

BABSON CAPITAL GLOBAL SHORT DURATION HIGH YIELD FUND

Form N-Q

November 22, 2013

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT
COMPANY

811-22562
Investment Company Act file number:

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, 2013

Date of reporting period: September 30, 2013

Item 1. Schedule of Investments.

Babson Capital Global Short Duration High Yield Fund
 SCHEDULE OF INVESTMENTS (Unaudited)
 September 30, 2013

| | Effective interest rate‡ | Due date | Principal | Cost | Fair value |
|--|-----------------------------|-------------|--------------|--------------|--------------|
| Fixed Income — 122.37%*: | | | | | |
| Bank Loans — 19.60%*: | | | | | |
| Beverage, Food and Tobacco — 0.91%*: | | | | | |
| Performance Food Group Company | 6.25% | 11/30/2019 | \$ 4,631,699 | \$ 4,606,716 | \$ 4,568,012 |
| Total Beverage, Food and Tobacco | | | 4,631,699 | 4,606,716 | 4,568,012 |
| Broadcasting and Entertainment — 1.38%*: | | | | | |
| Deluxe Entertainment Services Group, Inc. | 8.00 | 7/3/2017 | 5,265,528 | 5,078,276 | 5,028,579 |
| TWCC Holding Corp. | 7.00 | 12/11/2020 | 1,822,860 | 1,804,632 | 1,868,432 |
| Total Broadcasting and Entertainment | | | 7,088,388 | 6,882,908 | 6,897,011 |
| Buildings and Real Estate — 0.77%*: | | | | | |
| Tomkins Air Distribution | 9.25 | 5/11/2020 | 3,773,513 | 3,716,929 | 3,839,549 |
| Total Buildings and Real Estate | | | 3,773,513 | 3,716,929 | 3,839,549 |
| Chemicals, Plastics and Rubber — 1.23%*: | | | | | |
| Cytec Monarch | 8.25 | 3/20/2020 | 6,000,000 | 6,161,276 | 6,135,000 |
| Total Chemicals, Plastics and Rubber | | | 6,000,000 | 6,161,276 | 6,135,000 |
| Diversified/Conglomerate Manufacturing — 1.16%*: | | | | | |
| Alliance Laundry Systems LLC | 9.50 | 11/30/2019 | 1,728,930 | 1,711,655 | 1,739,735 |
| Northern Tool & Equipment Company, Inc. | 7.00 | 12/6/2018 | 4,060,714 | 3,980,017 | 4,060,714 |
| Total Diversified/Conglomerate Manufacturing | | | 5,789,644 | 5,691,672 | 5,800,449 |
| Diversified/Conglomerate Service — 2.35%*: | | | | | |
| Endurance International Group Inc. | 6.25 | 10/18/2017 | 5,955,000 | 5,895,469 | 5,973,639 |
| Redprarie Corporation | 6.75 | 12/14/2018 | 2,977,500 | 2,920,799 | 2,994,442 |
| Redprarie Corporation | 11.25 | 12/14/2019 | 2,702,244 | 2,650,389 | 2,749,533 |
| Total Diversified/Conglomerate | | | 11,634,744 | 11,466,657 | 11,717,614 |

