

BARINGS CORPORATE INVESTORS

Form N-30D

May 30, 2018

Barings

Corporate Investors

Report for the

Three Months Ended March 31, 2018

Adviser

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

Independent Registered Public Accounting Firm

KPMG LLP
Boston, Massachusetts 02110

Counsel to the Trust

Ropes & Gray LLP
Boston, Massachusetts 02111

Custodian

State Street Bank and Trust Company
Boston, Massachusetts 02110
Transfer Agent & Registrar

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

Internet Website

www.barings.com/mci

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

Investment Objective and Policy

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

The Trust's investment objective is to maintain a portfolio of securities providing a current yield and at the same time offering an opportunity for capital gains. The Trust's principal investments are privately placed, below-investment grade, long-term debt obligations. Such direct placement securities may, in some cases, be accompanied by equity

features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt securities (including high yield securities) and marketable common stocks. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay principal.

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

Form N-Q

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

Proxy Voting Policies & Procedures; Proxy Voting Record

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

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 Corporate Investors

TO OUR SHAREHOLDERS

April 30, 2018

We are pleased to present the March 31, 2018 Quarterly Report of Barings Corporate Investors (the "Trust").

The Board of Trustees declared a quarterly dividend of \$0.30 per share, payable on May 18, 2018 to shareholders of record on May 7, 2018. The Trust paid a \$0.30 per share dividend for the preceding quarter. The Trust earned \$0.31 per share of net investment income for the first quarter of 2018, compared to \$0.32 per share, including \$0.03 per share of non-recurring income, in the previous quarter.

During the first quarter, the net assets of the Trust increased to \$304,788,145 or \$15.26 per share compared to \$303,527,308 or \$15.22 per share on December 31, 2017. This translates into a 0.3% total return for the quarter, based on the change in the Trust's net assets assuming the reinvestment of all dividends. Longer term, the Trust returned 12.0%, 9.1%, 10.8%, 10.8%, and 13.3% for the 1, 3, 5, 10, and 25-year periods ended March 31, 2018, respectively, based on the change in the Trust's net assets assuming the reinvestment of all dividends.

The Trust's market price decreased 1.1% during the quarter, from \$15.26 per share as of December 31, 2017 to \$15.10 per share as of March 31, 2018. The Trust's market price of \$15.10 per share equates to a 1.1% discount to the March 31, 2018 net asset value per share of \$15.26. The Trust's average quarter-end premium for the 3, 5 and 10-year periods ended March 31, 2018 was 9.4%, 8.6% and 11.1%, respectively. U.S. small cap equity markets, as approximated by the Russell 2000 Index, decreased 0.1% for the quarter. U.S. high yield markets, as approximated by the Bloomberg Barclays U.S. Corporate High Yield Index, decreased 0.8% for the quarter.

The Trust closed five new private placement investments and three add-on investments to existing portfolio companies during the first quarter. The five new investments were in Clubessential LLC, Dohmen Life Science Services, MeTEOR Education LLC, New Mountain Learning, LLC and U.S. Retirement and Benefit Partners, Inc. The three add-on investments were in MES Partners, Inc., Polytex Holdings LLC and York Wall Holding Company. A brief description of these investments can be found in the Consolidated Schedule of Investments. The total amount invested by the Trust in these transactions was \$16,197,988.

It was a good quarter for the Trust in terms of new investments. As noted above, the Trust closed five new investments and three add-on investments this quarter despite middle-market merger and acquisition activity getting off to a slower start in the first quarter of 2018. The expansion of the Trust's target investment criteria in late 2017 into a broader set of the middle market private debt market along with the expansion of the investment adviser's private debt platform have been key contributors to increasing the Trust's new investment volume. Overall, we believe market conditions remain extremely competitive, with purchase price and leverage multiples remaining at or near historical highs, and there continues to be a large supply of debt capital seeking middle-market investment opportunities. As always, we've continued to be selective in our investment choices and maintained our underwriting discipline.

The Trust's remaining portfolio remains in good condition. There were seven private debt investment exits during the quarter, five of which resulted in realized gains, while two long-time troubled investments (NetShape / Hawk and Church Services) resulted in realized losses. In addition, one company prepaid its subordinated debt held by the Trust. Several companies in which the Trust has outstanding investments are in the process of being sold and we are cautiously optimistic about realization activity from these investments over the next few quarters.

The Trust was able to maintain its \$0.30 per share quarterly dividend in the first quarter. Notably, the Trust's recurring investment income was sufficient to cover this quarter's dividend. As discussed in prior reports, since 2013, recurring investment income alone has generally not been sufficient to fully fund the current dividend rate, principally due to

the considerable reduction in the number of private debt securities in the portfolio resulting from the high level of exits and prepayment activity that occurred from 2013 through 2015, combined with generally lower investment returns available due to market and competitive dynamics over the past several years. As referenced above, the Trust's expansion of its target investment criteria in 2017 has allowed for increased private debt investment opportunities, and as a result, higher recurring investment income than the Trust has experienced over the past several years. The level of expected recurring investment income generated by the Trust in 2018, combined with the availability of earnings carry forwards and other non-recurring income, is expected to be sufficient to maintain the current dividend rate over the next several quarters. However, if recurring investment income fails to consistently equal the current dividend rate, there is the risk that the dividend may need to be reduced in the future.

