

BABSON CAPITAL GLOBAL SHORT DURATION HIGH YIELD FUND

Form N-Q

May 27, 2016

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT
COMPANY

Investment Company Act file number: 811-22562

Babson Capital Global Short Duration High Yield Fund
(Exact name of registrant as specified in charter)

550 South Tryon Street
Charlotte, NC 28202
(Address of principal executive offices) (Zip code)

Janice M. Bishop
Secretary and Chief Legal Officer
c/o Babson Capital Management LLC
Independence Wharf
470 Atlantic Avenue
Boston, MA 02210
(Name and address of agent for service)

(704)805-7200
Registrant's telephone number, including area code

Date of fiscal year end: December 31, 2016

Date of reporting period: March 31, 2016

Item 1. Schedule of Investments.

| | EFFECTIVE INTEREST RATE‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|--|--------------------------------|-------------|-----------|--------------|---------------|
| Fixed Income — 129.55%*: | | | | | |
| Bank Loans§ — 19.72%*: | | | | | |
| Aerospace and Defense — 0.43%*: | | | | | |
| Swissport Investments+ | 6.25 | 12/3/2021 | 1,400,000 | \$ 1,487,724 | \$ 1,582,852 |
| Total Aerospace and Defense | | | 1,400,000 | 1,487,724 | 1,582,852 |
| Broadcasting and Entertainment — 0.62%*: | | | | | |
| Learfield Communications Inc. | 8.75 | 10/8/2021 | 1,714,286 | 1,726,591 | 1,692,857 |
| Tele Columbus+ | 8.50 | 10/27/2022 | 500,000 | 535,881 | 567,529 |
| Total Broadcasting and Entertainment | | | 2,214,286 | 2,262,472 | 2,260,386 |
| Buildings and Real Estate — 0.29%*: | | | | | |
| Armacell+ | 5.25 | 2/28/2023 | 950,000 | 1,048,986 | 1,074,251 |
| Total Buildings and Real Estate | | | 950,000 | 1,048,986 | 1,074,251 |
| Cargo Transport — 1.19%*: | | | | | |
| Direct ChassisLink Inc. (add on facility) | 8.25 | 11/12/2019 | 634,636 | 634,636 | 606,077 |
| Direct ChassisLink Inc. | 8.25 | 11/30/2021 | 3,914,286 | 3,857,435 | 3,738,143 |
| Total Cargo Transport | | | 4,548,922 | 4,492,071 | 4,344,220 |
| Chemicals, Plastics and Rubber — 0.85%*: | | | | | |
| Flint Group Holdings+ | 8.25 | 9/30/2022 | 3,451,145 | 3,436,234 | 3,088,775 |
| Total Chemicals, Plastics and Rubber | | | 3,451,145 | 3,436,234 | 3,088,775 |
| Diversified/Conglomerate Manufacturing — 0.34%*: | | | | | |
| TenCate+ | 5.25 | 9/29/2022 | 1,100,000 | 1,175,627 | 1,227,698 |
| Total Diversified/Conglomerate Manufacturing | | | 1,100,000 | 1,175,627 | 1,227,698 |
| Diversified/Conglomerate Service — 0.78%*: | | | | | |
| Redprarie Corporation | 11.25 | 12/14/2019 | 2,632,646 | 2,668,383 | 2,096,245 |
| Redprarie Corporation | 6.00 | 12/21/2018 | 815,227 | 805,518 | 754,957 |

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| | | | | | |
|---|------|-----------|-----------|-----------|-----------|
| Total Diversified/Conglomerate Service | | | 3,447,873 | 3,473,901 | 2,851,202 |
| Diversified Natural Resources, Precious Metals and Minerals — 1.39%*: | | | | | |
| Caraustar Industries Inc. | 8.00 | 5/1/2019 | 5,243,064 | 5,256,284 | 5,098,880 |
| Total Diversified Natural Resources, Precious Metals and Minerals | | | 5,243,064 | 5,256,284 | 5,098,880 |
| Electronics — 2.03%*: | | | | | |
| Kronos, Inc. | 9.75 | 4/30/2020 | 7,483,740 | 7,408,915 | 7,433,824 |
| Total Electronics | | | 7,483,740 | 7,408,915 | 7,433,824 |
| Farming and Agriculture — 1.63%*: | | | | | |
| Allflex Holdings, Inc. | 8.00 | 7/19/2021 | 6,232,322 | 6,227,989 | 5,944,077 |
| Total Farming and Agriculture | | | 6,232,322 | 6,227,989 | 5,944,077 |