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Service

| | | | | | |
|---|-------|------------|--------------|--------------|--------------|
| Electronics — 1.55%*: | | | | | |
| Kronos, Inc. | 9.75 | 4/26/2020 | 7,500,000 | 7,425,012 | 7,753,125 |
| Total Electronics | | | 7,500,000 | 7,425,012 | 7,753,125 |
| Farming and Agriculture — 0.45%*: | | | | | |
| Allflex Holdings, Inc. | 8.00 | 7/17/2021 | 2,232,322 | 2,209,999 | 2,258,373 |
| Total Farming and Agriculture | | | 2,232,322 | 2,209,999 | 2,258,373 |
| Finance — 1.44%*: | | | | | |
| Confie Seguros Holding | 10.25 | 5/8/2019 | 1,880,257 | 1,857,084 | 1,882,607 |
| Cunningham Lindsey Group, Inc. | 9.25 | 4/18/2020 | 2,338,636 | 2,364,048 | 2,324,020 |
| Transfirst Holdings Inc. | 11.00 | 6/30/2018 | 1,004,072 | 975,534 | 1,019,766 |
| Wall Street Systems Inc. | 9.25 | 4/24/2020 | 1,980,000 | 1,980,000 | 1,992,375 |
| Total Finance | | | 7,202,965 | 7,176,666 | 7,218,768 |
| Healthcare, Education and Childcare — 1.71%*: | | | | | |
| Air Medical Group Holdings | 6.50 | 6/20/2018 | 2,239,233 | 2,216,854 | 2,278,419 |
| Sage Products Holdings Iii, LLC | 9.25 | 5/31/2020 | 3,325,292 | 3,275,431 | 3,400,111 |
| TriZetto Group | 8.50 | 3/27/2019 | 3,325,000 | 3,309,161 | 2,876,125 |
| Total Healthcare, Education and Childcare | | | 8,889,525 | 8,801,446 | 8,554,655 |
| Mining, Steel, Iron and Non-Precious Metals — 1.68%*: | | | | | |
| Boomerang Tube, LLC | 11.00 | 10/8/2017 | 4,712,929 | 4,682,141 | 4,571,541 |
| Oxbow Carbon | 8.00 | 1/18/2020 | 3,750,000 | 3,712,500 | 3,825,000 |
| Total Mining, Steel, Iron and Non-Precious Metals | | | 8,462,929 | 8,394,641 | 8,396,541 |
| Oil and Gas — 3.02%*: | | | | | |
| Bowie Resource Partners LLC | 6.75 | 8/7/2020 | 260,285 | 260,285 | 261,586 |
| Chesapeake Energy Corporation | 5.75 | 12/4/2017 | 2,000,000 | 1,968,630 | 2,033,120 |
| Fieldwood Energy LLC | 8.38 | 9/30/2020 | 270,185 | 262,079 | 269,088 |
| NFR Energy LLC | 8.75 | 12/31/2018 | 7,008,901 | 7,094,663 | 7,022,077 |
| Rice Energy | 8.50 | 9/26/2018 | 5,489,920 | 5,467,657 | 5,503,645 |
| Total Oil and Gas | | | 15,029,291 | 15,053,314 | 15,089,516 |
| Retail Store — 1.95%*: | | | | | |
| BJ's Wholesale Club, Inc. | 9.75 | 3/13/2020 | 4,000,000 | 4,095,549 | 4,071,680 |
| FleetPride | 9.25 | 5/8/2020 | 3,000,000 | 2,940,143 | 2,765,640 |
| Smart & Final Holdings Corp. | 10.50 | 11/8/2020 | 2,871,795 | 2,789,031 | 2,900,513 |
| Total Retail Store | | | 9,871,795 | 9,824,723 | 9,737,833 |
| Total Bank Loans | | | 98,106,815 | 97,411,958 | 97,966,447 |
| Corporate Bonds — 102.77%*: | | | | | |
| Aerospace and Defense* — 0.49%*: | | | | | |
| Ducommun Inc. | 9.75% | 7/15/2018 | \$ 2,230,000 | \$ 2,388,613 | \$ 2,475,300 |
| | | | 2,230,000 | 2,388,613 | 2,475,300 |

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Total Aerospace and
Defense

Automobile — 5.90%*:

| | | | | | |
|---|-------|-----------|------------|------------|------------|
| Accuride Corp | 9.50 | 8/1/2018 | 6,800,000 | 6,698,581 | 7,089,000 |
| J.B. Poindexter & Co. Inc.^ | 9.00 | 4/1/2022 | 6,000,000 | 6,189,368 | 6,300,000 |
| International Automotive Components Group, S.A.^ | 9.13 | 6/1/2018 | 4,866,000 | 4,885,407 | 5,011,980 |
| Meritor Inc. | 10.63 | 3/15/2018 | 3,000,000 | 3,059,110 | 3,240,000 |
| Meritor Inc.^ | 7.88 | 3/1/2026 | 2,010,000 | 1,992,901 | 2,521,294 |
| UCI International, Inc. | 8.63 | 2/15/2019 | 5,215,000 | 5,175,888 | 5,319,300 |
| Total Automobile | | | 27,891,000 | 28,001,255 | 29,481,574 |