(Continued)

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

Sincerely,

Robert M. Shettle

President

Portfolio Composition as of 3/31/18*

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

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

Barings Corporate Investors
CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
March 31, 2018
(Unaudited)

Assets:

Investments

(See Consolidated Schedule of Investments)

Corporate restricted securities at fair value (Cost - \$230,739,392)	\$230,503,554
Corporate restricted securities at market value (Cost - \$53,710,661)	53,793,491
Corporate public securities at market value (Cost - \$36,470,313)	36,379,016
Total investments (Cost - \$320,920,366)	320,676,061
Cash	14,623,104
Interest receivable	3,663,785
Receivable for investments sold	445,000
Other assets	28,138
Total assets	339,436,088

Liabilities:

Note payable	30,000,000
Payable for investments purchased	1,420,333
Deferred tax liability	983,173
Tax payable	965,329
Investment advisory fee payable	952,463
Interest payable	135,317
Accrued expenses	191,328
Total liabilities	34,647,943

Commitments and Contingencies (See Note 8)

Total net assets	\$304,788,145
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Net Assets:

Common shares, par value \$1.00 per share	\$19,975,363
Additional paid-in capital	110,208,390
Retained net realized gain on investments, prior years	155,501,181
Undistributed net investment gain	9,208,002
Accumulated net realized gain on investments	11,122,687
Net unrealized depreciation of investments	(1,227,478)
Total net assets	\$304,788,145

Common shares issued and outstanding (28,054,782 authorized)	19,975,363
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Net asset value per share	\$15.26
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See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENT OF OPERATIONS

For the three months ended March 31, 2018

(Unaudited)

Investment Income:	
Interest	\$7,500,413
Dividends	94,797
Other	9,287
Total investment income	7,604,497
Expenses:	
Investment advisory fees	952,463
Interest	264,750
Trustees' fees and expenses	90,000
Professional fees	55,551
Reports to shareholders	28,500
Custodian fees	8,400
Other	31,300
Total expenses	1,430,964
Investment income - net	6,173,533
Net realized and unrealized loss on investments:	
Net realized gain on investments before taxes	4,756,310
Income tax expense	(13,113)
Net realized gain on investments after taxes	4,743,197
Net increase (decrease) in unrealized appreciation (depreciation) of investments before taxes	(10,746,054)
Net (increase) decrease in deferred income tax expense	547,736
Net increase (decrease) in unrealized appreciation (depreciation) of investments after taxes	(10,198,318)
Net loss on investments	(5,455,121)
Net increase in net assets resulting from operations	\$718,412

See Notes to Consolidated Financial Statements

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Barings Corporate Investors
CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended March 31, 2018
(Unaudited)

Net increase in cash:	
Cash flows from operating activities:	
Purchases/Proceeds/Maturities from short-term portfolio securities, net	\$3,900,954
Purchases of portfolio securities	(27,717,453)
Proceeds from disposition of portfolio securities	36,208,924
Interest, dividends and other income received	5,290,718
Interest expense paid	(264,750)
Operating expenses paid	(1,139,435)
Income taxes paid	(3,446,474)
Net cash provided by operating activities	12,832,484
Cash flows from financing activities:	
Cash dividends paid from net investment income	(5,981,959)
Receipts for shares issued on reinvestment of dividends	542,425
Net cash used for financing activities	(5,439,534)
Net increase in cash	7,392,950
Cash - beginning of year	7,230,154
Cash - end of period	\$14,623,104
Reconciliation of net increase in net assets to net cash provided by operating activities:	
Net increase in net assets resulting from operations	\$718,412
Decrease in investments	15,823,091
Increase in interest receivable	(727,712)
Increase in receivable for investments sold	(445,000)
Increase in other assets	(2,322)
Decrease in deferred tax liability	(547,736)
Increase in payable for investments purchased	1,420,333
Increase in investment advisory fee payable	3,940
Decrease in tax payable	(3,433,361)
Increase in accrued expenses	22,839
Total adjustments to net assets from operations	12,114,072
Net cash provided by operating activities	\$12,832,484

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the three months ended 3/31/2018 (Unaudited)	For the year ended 12/31/2017
Increase in net assets:		
Operations:		
Investment income - net	\$6,173,533	\$25,253,347
Net realized gain on investments after taxes	4,743,197	5,710,317
Net change in unrealized (depreciation) / appreciation of investments after taxes	(10,198,318)	12,615,454
Net increase in net assets resulting from operations	718,412	43,579,118
		