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| | EFFECTIVE INTEREST RATE‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|--------------------------------|-------------|------------|--------------|---------------|
| Finance — 0.75%*: | | | | | |
| Cunningham Lindsey Group, Inc. | 9.25 | 6/10/2020 | 5,504,015 | \$ 5,510,636 | \$ 2,733,679 |
| Total Finance | | | 5,504,015 | 5,510,636 | 2,733,679 |
| Healthcare, Education and Childcare — 1.22%*: | | | | | |
| Sage Products Holdings III, LLC | 9.25 | 6/15/2020 | 3,011,585 | 2,966,428 | 3,009,718 |
| Tecomet | 5.75 | 12/5/2021 | 1,578,283 | 1,440,586 | 1,467,803 |
| Total Healthcare, Education and Childcare | | | 4,589,868 | 4,407,014 | 4,477,521 |
| Leisure, Amusement, Motion Pictures and Entertainment — 1.07%*: | | | | | |
| Endemol+ | 6.75 | 8/11/2021 | 3,616,772 | 3,462,200 | 3,146,592 |
| Exterior Media+ | 7.00 | 3/30/2018 | 700,000 | 771,699 | 772,636 |
| Total Leisure, Amusement, Motion Pictures and Entertainment | | | 4,316,772 | 4,233,899 | 3,919,228 |
| Mining, Steel, Iron and Non-Precious Metals — 1.24%*: | | | | | |
| Boomerang Tube, LLC | 15.00 | 8/1/2017 | 670,565 | 672,241 | 670,565 |
| Boomerang Tube, LLC | 20.00 | 2/1/2019 | 603,538 | 533,321 | 543,184 |
| Boomerang Tube, LLC | 17.50 | 2/1/2021 | 1,391,049 | 1,391,049 | 1,391,049 |
| Boomerang Tube, LLC | 20.00 | 2/1/2019 | 1,703,555 | 1,703,555 | 1,703,555 |
| Murray Energy Corp. | 7.50 | 4/16/2020 | 448,036 | 436,361 | 226,706 |
| Total Mining, Steel, Iron and Non-Precious Metals | | | 4,816,743 | 4,736,527 | 4,535,059 |
| Oil and Gas — 4.28%*: | | | | | |
| Caelus Energy Alaska | 8.75 | 4/2/2021 | 17,863,828 | 17,358,617 | 7,592,127 |
| Fieldwood Energy LLC | 8.38 | 9/30/2020 | 16,407,298 | 12,629,298 | 2,850,768 |
| Jonah Energy LLC | 7.50 | 5/12/2021 | 1,301,497 | 1,310,535 | 644,241 |
| MD America Energy, LLC | 9.50 | 7/2/2019 | 5,077,313 | 4,884,862 | 3,820,678 |
| NFR Energy LLC> | 10.00 | 12/31/2018 | 7,684,465 | 7,774,974 | 192,112 |
| Templar Energy | 8.50 | 9/30/2021 | 5,580,408 | 5,438,148 | 552,460 |
| Total Oil and Gas | | | 53,914,809 | 49,396,434 | 15,652,386 |

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Printing and Publishing — 0.90%*:

| | | | | | |
|-------------------------------|------|-----------|-----------|-----------|-----------|
| Springer ⁺ | 9.00 | 8/14/2021 | 2,850,000 | 3,265,494 | 3,307,882 |
| Total Printing and Publishing | | | 2,850,000 | 3,265,494 | 3,307,882 |

Retail Store — 0.71%*:

| | | | | | |
|--------------------|------|------------|-----------|-----------|-----------|
| FleetPride | 5.25 | 11/19/2019 | 829,231 | 712,122 | 663,385 |
| FleetPride | 9.25 | 5/19/2020 | 3,000,000 | 2,955,215 | 1,920,000 |
| Total Retail Store | | | 3,829,231 | 3,667,337 | 2,583,385 |

| | | | | | |
|------------------|--|--|-------------|-------------|------------|
| Total Bank Loans | | | 115,892,790 | 111,487,544 | 72,115,305 |
|------------------|--|--|-------------|-------------|------------|

Corporate Bonds — 109.83%*:

Aerospace and Defense — 1.79%*:

| | | | | | |
|-------------------------------------|------|------------|-----------|-----------|-----------|
| CPI International Inc. [#] | 8.75 | 2/15/2018 | 5,550,000 | 5,646,527 | 5,425,125 |
| Swissport Investments ⁺ | 6.75 | 12/15/2021 | 950,000 | 1,040,150 | 1,137,760 |
| Total Aerospace and Defense | | | 6,500,000 | 6,686,677 | 6,562,885 |

Automobile — 8.84%*:

| | | | | | |
|---|------|-----------|------------|------------|------------|
| Accuride Corp [#] | 9.50 | 8/1/2018 | 11,210,000 | 11,269,252 | 10,313,200 |
| Allied Specialty Vehicles ^{#^} | 8.50 | 11/1/2019 | 6,000,000 | 5,965,020 | 6,075,000 |
| International Automotive Components Group, S.A. ^{#^} | 9.13 | 6/1/2018 | 8,125,000 | 8,202,940 | 7,312,500 |
| J.B. Poindexter & Co. Inc. ^{#^} | 9.00 | 4/1/2022 | 8,235,000 | 8,558,834 | 8,626,163 |
| Total Automobile | | | 33,570,000 | 33,996,046 | 32,326,863 |

Banking — 1.00%*:

| | | | | | |
|----------------------|------|-----------|-----------|-----------|-----------|
| Lock AS ⁺ | 7.00 | 8/15/2021 | 3,050,000 | 3,783,912 | 3,661,485 |
| Total Banking | | | 3,050,000 | 3,783,912 | 3,661,485 |

Beverage, Food and Tobacco — 1.02%*:

| | | | | | |
|------------------------------------|------|-----------|-----------|-----------|-----------|
| Boparan Finance PLC ⁺ | 5.50 | 7/15/2021 | 1,350,000 | 1,940,403 | 1,793,511 |
| Carrols Corp. [#] | 8.00 | 5/1/2022 | 709,000 | 732,397 | 760,402 |
| Manitowoc Foodservice [^] | 9.50 | 2/15/2024 | 1,074,000 | 1,074,000 | 1,170,660 |
| Total Beverage, Food and Tobacco | | | 3,133,000 | 3,746,800 | 3,724,573 |

Broadcasting and Entertainment — 3.46%*:

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|---|------|------------|-----------|------------|------------|
| Arqiva Finance ^{+#^} | 9.50 | 3/31/2020 | 5,000,000 | 7,860,456 | 7,701,577 |
| Entertainment One Ltd. ^{+^} | 6.88 | 12/15/2022 | 850,000 | 1,282,422 | 1,212,263 |
| RCN Cable ^{#^} | 8.50 | 8/15/2020 | 3,733,000 | 3,836,621 | 3,733,000 |
| Total Broadcasting and Entertainment | | | 9,583,000 | 12,979,499 | 12,646,840 |