Beverage, Food and Tobacco — 0.53%*:

| | | | | | |
|-------------------------------------|------|----------|-----------|-----------|-----------|
| Findus+^ | 9.13 | 7/1/2018 | 1,850,000 | 2,421,618 | 2,646,683 |
| Total Beverage, Food and Tobacco | | | 1,850,000 | 2,421,618 | 2,646,683 |

Broadcasting and Entertainment — 1.73%*:

| | | | | | |
|---|------|-----------|-----------|-----------|-----------|
| Arqiva Finance+^ | 9.50 | 3/31/2020 | 5,000,000 | 7,945,723 | 8,661,162 |
| Total Broadcasting and Entertainment | | | 5,000,000 | 7,945,723 | 8,661,162 |

Buildings and Real Estate — 2.92%*:

| | | | | | |
|------------------------------------|-------|------------|------------|------------|------------|
| Builders FirstSource Inc.^ | 7.63 | 6/1/2021 | 1,020,000 | 1,020,000 | 1,020,000 |
| Lyon Williams Homes, Inc. | 8.50 | 11/15/2020 | 8,000,000 | 8,054,974 | 8,440,000 |
| Roofing Supply LLC^ | 10.00 | 6/1/2020 | 4,605,000 | 5,057,288 | 5,134,575 |
| Total Buildings and Real Estate | | | 13,625,000 | 14,132,262 | 14,594,575 |

Cargo Transport — 2.77%*:

| | | | | | |
|------------------------------|-------|------------|------------|------------|------------|
| Kenan Advantage Group, Inc.^ | 8.38 | 12/15/2018 | 8,000,000 | 8,000,000 | 8,390,000 |
| Moto Hospitality Limited+^ | 10.25 | 3/15/2017 | 2,000,000 | 3,106,481 | 3,436,134 |
| Quality Distribution Inc. | 9.88 | 11/1/2018 | 1,836,000 | 1,962,980 | 1,996,650 |
| Total Cargo Transport | | | 11,836,000 | 13,069,461 | 13,822,784 |

Chemicals, Plastics and Rubber — 8.15%*:

| | | | | | |
|---|------|------------|------------|------------|------------|
| Associated Asphalt Partners LLC^ | 8.50 | 2/15/2018 | 2,300,000 | 2,300,000 | 2,300,000 |
| Ciech Group Finance+^ | 9.50 | 11/30/2019 | 1,200,000 | 1,538,876 | 1,773,587 |
| Cornerstone Chemical Co.^ | 9.38 | 3/15/2018 | 7,975,000 | 8,219,246 | 8,353,813 |
| Ineos+^ | 6.13 | 8/15/2018 | 970,000 | 970,000 | 948,175 |
| LSB Industries, Inc.^ | 7.75 | 8/1/2019 | 3,000,000 | 3,000,000 | 3,112,500 |
| Omnova Solutions, Inc. | 7.88 | 11/1/2018 | 1,630,000 | 1,667,202 | 1,715,575 |
| Perstorp Holding AB+^ | 9.00 | 5/15/2017 | 2,620,000 | 3,416,934 | 3,686,247 |
| Pinnacle Operating Corp.^ | 9.00 | 11/15/2020 | 2,635,000 | 2,643,240 | 2,697,581 |
| TPC Group, Inc.^ | 8.75 | 12/15/2020 | 7,065,000 | 7,149,248 | 7,223,963 |
| Tronox Worldwide LLC | 6.38 | 8/15/2020 | 9,000,000 | 8,937,230 | 8,910,000 |
| Total Chemicals, Plastics and Rubber | | | 38,395,000 | 39,841,976 | 40,721,441 |

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Containers, Packaging and Glass — 2.70%*:

| | | | | | |
|--|-------|-----------|------------|------------|------------|
| Bormioli Rocco & Figlio S.P.A.+^ | 10.00 | 8/1/2018 | 1,500,000 | 1,991,377 | 2,206,837 |
| Multi Packaging Solutions, Inc.^ | 8.50 | 8/15/2021 | 4,605,000 | 4,570,462 | 4,558,950 |
| Pretium Packaging, LLC | 11.50 | 4/1/2016 | 6,265,000 | 6,415,261 | 6,719,213 |
| Total Containers, Packaging and Glass | | | 12,370,000 | 12,977,100 | 13,485,000 |

