trust") offers a Dividend Reinvestment and Cash Purchase Plan (the "Plan"). The Plan provides a simple and automatic way for shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the reinvestment of cash dividends in Trust shares purchased in the open market. The dividends of each shareholder will be automatically reinvested in the Trust by DST Systems, Inc., the Transfer Agent, in accordance with the Plan, unless such shareholder elects not to participate by providing written notice to the Transfer Agent. A shareholder may terminate his or her participation by notifying the Transfer Agent in writing.

Participating shareholders may also make additional contributions to the Plan from their own funds. Such contributions may be made by personal check or other means in an amount not less than \$100 nor more than \$5,000 per quarter. Cash contributions must be received by the Transfer Agent at least five days (but no more than 30 days) before the payment date of a dividend or distribution.

Whenever the Trust declares a dividend payable in cash or shares, the Transfer Agent, acting on behalf of each participating shareholder, will take the dividend in shares only if the net asset value is lower than the market price plus an estimated brokerage commission as of the close of business on the valuation day. The valuation day is the last day preceding the day of dividend payment. When the dividend is to be taken in shares, the number of shares to be received is determined by dividing the cash dividend by the net asset value as of the close of business on the valuation date or, if greater than net asset value, 95% of the closing share price. If the net asset value of the shares is higher than the market value plus an estimated commission, the Transfer Agent, consistent with obtaining the best price and execution, will buy shares on the open market at current prices promptly after the dividend payment date.

The reinvestment of dividends does not, in any way, relieve participating shareholders of any federal, state or local tax. For federal income tax purposes, the amount reportable in respect of a dividend received in newly-issued shares of the Trust will be the fair market value of the shares received, which will be reportable as ordinary income and/or capital gains.

As compensation for its services, the Transfer Agent receives a fee of 5% of any dividend and cash contribution (in no event in excess of \$2.50 per distribution per shareholder.)

Any questions regarding the Plan should be addressed to DST Systems, Inc., Agent for Barings Participation Investors' Dividend Reinvestment and Cash Purchase Plan, P.O. Box 219086, Kansas City, MO 64121-9086.

Members of the Board of Trustees

| | | |
|--|--|--|
| Michael H. Brown* Private Investor | Barbara M. Ginader* Retired Managing Director and General Partner Boston Ventures Management | Edward P. Grace* President Phelps Grace International, Inc |
| Robert E. Joyal Retired President, Barings LLC | Clifford M. Noreen Deputy Chief Investment Officer Massachusetts Mutual Life Insurance Company | Susan B. Sweeney* Private Investor |
| Maleyne M. Syracuse* Private Investor | | |

Officers

| | | |
|--|--------------------------------|--|
| Clifford M. Noreen Chairman | Christina Emery** President | James M. Roy*** Vice President & Chief Financial Officer |
| Janice M. Bishop Vice President, Secretary & Chief Legal Officer | Sean Feeley Vice President | Christopher D. Hanscom Treasurer |
| Melissa M. LaGrant**** Chief Compliance Officer | | |

* Member of the Audit Committee

** Effective January 1, 2020, Christina Emery succeeded Robert M. Shettle as President for the Trust.

*** Effective March 1, 2020, Jonathan Bock will succeed James M. Roy as Chief Financial Officer for the Trust.

**** Effective January 23, 2020, Michael Cowart succeeded Melissa M. LaGrant as Chief Compliance Officer for the Trust.



Barings
PARTICIPATION INVESTORS
2019 Annual Report