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| | EFFECTIVE INTEREST RATE‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|--|--------------------------------|-------------|------------|--------------|---------------|
| Buildings and Real Estate — 5.50%*: | | | | | |
| Cemex S.A.B. de C.V.+## | 9.38 | 10/12/2022 | 5,000,000 | \$ 5,181,415 | \$ 5,500,000 |
| Cemex S.A.B. de C.V.+^ | 7.75 | 4/16/2026 | 602,000 | 601,916 | 616,990 |
| Keystone Financing+^ | 9.50 | 10/15/2019 | 3,900,000 | 6,208,409 | 5,783,400 |
| Lyon Williams Homes, Inc.# | 8.50 | 11/15/2020 | 5,000,000 | 5,039,271 | 5,130,420 |
| M/I Homes, Inc.# | 6.75 | 1/15/2021 | 1,965,000 | 1,965,000 | 1,930,612 |
| Paroc Group+^ | 6.25 | 5/15/2020 | 1,050,000 | 1,444,431 | 1,169,707 |
| Total Buildings and Real Estate | | | 17,517,000 | 20,440,442 | 20,131,129 |
| Cargo Transport — 5.47%*: | | | | | |
| Kenan Advantage Group, Inc.#^ | 7.88 | 7/31/2023 | 10,000,000 | 10,080,224 | 9,975,000 |
| Moto Hospitality Limited+^ | 6.38 | 9/1/2020 | 2,400,000 | 3,584,497 | 3,516,824 |
| World Flight Services, Inc.+^ | 9.50 | 7/15/2022 | 1,350,000 | 1,530,582 | 1,650,229 |
| XPO Logistics, Inc.#^ | 6.50 | 6/15/2022 | 5,000,000 | 4,845,221 | 4,856,250 |
| Total Cargo Transport | | | 18,750,000 | 20,040,524 | 19,998,303 |
| Chemicals, Plastics and Rubber — 11.05%*: | | | | | |
| Associated Asphalt Partners LLC#^ | 8.50 | 2/15/2018 | 2,327,000 | 2,332,856 | 2,356,087 |
| Chemours Co.#^ | 7.00 | 5/15/2025 | 5,962,000 | 5,504,625 | 4,769,600 |
| Consolidated Energy Finance S.A.+## | 6.75 | 10/15/2019 | 8,120,000 | 7,911,932 | 7,734,300 |
| Cornerstone Chemical Co.#^ | 9.38 | 3/15/2018 | 4,725,000 | 4,803,904 | 4,406,062 |
| LSB Industries, Inc.# | 7.75 | 8/1/2019 | 5,669,000 | 5,426,039 | 5,201,307 |
| Omnova Solutions, Inc.# | 7.88 | 11/1/2018 | 4,244,000 | 4,301,394 | 4,201,560 |
| Pinnacle Operating Corp.#^ | 9.00 | 11/15/2020 | 2,635,000 | 2,640,968 | 2,272,688 |
| Platform Specialty Products Corporation#^ | 10.38 | 5/1/2021 | 3,739,000 | 3,831,337 | 3,617,483 |
| TPC Group, Inc.#^ | 8.75 | 12/15/2020 | 8,398,000 | 8,412,454 | 5,878,600 |
| Total Chemicals, Plastics and Rubber | | | 45,819,000 | 45,165,509 | 40,437,687 |
| Containers, Packaging and Glass — 6.12%*: | | | | | |
| Bormioli+^ | 10.00 | 8/1/2018 | 350,000 | 395,270 | 415,192 |
| Coveris Holdings S.A.#^ | 7.88 | 11/1/2019 | 7,600,000 | 7,648,472 | 6,802,000 |
| Horizon Holdings+^ | 7.25 | 8/1/2023 | 3,750,000 | 4,116,582 | 4,480,491 |

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|---|-------|------------|------------|------------|------------|
| Multi Packaging Solutions, Inc.#^ | 8.50 | 8/15/2021 | 6,105,000 | 6,128,286 | 6,303,412 |
| Onex Wizard Acquisition Co+^ | 7.75 | 2/15/2023 | 3,600,000 | 4,134,082 | 4,371,402 |
| Total Containers, Packaging and Glass | | | 21,405,000 | 22,422,692 | 22,372,497 |
| Diversified/Conglomerate Manufacturing — 3.28%*: | | | | | |
| Appvion Inc.#^ | 9.00 | 6/1/2020 | 13,200,000 | 13,394,542 | 5,082,000 |
| Carlisle Transportation Products#^ | 8.25 | 12/15/2019 | 3,950,000 | 4,032,462 | 3,890,750 |
| StoneMor Partners L.P.# | 7.88 | 6/1/2021 | 3,000,000 | 2,944,275 | 3,023,868 |
| Total Diversified/Conglomerate Manufacturing | | | 20,150,000 | 20,371,279 | 11,996,618 |
| Diversified/Conglomerate Service — 0.95%*: | | | | | |
| Carlson Travel Holdings Inc.#^ | 7.50 | 8/15/2019 | 2,690,000 | 2,721,687 | 2,528,600 |
| Verisure Holdings+^ | 6.00 | 11/1/2022 | 800,000 | 888,951 | 966,762 |
| Total Diversified/Conglomerate Service | | | 3,490,000 | 3,610,638 | 3,495,362 |
| Diversified Natural Resources, Precious Metals and Minerals — 0.20%*: | | | | | |
| Lecta S.A.+##^ | 8.88 | 5/15/2019 | 630,000 | 822,095 | 740,177 |
| Total Diversified Natural Resources, Precious Metals and Minerals | | | 630,000 | 822,095 | 740,177 |
| Electronics — 3.21%*: | | | | | |
| International Wire Group, Inc.#^ | 8.50 | 10/15/2017 | 8,086,000 | 8,153,142 | 8,055,677 |
| Microsemi Corporation#^ | 9.13 | 4/15/2023 | 1,326,000 | 1,326,000 | 1,455,285 |
| Western Digital Corporation^ | 10.50 | 4/1/2024 | 2,224,000 | 2,230,160 | 2,229,560 |
| Total Electronics | | | 11,636,000 | 11,709,302 | 11,740,522 |
| Finance — 8.14%*: | | | | | |
| Cabot Financial+##^ | 10.38 | 10/1/2019 | 4,364,000 | 7,241,361 | 6,678,313 |
| Galaxy Finco Ltd.+^ | 7.88 | 11/15/2021 | 3,900,000 | 6,351,787 | 5,556,545 |
| GFKL Financial Services+^ | 8.50 | 11/1/2022 | 4,900,000 | 7,405,146 | 6,944,001 |
| Marlin Financial+^ | 10.50 | 8/1/2020 | 1,850,000 | 2,932,440 | 2,869,618 |
| National Financial Partners Corp.#^ | 9.00 | 7/15/2021 | 1,720,000 | 1,711,400 | 1,651,200 |
| TMF Group Holding+^ | 9.88 | 12/1/2019 | 5,000,000 | 6,228,324 | 6,059,330 |
| Total Finance | | | 21,734,000 | 31,870,458 | 29,759,007 |