Diversified/Conglomerate Manufacturing — 0.62%*:

| | | | | | |
|--|------|----------|-----------|-----------|-----------|
| StoneMor Partners L.P.^ | 7.88 | 6/1/2021 | 3,000,000 | 2,937,004 | 3,082,500 |
| Total Diversified/Conglomerate Manufacturing | | | 3,000,000 | 2,937,004 | 3,082,500 |

Diversified/Conglomerate Service — 2.58%*:

| | | | | | |
|--|------|-----------|------------|------------|------------|
| Bravida+^ | 6.59 | 6/15/2019 | 5,500,000 | 837,999 | 871,569 |
| Brickman Group Holdings, Inc.^ | 9.13 | 11/1/2018 | 6,670,000 | 6,813,775 | 7,136,900 |
| Verisure Holdings+ | 6.72 | 9/1/2018 | 3,500,000 | 4,476,132 | 4,888,863 |
| Total Diversified/Conglomerate Service | | | 15,670,000 | 12,127,906 | 12,897,332 |

Diversified Natural Resources, Precious Metals and Minerals — 1.12%*:

| | | | | | |
|---|------|-----------|-----------|-----------|-----------|
| ENCE+ | 7.25 | 2/15/2020 | 650,000 | 874,938 | 918,924 |
| Lecta S.A.+^ | 8.88 | 5/15/2019 | 1,090,000 | 1,430,469 | 1,394,904 |
| Lecta S.A.+^ | 5.73 | 5/15/2018 | 2,600,000 | 3,245,688 | 3,271,192 |
| Total Diversified Natural Resources, Precious Metals and Minerals | | | 4,340,000 | 5,551,095 | 5,585,020 |

Electronics — 1.70%*:

| | | | | | |
|---------------------------------|------|------------|-----------|-----------|-----------|
| International Wire Group, Inc.^ | 8.50 | 10/15/2017 | 8,086,000 | 8,246,585 | 8,490,300 |
| Total Electronics | | | 8,086,000 | 8,246,585 | 8,490,300 |

Farming and Agriculture — 0.92%*:

| | | | | | |
|--|------|----------|-----------|-----------|-----------|
| Chiquita Brands International Inc.^ | 7.88 | 2/1/2021 | 4,350,000 | 4,318,419 | 4,621,875 |
| Total Farming and Agriculture | | | 4,350,000 | 4,318,419 | 4,621,875 |

Finance — 6.25%*:

| | | | | | |
|------------------------------|-------|------------|------------|------------|------------|
| Arrow Global Finance+^ | 7.88 | 3/1/2020 | 500,000 | 791,653 | 830,298 |
| Cabot Financial+^ | 10.38 | 10/1/2019 | 3,750,000 | 6,319,570 | 6,890,481 |
| Equiniti Group Ltd.+^ | 7.13 | 12/15/2018 | 1,460,000 | 2,222,582 | 2,434,515 |
| First Data Corp.^ | 11.25 | 1/15/2021 | 6,000,000 | 5,992,500 | 6,270,000 |
| Lowell Group Financing PLC+^ | 10.75 | 4/1/2019 | 2,000,000 | 3,401,531 | 3,670,876 |
| Marlin Financial+^ | 10.50 | 8/1/2020 | 1,350,000 | 2,055,045 | 2,344,743 |
| TMF Group Holding+^ | 5.60 | 12/1/2018 | 1,400,000 | 1,802,552 | 1,922,401 |
| TMF Group Holding+^ | 9.88 | 12/1/2019 | 2,000,000 | 2,686,388 | 2,851,917 |
| Travelex+^ | 8.00 | 8/1/2018 | 2,500,000 | 3,823,597 | 4,047,272 |
| Total Finance | | | 20,960,000 | 29,095,418 | 31,262,503 |

