



TAX INFORMATION
UNDISTRIBUTED CAPITAL GAINS FOR 2016

To Our Shareholders:

For the year ended December 31, 2016, Barings Corporate Investors realized \$5,989,120 in net short and long-term capital gains. Taxable net long-term capital gains were \$2,256,038 all of which were retained by the Trust in order to facilitate future growth. The Trust has paid the required capital gains tax on the retained gains. The enclosed IRS Form 2439 reports the federal income tax consequences to you of the retention by Barings Corporate Investors of these gains and its payment of the tax.

Your Portion of Retained Capital Gains

Your proportionate share of the retained capital gains is reported on the enclosed form on Line 1a (\$0.1140 per share) and must be reported on Schedule D of your income tax return as long-term capital gains. For example, Form 2439 instructs individuals to enter this amount on line 11, column (h) of Schedule D (Form 1040).

Your Share of the Tax Paid

Your share of the tax paid by the Trust is shown on Line 2 (\$0.0399 per share) and should be reflected on your tax return as a tax credit (which will reduce your federal income tax liability and may result in a tax refund). For example, Form 2439 instructs individuals to enter this amount on line 73 of Form 1040.

Those shareholders whose accounts are not subject to federal capital gains tax (e.g. charitable organizations, IRAs and Keogh Plans) can claim a refund by filing Form 990-T.

Increasing the Basis in Your Shares

In addition, you are entitled to increase, for federal income tax purposes, the cost basis of your shares by the excess of Line 1a over Line 2. This amounts to \$0.0741 per share.

THIS IRS FORM 2439 SHOULD BE SAVED AND FILED WITH YOUR REGULAR TAX RETURN TOGETHER WITH IRS FORM 1099-DIV., WHICH WAS MAILED TO YOU IN FEBRUARY 2017.

January 2017

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The name Barings Participation Investors is the designation of the Trustees under a Declaration of Trust dated April 7, 1988, as amended from time to time. The name Barings Corporate Investors is the designation of the Trustees under a Declaration of Trust dated September 13, 1985, as amended from time to time. The obligations of such Trusts are not binding upon, nor shall resort be had to the property of, any of the Trustees, shareholders, officers, employees or agents of such Trusts individually, but the Trusts' assets and property only shall be bound.