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| | EFFECTIVE INTEREST RATE‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|--------------------------------|-------------|------------|--------------|---------------|
| Grocery — 1.22%*: | | | | | |
| Post Holdings#^ | 7.75 | 3/15/2024 | 1,882,000 | \$ 1,882,000 | \$ 2,065,495 |
| Post Holdings#^ | 8.00 | 7/15/2025 | 1,232,000 | 1,232,000 | 1,367,520 |
| Premier Foods Finance+^ | 6.50 | 3/15/2021 | 700,000 | 1,164,098 | 1,034,527 |
| Total Grocery | | | 3,814,000 | 4,278,098 | 4,467,542 |
| Healthcare, Education and Childcare — 10.68%*: | | | | | |
| Capsugel Holdings#^ | 7.00 | 5/15/2019 | 1,500,000 | 1,510,379 | 1,507,500 |
| Cerba+^ | 8.25 | 2/1/2020 | 3,450,000 | 3,879,134 | 3,934,007 |
| Cognita Financing+^ | 7.75 | 8/15/2021 | 2,200,000 | 3,435,404 | 3,182,110 |
| ConvaTec Healthcare#^ | 10.50 | 12/15/2018 | 850,000 | 861,643 | 875,500 |
| HomeVi SAS+^ | 6.88 | 8/15/2021 | 1,200,000 | 1,606,856 | 1,448,613 |
| Kindred Healthcare, Inc.# | 8.75 | 1/15/2023 | 5,699,000 | 5,759,447 | 5,456,792 |
| Labco+^ | 6.25 | 7/1/2022 | 250,000 | 290,417 | 300,691 |
| Prospect Medical Holdings Inc.#^ | 8.38 | 5/1/2019 | 5,708,000 | 5,775,434 | 5,893,510 |
| Tenet Healthcare Corporation# | 8.13 | 4/1/2022 | 4,700,000 | 4,670,540 | 4,835,125 |
| Unilabs+^ | 7.25 | 7/15/2018 | 2,600,000 | 3,576,890 | 2,945,233 |
| Unilabs+^ | 8.50 | 7/15/2018 | 2,450,000 | 3,204,434 | 2,888,921 |
| Valeant#^ | 6.13 | 4/15/2025 | 4,006,000 | 3,671,414 | 3,084,620 |
| Valeant+^#^ | 7.50 | 7/15/2021 | 3,260,000 | 3,260,000 | 2,715,971 |
| Total Healthcare, Education and Childcare | | | 37,873,000 | 41,501,992 | 39,068,593 |
| Hotels, Motels, Inns and Gaming — 0.23%*: | | | | | |
| Gala Group Finance+^#^ | 8.88 | 9/1/2018 | 565,714 | 908,779 | 836,879 |
| Total Hotels, Motels, Inns and Gaming | | | 565,714 | 908,779 | 836,879 |
| Insurance — 0.69%*: | | | | | |
| Onex York Acquisition Corp.#^ | 8.50 | 10/1/2022 | 3,524,000 | 3,524,000 | 2,255,360 |
| Towergate Finance PLC+^ | 8.50 | 3/2/2020 | 182,828 | 271,801 | 266,630 |
| Total Insurance | | | 3,706,828 | 3,795,801 | 2,521,990 |
| Leisure, Amusement, Motion Pictures and Entertainment — 4.75%*: | | | | | |