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Healthcare, Education and Childcare — 6.16%*:

| | | | | | |
|---|------|-----------|------------|------------|------------|
| Care UK Health+ | 9.75 | 8/1/2017 | 4,000,000 | 6,573,147 | 6,702,283 |
| Cerba European Lab+^ | 7.00 | 2/1/2020 | 450,000 | 599,464 | 620,958 |
| Crown Newco PLC+^ | 8.88 | 2/15/2019 | 5,100,000 | 8,315,556 | 8,235,794 |
| Prospect Medical Holdings Inc^ | 8.38 | 5/1/2019 | 5,000,000 | 5,089,492 | 5,250,000 |
| Tenet Healthcare Corporation^ | 8.13 | 4/1/2022 | 3,700,000 | 3,700,000 | 3,861,875 |
| Unilabs+^ | 8.50 | 7/15/2018 | 1,850,000 | 2,337,810 | 2,596,627 |
| Valeant+^ | 7.50 | 7/15/2021 | 3,260,000 | 3,260,000 | 3,512,650 |
| Total Healthcare, Education and Childcare | | | 23,360,000 | 29,875,469 | 30,780,187 |

Hotels, Motels, Inns and Gaming — 0.96%*:

| | | | | | |
|---------------------------------------|------|----------|-----------|-----------|-----------|
| Gala Group Finance+ | 8.88 | 9/1/2018 | 2,750,000 | 4,439,400 | 4,819,824 |
| Total Hotels, Motels, Inns and Gaming | | | 2,750,000 | 4,439,400 | 4,819,824 |

Insurance — 0.20%*:

| | | | | | |
|-------------------------|------|-----------|---------|---------|-----------|
| Towergate Finance PLC+^ | 8.50 | 2/15/2018 | 600,000 | 941,119 | 1,023,069 |
| Total Insurance | | | 600,000 | 941,119 | 1,023,069 |

Leisure, Amusement, Motion Pictures and Entertainment — 1.02%*:

| | | | | | |
|---|------|-----------|-----------|-----------|-----------|
| Odeon & Uci Finco+ | 9.00 | 8/1/2018 | 2,560,000 | 4,230,668 | 4,165,129 |
| Vue Cinemas+^ | 7.88 | 7/15/2020 | 550,000 | 835,727 | 926,105 |
| Total Leisure, Amusement, Motion Pictures and Entertainment | | | 3,110,000 | 5,066,395 | 5,091,234 |

Machinery (Non-Agriculture, Non-Construct, Non-Electronic) — 3.33%*:

| | | | | | |
|--|------|------------|------------|------------|------------|
| Cleaver-Brooks, Inc.^ | 8.75 | 12/15/2019 | 4,740,000 | 4,871,675 | 5,119,200 |
| KM Germany Holding+^ | 8.75 | 12/15/2020 | 1,450,000 | 1,876,585 | 2,113,660 |
| Milacron LLC^ | 8.38 | 5/15/2019 | 5,800,000 | 5,946,519 | 6,336,500 |
| Xerium Technologies | 8.88 | 6/15/2018 | 3,000,000 | 2,883,725 | 3,075,000 |
| Total Machinery (Non-Agriculture, Non-Construct, Non-Electronic) | | | 14,990,000 | 15,578,504 | 16,644,360 |

Mining, Steel, Iron and Non-Precious Metals — 4.59%*:

| | | | | | |
|---|------|-----------|------------|------------|------------|
| Alba Group PLC+^ | 8.00 | 5/15/2018 | 2,500,000 | 3,340,013 | 3,340,188 |
| Ausdrill Finance Pty Ltd.+^ | 6.88 | 11/1/2019 | 6,000,000 | 6,000,000 | 5,550,000 |
| Barmenco Finance Pty Ltd.+^ | 9.00 | 6/1/2018 | 6,000,000 | 5,933,763 | 5,475,000 |
| Hecla Mining Company^ | 6.88 | 5/1/2021 | 5,425,000 | 5,389,481 | 5,126,625 |
| New World Resources N.V.+^ | 7.88 | 5/1/2018 | 3,350,000 | 4,312,857 | 3,437,586 |
| Total Mining, Steel, Iron and Non-Precious Metals | | | 23,275,000 | 24,976,114 | 22,929,399 |