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|--|-------|------------|------------|--------------|--------------|
| CPUK Finance Ltd ⁺ ^ | 7.00 | 2/28/2042 | 4,100,000 | 6,142,781 | 6,105,011 |
| Odeon & UCI Finco ⁺ ^ | 9.00 | 8/1/2018 | 1,150,000 | 1,817,224 | 1,705,362 |
| Perform Group ⁺ ^ | 8.50 | 11/15/2020 | 900,000 | 1,343,774 | 1,163,359 |
| Vue Cinimas ⁺ ^ | 7.88 | 7/15/2020 | 3,650,000 | 5,855,693 | 5,432,066 |
| Warner Music [#] ^ | 6.75 | 4/15/2022 | 3,000,000 | 2,730,269 | 2,970,000 |
| Total Leisure, Amusement, Motion Pictures and Entertainment | | | 12,800,000 | 17,889,741 | 17,375,798 |
| Machinery (Non-Agriculture, Non-Construct, Non-Electronic) — 1.81%*: | | | | | |
| KM Germany Holding ⁺ #^ | 8.75 | 12/15/2020 | 1,160,000 | 1,501,268 | 1,406,596 |
| Xerium Technologies [#] | 8.88 | 6/15/2018 | 6,324,000 | 6,348,967 | 5,217,300 |
| Total Machinery (Non-Agriculture, Non-Construct, Non-Electronic) | | | 7,484,000 | 7,850,235 | 6,623,896 |
| Mining, Steel, Iron and Non-Precious Metals — 3.67%*: | | | | | |
| Constellium Holdco B.V. ⁺ ^ | 7.88 | 4/1/2021 | 2,474,000 | \$ 2,471,500 | \$ 2,471,848 |
| Constellium Holdco B.V. ⁺ ^ | 7.00 | 1/15/2023 | 3,350,000 | 3,922,813 | 3,118,194 |
| Hecla Mining Company [#] | 6.88 | 5/1/2021 | 5,888,000 | 5,650,855 | 4,739,840 |
| Kissner Milling Company Limited [#] ^ | 7.25 | 6/1/2019 | 3,300,000 | 2,945,187 | 3,093,750 |
| Total Mining, Steel, Iron and Non-Precious Metals | | | 15,012,000 | 14,990,355 | 13,423,632 |
| Oil and Gas — 13.53%*: | | | | | |
| Calumet Specialty Products [#] | 7.63 | 1/15/2022 | 1,135,000 | 1,117,907 | 803,012 |
| Calumet Specialty Products [#] | 6.50 | 4/15/2021 | 6,000,000 | 5,935,152 | 4,260,000 |
| CHC Helicopter [#] | 9.38 | 6/1/2021 | 1,950,000 | 2,026,469 | 117,000 |
| CITGO Holding Inc. ⁺ ^ | 10.75 | 2/15/2020 | 7,584,000 | 7,420,201 | 7,356,480 |
| EP Energy | 9.38 | 5/1/2020 | 9,000,000 | 4,857,387 | 4,539,375 |
| Ferrellgas Partners LP [#] | 8.63 | 6/15/2020 | 7,635,000 | 7,541,895 | 7,062,375 |
| Jupiter Resources Inc. ⁺ #^ | 8.50 | 10/1/2022 | 5,025,000 | 4,784,979 | 2,663,250 |
| Kosmos Energy Ltd. ⁺ #^ | 7.88 | 8/1/2021 | 5,070,000 | 4,648,603 | 4,258,800 |
| Kosmos Energy Ltd. [#] ^ | 7.88 | 8/1/2021 | 1,085,000 | 1,008,922 | 911,400 |
| Pbf Holding Company LLC [#] | 8.25 | 2/15/2020 | 6,000,000 | 6,180,640 | 6,210,000 |
| Pbf Logistics LP [#] | 6.88 | 5/15/2023 | 1,117,000 | 1,117,000 | 1,041,603 |
| SM Energy Company | 5.63 | 6/1/2025 | 4,000,000 | 2,692,401 | 2,778,760 |
| Topaz Marine SA ⁺ #^ | 8.63 | 11/1/2018 | 6,877,000 | 6,905,471 | 6,223,685 |
| Welltec ⁺ #^ | 8.00 | 2/1/2019 | 1,387,000 | 1,345,648 | 1,258,703 |

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| | | | | | |
|---|------|------------|------------|------------|------------|
| Total Oil and Gas | | | 63,865,000 | 57,582,675 | 49,484,443 |
| Personal, Food and Miscellaneous — 1.63%*: | | | | | |
| Brake Brothers Acquisition PLC ⁺ | 7.13 | 12/15/2018 | 4,000,000 | 6,683,166 | 5,960,417 |
| Total Personal, Food and Miscellaneous | | | 4,000,000 | 6,683,166 | 5,960,417 |

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| | EFFECTIVE INTEREST RATE‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|--------------------------------------|--------------------------------|-----------|-------------|--------------|---------------|
| Printing and Publishing — 2.27%*: | | | | | |
| Cimpres N.V.#^ | 7.00 | 4/1/2022 | 1,560,000 | \$ 1,560,000 | \$ 1,544,400 |
| McGraw-Hill Education#^ | 8.50 | 8/1/2019 | 6,794,000 | 6,808,679 | 6,760,030 |
| Total Printing and Publishing | | | 8,354,000 | 8,368,679 | 8,304,430 |
| Retail Store — 3.74%*: | | | | | |
| Boing Group Finance+^ | 6.63 | 7/15/2019 | 3,050,000 | 4,164,583 | 3,248,553 |
| Brighthouse Group PLC+##^ | 7.88 | 5/15/2018 | 2,000,000 | 3,111,517 | 2,685,778 |
| HSS Financing PLC+^ | 6.75 | 8/1/2019 | 816,000 | 1,240,099 | 1,160,256 |
| Takko Fashion+^ | 9.88 | 4/15/2019 | 3,800,000 | 4,982,767 | 2,401,998 |
| Travelex+^ | 8.00 | 8/1/2018 | 2,800,000 | 4,344,569 | 4,162,238 |
| Total Retail Store | | | 12,466,000 | 17,843,535 | 13,658,823 |
| Telecommunications — 4.94%*: | | | | | |
| Altice S.A.+##^ | 7.75 | 5/15/2022 | 3,240,000 | 3,240,000 | 3,188,419 |
| Entercom Communications Corporation# | 10.50 | 12/1/2019 | 3,500,000 | 3,624,929 | 3,631,250 |
| Frontier Communications#^ | 10.50 | 9/15/2022 | 1,406,000 | 1,406,000 | 1,441,150 |
| Sprint Nextel Corporation# | 7.25 | 9/15/2021 | 2,650,000 | 2,650,000 | 2,023,938 |
| UPC Broadband+^ | 6.75 | 3/15/2023 | 150,000 | 159,251 | 167,745 |
| Wind Acquisition+^ | 7.00 | 4/23/2021 | 550,000 | 758,861 | 600,030 |
| Wind Acquisition+##^ | 7.38 | 4/23/2021 | 4,995,000 | 4,596,499 | 4,520,475 |
| Ziggo+^ | 7.13 | 5/15/2024 | 2,000,000 | 2,396,866 | 2,474,938 |
| Total Telecommunications | | | 18,491,000 | 18,832,406 | 18,047,945 |
| Textiles & Leather — 0.64%*: | | | | | |
| Perry Ellis International Inc# | 7.88 | 4/1/2019 | 2,334,000 | 2,386,523 | 2,345,670 |
| Total Textiles & Leather | | | 2,334,000 | 2,386,523 | 2,345,670 |
| Total Corporate Bonds | | | 407,732,542 | 440,557,858 | 401,714,006 |
| Total Fixed Income | | | 523,625,332 | 552,045,402 | 473,829,311 |

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| | |
|---|----------------|
| Other assets and liabilities — (29.55)% | (108,067,628) |
| Net Assets — 100% | \$ 365,761,683 |

‡ The effective interest rates are based on settled commitment amount.

* Calculated as a percentage of net assets applicable to common shareholders.

Bank loans are exempt from registration under the Securities Act of 1933, as amended, but contain certain restrictions on resale and cannot be sold publicly. These loans pay interest at rates which adjust periodically. The § interest rates shown for bank loans are the current interest rates at March 31, 2016. Bank loans are also subject to mandatory and/or optional prepayment which cannot be predicted. As a result, the remaining maturity may be substantially less than the stated maturity shown.

+ Foreign security.

> Defaulted security.

All or a portion of the security is segregated as collateral for the credit facility. See Note 8 to the financial statements for further disclosure.

^ Security exempt from registration under Rule 144a of the Securities Act of 1933. These securities may only be resold in transactions exempt from registration, normally to qualified institutional buyers.

Distributions of investments by country of risk. Percentage of assets are expressed by market value excluding cash and accrued income as of March 31, 2016.

| | |
|-----------------------------|--------|
| United States | 62.4% |
| United Kingdom | 15.9% |
| Germany | 4.0% |
| France | 3.2% |
| Netherlands | 2.7% |
| Trinidad and Tobago | 1.6% |
| Switzerland | 1.5% |
| Sweden | 1.4% |
| United Arab Emirates | 1.3% |
| Mexico | 1.3% |
| Italy | 1.2% |
| Canada | 1.1% |
| (Individually less than 1%) | 2.4% |
| | 100.0% |

FORWARD
FOREIGN
EXCHANGE
CONTRACTS
at March 31,
2016
(Unaudited)

| Counterparty | Currency | Contract Type | Delivery Date | Value | Aggregate Face Value | Unrealized Appreciation / (Depreciation) |
|----------------|----------|---------------|---------------|---------------|----------------------|--|
| J.P. Morgan | | | | | | |
| British pounds | | Buy | 4/14/2016 | \$ 99,532 | \$ 99,276 | \$ (256) |
| British pounds | | Sell | 4/1/2016 | (99,529) | (99,272) | 257 |
| British pounds | | Sell | 4/14/2016 | (77,720,925) | (78,610,877) | (889,952) |
| U.S. Dollars | | Buy | 4/1/2016 | 99,529 | 99,529 | - |
| U.S. Dollars | | Buy | 4/14/2016 | 77,720,925 | 77,720,925 | - |
| U.S. Dollars | | Sell | 4/14/2016 | (99,532) | (99,532) | - |
| | | | | - | (889,951) | (889,951) |
| Morgan Stanley | | | | | | |
| British pounds | | Buy | 4/14/2016 | \$ 1,475,766 | \$ 1,475,033 | \$ (733) |
| British pounds | | Sell | 4/4/2016 | (1,475,724) | (1,474,987) | 737 |
| British pounds | | Sell | 4/14/2016 | (123,567) | (122,445) | 1,122 |
| Euros | | Buy | 4/14/2016 | 5,013,869 | 5,054,053 | 40,184 |
| Euros | | Sell | 4/4/2016 | (1,801,093) | (1,798,585) | 2,508 |
| Euros | | Sell | 4/14/2016 | (62,190,244) | (64,020,523) | (1,830,279) |
| Swiss francs | | Sell | 4/14/2016 | (167,825) | (173,060) | (5,235) |
| U.S. Dollars | | Buy | 4/4/2016 | 3,276,817 | 3,276,817 | - |
| U.S. Dollars | | Buy | 4/14/2016 | 62,481,636 | 62,481,636 | - |
| U.S. Dollars | | Sell | 4/14/2016 | (6,489,635) | (6,489,635) | - |
| | | | | - | (1,791,696) | (1,791,696) |
| | | | | - | (2,681,647) | (2,681,647) |

Tax Basis

The cost basis of investments for federal income tax purposes at March 31, 2016 for Babson Capital Global Short Duration High Yield Fund (the “Fund”) was as follows*:

| | |
|-------------------------------|------------------|
| Cost of investments | \$ 552,045,403 |
| Gross unrealized appreciation | 6,133,341 |
| Gross unrealized depreciation | (-84,349,433) |
| Net unrealized depreciation | \$ (78,216,092) |