Oil and Gas — 26.61%*:

| | | | | | |
|----------------------------|------|------------|-----------|-----------|-----------|
| Alta Mesa Holdings, LP | 9.63 | 10/15/2018 | 4,275,000 | 4,370,383 | 4,510,125 |
| Calumet Specialty Products | 9.38 | 5/1/2019 | 7,365,000 | 7,883,605 | 8,083,087 |
| CHC Helicopter+ | 9.25 | 10/15/2020 | 4,620,000 | 4,734,304 | 4,920,300 |

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| | | | | | |
|--|-------|------------|-------------|-------------|-------------|
| CHC Helicopter+ | 9.38 | 6/1/2021 | 3,000,000 | 3,000,000 | 2,985,000 |
| Era Group Inc. | 7.75 | 12/15/2022 | 3,000,000 | 2,949,330 | 3,007,500 |
| Ferrellgas Partners LP | 8.63 | 6/15/2020 | 7,135,000 | 7,000,015 | 7,402,563 |
| Gibson Energy Holdings+^ | 6.75 | 7/15/2021 | 1,915,000 | 1,885,815 | 1,977,238 |
| Halcon Resources Corporation | 9.75 | 7/15/2020 | 5,000,000 | 5,267,327 | 5,287,500 |
| Headwaters, Inc. | 7.63 | 4/1/2019 | 3,000,000 | 3,120,310 | 3,150,000 |
| Hercules Offshore, Inc.^ | 10.25 | 4/1/2019 | 6,865,000 | 7,198,733 | 7,688,800 |
| Linn Energy, LLC | 8.63 | 4/15/2020 | 4,000,000 | 4,054,550 | 4,135,000 |
| Magnum Hunter Resources, Corp^ | 9.75 | 5/15/2020 | 3,000,000 | 3,055,834 | 3,105,000 |
| Midstates Petroleum Company Inc.^ | 10.75 | 10/1/2020 | 5,800,000 | 6,114,182 | 6,090,000 |
| Midstates Petroleum Company Inc.^ | 9.25 | 6/1/2021 | 6,065,000 | 6,024,643 | 5,989,188 |
| Millennium Offshore+^ | 9.50 | 2/15/2018 | 6,000,000 | 6,000,000 | 6,195,000 |
| Niska Gas Storage | 8.88 | 3/15/2018 | 6,500,000 | 6,716,004 | 6,727,500 |
| Northern Tier Energy LLC^ | 7.13 | 11/15/2020 | 6,000,000 | 6,000,000 | 6,000,000 |
| Pbf Holding Company LLC | 8.25 | 2/15/2020 | 6,000,000 | 6,273,114 | 6,210,000 |
| Penn Virginia Corp | 8.50 | 5/1/2020 | 4,000,000 | 4,000,000 | 4,060,000 |
| Quicksilver Resources^ | 7.88 | 8/1/2018 | 1,210,000 | 1,203,744 | 1,261,425 |
| Resolute Energy Corp. | 8.50 | 5/1/2020 | 7,285,000 | 7,437,329 | 7,503,550 |
| RKI Exploration and Production, LLC^ | 8.50 | 8/1/2021 | 5,405,000 | 5,444,322 | 5,432,025 |
| Samson Investment Company^ | 10.25 | 2/15/2020 | 5,000,000 | 5,246,334 | 5,300,000 |
| Seven Generations Energy Ltd.+^ | 8.25 | 5/15/2020 | 3,645,000 | 3,645,000 | 3,763,463 |
| Shelf Drilling Holdings Ltd+^ | 8.63 | 11/1/2018 | 6,000,000 | 6,075,194 | 6,375,000 |
| Welltec+^ | 8.00 | 2/1/2019 | 5,500,000 | 5,722,250 | 5,857,500 |
| Total Oil and Gas | | | 127,585,000 | 130,422,322 | 133,016,764 |
| Personal and Nondurable Consumer Products (Manufacturing Only) — 0.43%*: | | | | | |
| Grohe Holdings+^ | 8.75 | 12/15/2017 | 1,530,000 | 2,065,992 | 2,140,133 |
| Total Personal and Nondurable Consumer Products (Manufacturing Only) | | | 1,530,000 | 2,065,992 | 2,140,133 |
| Personal, Food and Miscellaneous — 1.69%*: | | | | | |
| Cerved Holding Spa+^ | 8.00 | 1/15/2021 | 4,000,000 | 5,345,149 | 5,546,687 |
| Teamsystem S.P.A.+^ | 7.38 | 5/15/2020 | 2,180,000 | 2,771,533 | 2,905,271 |
| Total Personal, Food and Miscellaneous | | | 6,180,000 | 8,116,682 | 8,451,958 |
| Printing and Publishing — 1.30%*: | | | | | |
| Cenveo Corporation | 8.88 | 2/1/2018 | 3,750,000 | 3,441,788 | 3,731,250 |
| R.R. Donnelley & Sons Company | 7.88 | 3/15/2021 | 2,570,000 | 2,557,150 | 2,756,325 |
| Total Printing and Publishing | | | 6,320,000 | 5,998,938 | 6,487,575 |
| Retail Store — 9.28%*: | | | | | |
| Brighthouse Group PLC+^ | 7.88 | 5/15/2018 | 2,000,000 | 3,115,687 | 3,306,621 |
| GRD Holding Corp.^ | 10.75 | 6/1/2019 | 3,150,000 | 3,225,711 | 3,339,000 |