*The above table only reflects tax adjustments through December 31, 2015. For the previous fiscal year’s federal income tax information, please refer to the Notes to Financial Statements section in the Fund’s most recent annual report.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy is utilized to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. For example, market participants would consider the risk inherent in a particular valuation technique used to measure fair value, such as a pricing model, and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

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 Fund’s own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the inputs used as of March 31, 2016 in valuing the Fund's investments:

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| Description | Level 1 | Level 2 | Level 3 | Total Investments |
|-----------------------------|---------|----------------|---------------|-------------------|
| Assets: | | | | |
| Fixed Income: | | | | |
| Bank Loans | \$ - | \$ 54,686,785 | \$ 17,428,520 | \$ 72,115,305 |
| Bonds | - | 401,714,006 | - | 401,714,006 |
| Total Fixed Income | \$ - | \$ 456,400,791 | \$ 17,428,520 | \$ 473,829,311 |
| Derivative Securities: | | | | |
| Foreign Exchange Contracts: | \$ - | \$ 44,808 | \$ - | \$ 44,808 |
| Total Derivative Securities | - | 44,808 | - | 44,808 |
| Total Assets | \$ - | \$ 456,445,599 | \$ 17,428,520 | \$ 473,874,119 |
| Liabilities: | | | | |
| Foreign Exchange Contracts | \$ - | \$ 2,726,455 | \$ - | \$ 2,726,455 |
| Total Liabilities: | \$ - | \$ 2,726,455 | \$ - | \$ 2,726,455 |

As of the period ended March 31, 2016, certain securities were transferred from one Level (as of December 31, 2015) to another. Based on beginning of period market values as of December 31, 2015, approximately \$7,445,649 was transferred to Level 3 from Level 2 as a result of infrequent trading and limited reliable market prices. Valuation has been based on management and market assumptions or expectations.

The following table is a summary of quantitative information about significant unobservable valuation inputs for Level 3 fair value measurement for investments held as of March 31, 2016.

| Type of Assets | Fair value as of March 31, 2016 | Valuation Technique(s) | Unobservable Input |
|--------------------------|---------------------------------|------------------------|--|
| Second Lien Term Loans | | | |
| Boomerang Tube, LLC | \$ 4,308,353 | Model Price | Average Enterprise Valuation Multiple: 5.5x; EBITDA: \$36 million. |
| Direct ChassisLink, Inc. | \$ 4,344,220 | Market Comparables | Average of broker quotes for comparable securities: \$96.56; Discount for lack of marketability: 1%. |
| Exterior Media | \$ 772,636 | Broker Quote | \$97.00; pricing source depth of 1. |
| FleetPride | \$ 663,385 | Broker Quote | \$80.00; pricing source depth of 1. |
| FleetPride | \$ 1,920,000 | Broker Quote | \$64.00; pricing source depth of 1. |
| Jonah Energy LLC | \$ 644,241 | Broker Quote | \$49.50; pricing source depth of 1. |
| Springer | \$ 3,307,882 | Broker Quote | \$102.00; pricing source depth of 1. |

Tecomet \$ 1,467,803 Broker Quote \$93.00; pricing source depth of 1.

Boomerang Tube, LLC restructured its debt securities on February 2, 2016. The Fund subsequently received new debt securities, all of which are considered Level 3.

The Fund discloses transfers between levels based on valuations at the end of the reporting period. The following is a reconciliation of Level 3 investments based upon the inputs used to determine fair value:

| | BALANCE AT 12.31.15 | TRANSFERS INTO LEVEL 3 | TRANSFERS OUT OF LEVEL 3 | PURCHASES | SALES | ACCRETION OF DISCOUNT | REALIZED GAIN LOSS |
|-----------------|------------------------|------------------------------|--------------------------------|--------------|---------------|-----------------------------|--------------------------|
| Fixed Income | | | | | | | |
| Bank | | | | | | | |
| Loan | \$ 9,628,816 | \$ 7,445,649 | \$ (2,733,679) | \$ 1,443,829 | \$ (377,914) | \$ 4,925 | \$ (304,963) |

B. Cash and Cash Equivalents

Cash and cash equivalents consist principally of short-term investments that are readily convertible into cash and have original maturities of three months or less. At March 31, 2016, all cash and cash equivalents are held by U.S. Bank, N.A.

C. Investment Transactions, Related Investment Income and Expenses

Investment transactions are accounted for on a trade-date basis. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method.

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

Expenses are recorded on the accrual basis as incurred.

D. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Federal Income Taxation

The Fund has elected to be taxed as a Regulated Investment Company ("RIC") under sub-chapter M of the U.S. Internal Revenue Code of 1986, as amended, and intends to maintain this qualification and to distribute substantially all of its net taxable income to its shareholders.

F. Dividends and Distributions

The Fund declares and pays dividends monthly from net investment income. To the extent that these distributions exceed net investment income, they may be classified as return of capital. The Fund also pays a distribution at least annually from its net realized capital gains, if any. Dividends and distributions are recorded on the ex-dividend date. All common shares have equal dividend and other distribution rights. A notice disclosing the source(s) of a distribution will be provided if payment is made from any source other than net investment income. Any such notice would be provided only for informational purposes in order to comply with the requirements of Section 19(a) of the 1940 Act and not for tax reporting purposes. The tax composition of the Fund's distributions for each calendar year is reported on Internal Revenue Service Form 1099-DIV.