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| | | | | | |
|---|-------|------------|-------------|-------------|----------------|
| HD Supply, Inc. | 11.50 | 7/15/2020 | 5,000,000 | 5,282,884 | 5,962,500 |
| House Fraser PLC+^ | 8.88 | 8/15/2018 | 5,000,000 | 8,141,371 | 8,637,688 |
| Matalan Finance PLC+^ | 8.88 | 4/29/2016 | 4,000,000 | 6,463,454 | 6,653,715 |
| New Look Retail Group Limited+^ | 8.75 | 5/14/2018 | 4,000,000 | 6,007,042 | 6,572,770 |
| Pantry, Inc | 8.38 | 8/1/2020 | 875,000 | 907,961 | 923,125 |
| Spencer Spirit Holdings, Inc.^ | 11.00 | 5/1/2017 | 5,970,000 | 6,378,601 | 6,358,050 |
| Takko Fashion+^ | 9.88 | 4/15/2019 | 3,500,000 | 4,504,599 | 4,616,602 |
| Total Retail Store | | | 33,495,000 | 44,027,310 | 46,370,071 |
| Telecommunications — 7.34%*: | | | | | |
| Manutencoop Facility Management+^ | 8.50 | 8/1/2020 | 2,570,000 | 3,371,191 | 3,407,289 |
| Numericable Finance+^ | 8.09 | 10/15/2018 | 5,500,000 | 7,088,086 | 7,626,694 |
| Nara Cable FDG Ltd+^ | 8.88 | 12/1/2018 | 8,667,000 | 8,261,548 | 9,063,685 |
| Norcell Sweden+^ | 9.25 | 9/29/2018 | 19,500,000 | 3,230,312 | 3,267,851 |
| Sprint Nextel Corporation^ | 7.25 | 9/15/2021 | 2,650,000 | 2,650,000 | 2,676,500 |
| UPC Broadband+^ | 6.75 | 3/15/2023 | 1,830,000 | 1,932,214 | 2,003,479 |
| Wind Acquisition+^ | 11.75 | 7/15/2017 | 6,000,000 | 8,247,638 | 8,634,568 |
| Total Telecommunications | | | 46,717,000 | 34,780,989 | 36,680,066 |
| Textiles & Leather — 1.48%*: | | | | | |
| Perry Ellis International Inc | 7.88 | 4/1/2019 | 7,000,000 | 7,265,201 | 7,385,000 |
| Total Textiles & Leather | | | 7,000,000 | 7,265,201 | 7,385,000 |
| Total Corporate Bonds | | | 466,515,000 | 496,608,870 | 513,647,689 |
| Total Fixed Income | | | 564,621,815 | 594,020,829 | 611,614,136 |
| Other liabilities and assets — (22.37)% | | | | | (111,791,211) |
| Net Assets — 100% | | | | | \$ 499,822,925 |

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

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

+ Foreign security.

Distributions of investments by country of issue (excluding temporary cash investments) as a percentage of total investment in securities, is as follows:

| | | |
|----|----------------------|-------|
| US | United States | 64.6% |
| GB | United Kingdom | 14.4% |
| IT | Italy | 3.7% |
| SE | Sweden | 2.5% |
| CA | Canada | 2.3% |
| FR | France | 2.1% |
| AE | United Arab Emirates | 2.1% |
| DE | Germany | 2.0% |
| AU | Australia | 1.8% |
| ES | Spain | 1.6% |
| NL | Netherlands | 1.1% |
| DK | Denmark | 1.0% |

| | | |
|-------|-----------------------------|--------|
| Other | (Individually less than 1%) | 0.9% |
| | | 100.0% |

^ 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.

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 September 30, 2013. 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.

Tax Basis

The cost basis of investments for federal income tax purposes at September 30, 2013 for Babson Capital Global Short Duration High Yield Fund (the “Fund”) was as follows*:

| | |
|-------------------------------|---------------|
| Cost of investments | \$594,021,043 |
| Gross unrealized appreciation | 21,021,528 |
| Gross unrealized depreciation | (3,428,435) |
| Net unrealized appreciation | \$ 17,593,093 |

*The above table only reflects tax adjustments through December 31, 2012. 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

Fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. 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 September 30, 2013 in valuing the Fund's investments.

| Description | Level 1 | Level 2 | Level 3 | Total Investments |
|-----------------------------|---------|----------------|---------|-------------------|
| Assets: | | | | |
| Fixed Income: | | | | |
| Bank Loans | \$- | \$ 100,664,028 | \$- | \$ 100,664,028 |
| Bonds | - | 510,950,108 | - | 510,950,108 |
| Total Fixed Income | - | 611,614,136 | - | 611,614,136 |
| Liabilities: | | | | |
| Derivative Securities: | | | | |
| Foreign Exchange Contracts | - | (6,193,168) | - | (6,193,168) |
| Total Derivative Securities | - | (6,193,168) | - | (6,193,168) |
| Total Investments | \$- | \$ 605,420,968 | \$- | \$ 605,420,968 |

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 Currency Exchange Contracts – The Fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. The Fund may use forward currency exchange contracts to hedge against changes in the value of foreign currencies. The Fund may enter into forward currency exchange contracts obligating the Fund to deliver or receive a currency at a specified future date. Forward 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 currency 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 currency exchange contracts involves the risk that anticipated currency movements will not be accurately predicted. A forward currency 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.

During the period from January 1, 2013 through September 30, 2013, the Fund's direct investment in derivatives consisted of forward foreign currency exchange contracts.

The following is a summary of the fair value of derivative instruments held directly by the Fund as of September 30, 2013. These derivatives are presented in the Schedule of Investments.

Fair values of derivative instruments on the Statement of Assets and Liabilities as of September 30, 2013:

| Derivatives | Statement of Assets and Liabilities Location | Fair Value |
|-----------------------------|---|-----------------|
| Foreign exchange contracts: | | |
| Forward Foreign Currency | | |
| Exchange Contracts | Payables | \$ (6,193,168) |
| Total | | \$ (6,193,168) |

The effect of derivative instruments on the Statement of Operations for period January 1, 2013 through September 30, 2013:

Amount of Realized Gain/(Loss) on Derivatives

| Derivatives | Forward Currency Exchange Contracts |
|----------------------------|--|
| Foreign exchange contracts | \$ (8,182) |
| Total | \$ (8,182) |

Change in Unrealized Appreciation/(Depreciation) on Derivatives

| Derivatives | Forward Currency Exchange Contracts |
|----------------------------|--|
| Foreign exchange contracts | \$ (6,193,168) |
| Total | \$ (6,193,168) |

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 and Principal Executive Officer

Date November 22, 2013

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 and Principal Executive Officer

Date November 22, 2013

By (Signature and Title) /s/ Patrick Hoefling
Patrick Hoefling, Chief Financial Officer

Date November 22, 2013