Dividends from net investment income and distributions from realized gains from investment transactions have been determined in accordance with Federal income tax regulations and may differ from net investment income and realized gains recorded by the Fund for financial reporting purposes. These differences, which could be temporary or permanent in nature may result in reclassification of distributions; however, net investment income, net realized gains and losses, and net assets are not affected.

G. Derivative Instruments

The following is a description of the derivative instruments that the Fund utilizes as part of its investment strategy, including the primary underlying risk exposures related to the instrument.

Forward Foreign Exchange Contracts – The Fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. The Fund transacted in and currently holds forward foreign exchange contracts to hedge against changes in the value of foreign currencies. The Fund entered into forward foreign exchange contracts obligating the Fund to deliver or receive a currency at a specified future date. Forward foreign exchange contracts are valued daily and unrealized appreciation or depreciation is recorded daily as the difference between the contract exchange rate and the closing forward rate applied to the face amount of the contract. A realized gain or loss is recorded at the time the forward contract expires. Credit risk may arise as a result of the failure of the counterparty to comply with the terms of the contract. The Fund considers the creditworthiness of each counterparty to a contract in evaluating potential credit risk quarterly. The Fund is also subject to credit risk with respect to the counterparties to the derivative contracts which are not cleared through a central counterparty but instead are traded over-the-counter between two counterparties. If a counterparty to an over-the-counter derivative becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. The counterparty risk for cleared derivatives is generally lower than for uncleared over-the-counter derivative transactions since generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to the Fund. In addition, in the event of a bankruptcy of a clearing house, the Fund could experience a loss of the funds deposited with such clearing house as margin and of any profits on its open positions. The counterparty risk to the Fund is limited to the net unrealized gain, in any, on the contract.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's investment securities; however, it does establish a rate of exchange that can be achieved in the future. The use of forward foreign exchange contracts involves the risk that anticipated currency movements will not be accurately predicted. A forward foreign exchange contract would limit the risk of loss due to a decline in the value of a particular currency; however, it would also limit any potential gain that might result should the value of the currency increase instead of decrease. These contracts may involve market risk in excess of the amount of receivable or payable reflected on the Statement of Assets and Liabilities.

The Fund recognized an asset on the Statement of Assets and Liabilities as a result of forward foreign exchange contracts with Morgan Stanley and J.P. Morgan. The Fund's policy is to recognize an asset equal to the net value of all forward foreign exchange contracts with an unrealized gain and a liability equal to the net value of all forward foreign exchange contracts with an unrealized loss. The Fund has recognized an asset of \$44,808 in net unrealized appreciation and a liability of \$2,726,455 in net unrealized depreciation on forward foreign exchange contracts. Outstanding forward foreign exchange contracts as of March 31, 2016 are indicative of the volume of activity during the period.

For the period ended March 31, 2016, the Fund's direct investment in derivatives consisted of forward foreign exchange contracts.

The following is a summary of the fair value of derivative instruments held directly by the Fund as of March 31, 2016. These derivatives are presented in the Schedule of Investments.

Fair values of derivative instruments on the Statement of Assets and Liabilities as of March 31, 2016:

| Statement of Assets and Liabilities | | Fair Value |
|-------------------------------------|-------------------------|--------------|
| Location | | |
| Derivatives | | |
| Forward Foreign Exchange Contracts | Unrealized Appreciation | \$ 44,808 |
| Total Asset Derivatives | | \$ 44,808 |
| Liability Derivatives | | |
| Forward Foreign Exchange Contracts | Unrealized Depreciation | \$ 2,726,455 |
| Total Liability Derivatives | | \$ 2,726,455 |

The effect of derivative instruments on the Statement of Operations for the period from January 1, 2016 through March 31, 2016:

Amount of Realized Gain/(Loss) on Derivatives

| | | |
|--|---|--|
| Derivatives | Forward Foreign Exchange Contracts | |
| Forward Foreign Exchange Contracts | \$ 4,115,095 | |
| Total | \$ 4,115,095 | |
| Change in Unrealized Appreciation/(Depreciation) on Derivatives | | |
| Derivatives | Forward Foreign Exchange Contracts | |
| Forward Foreign Exchange Contracts | \$ (4,246,546) | |
| Total | \$ (4,246,546) | |

H. Offsetting of Financial and Derivative Assets and Liabilities

The following is a summary by counterparty of the fair value of derivative investments subject to Master Netting Agreements and collateral pledged (received), if any, as of March 31, 2016.

| | |
|------|-------------------|
| J.P. | MORGAN STANLEY |
|------|-------------------|

MORGAN

Assets:

| | | |
|------------------------------------|---------------|-----------------|
| Forward Foreign Exchange Contracts | \$ 257 | \$ 44,551 |
| Total Assets | \$ 257 | \$ 44,551 |
| Liabilities: | | |
| Forward Foreign Exchange Contracts | \$ 890,208 | \$ 1,836,247 |
| Total Liabilities | \$ 890,208 | \$ 1,836,247 |
| Net Exposure | \$ (889,951) | \$ (1,791,696) |

Item 2. Controls and Procedures.

(a) The Registrant's President and Chief Financial Officer have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "1940 Act")) (17 CFR 270.30a-3(c)) are effective as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(d)).

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

Separate certifications for each principal executive officer and principal financial officer of the Registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)). Filed herewith.

SIGNATURES

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

(Registrant) Babson Capital Global Short Duration High Yield Fund

By (Signature and Title) /s/ Russell D. Morrison
Russell D. Morrison, President

Date May 27, 2016

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

By (Signature and Title) /s/ Russell D. Morrison
Russell D. Morrison, President

Date May 27, 2016

By (Signature and Title) /s/ Carlene Pollock
Carlene Pollock, Chief Financial Officer

Date May 27, 2016
