

BABSON CAPITAL GLOBAL SHORT DURATION HIGH YIELD FUND  
Form DEF 14A  
June 16, 2016

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

Preliminary proxy statement

**Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).**

Definitive proxy statement.

Definitive additional materials.

Soliciting material under Rule 14a-12.

**BABSON CAPITAL GLOBAL SHORT DURATION HIGH YIELD FUND**

**(Name of Registrant as Specified in Its Charter)**

Payment of filing fee (check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**BABSON CAPITAL GLOBAL SHORT DURATION  
HIGH YIELD FUND**

**Notice of Annual Meeting of  
Shareholders and Proxy Statement**

**TIME**

**Monday, July 18, 2016**

**At 2:00 p.m.**

**PLACE**

**Babson Capital Management LLC**

**550 South Tryon Street**

**Suite 3300**

**Charlotte, NC 28202**

Please date, fill in, and sign the enclosed proxy card and mail in the enclosed return envelope which requires no postage if mailed in the United States.

**BABSON CAPITAL GLOBAL SHORT DURATION HIGH YIELD FUND**

Charlotte, North Carolina

Dear Shareholder:

The 2016 Annual Meeting of Shareholders (the Meeting ) of Babson Capital Global Short Duration High Yield Fund ( BGH or the Fund ) will be held at Babson Capital Management LLC, 550 South Tryon Street, Suite 3300, Charlotte, North Carolina 28202, at 2:00 p.m., Eastern Time, on Monday, July 18, 2016. A Notice and a Proxy Statement regarding the Meeting, a proxy card for your vote at the Meeting, and a postage prepaid envelope in which to return your proxy card are enclosed.

**By promptly returning the enclosed proxy card you can help the Fund avoid the expense of sending follow-up letters to obtain a quorum.** You are earnestly requested to vote your proxy in order that the necessary quorum may be represented at the Meeting. If you later find that you can be present in person, you may, if you wish, revoke your proxy then and vote your shares in person.

At the Meeting, shareholders of the Fund will be asked to elect two Trustees. The Board of Trustees of each Trust recommends that shareholders elect the nominated Trustees.

I look forward to your attendance at this Meeting because it will provide us with an opportunity to inform you about the progress of the Fund.

Sincerely,

Rodney J. Dillman

Chairman

**BABSON CAPITAL GLOBAL SHORT DURATION HIGH YIELD FUND**

550 South Tryon Street, Suite 3300

Charlotte, North Carolina 28202

**Notice of Annual Meeting of Shareholders**

**To the Shareholders of**

**Babson Capital Global Short Duration High Yield Fund:**

The Annual Meeting of Shareholders of Babson Capital Global Short Duration High Yield Fund ( *BGH* or the *Fund* ) will be held at Babson Capital Management LLC, 550 South Tryon Street, Suite 3300, Charlotte, North Carolina 28202, on Monday, July 18, 2016, at 2:00 p.m., Eastern Time (the *Meeting* ), for the following purposes:

- (1) to elect as Trustees Thomas M. Finke and Bernard A. Harris, Jr. for three-year terms, or until their respective successors are duly elected and qualified; and
- (2) to transact such other business as may properly come before the Meeting or any adjournment thereof.

Holders of record of the shares of beneficial interest of the Fund at the close of business on May 16, 2016 are entitled to vote at the Meeting or any adjournment thereof. If you attend the Meeting, you may vote your shares in person. Whether or not you intend to attend the Meeting in person, you may vote by:

1. *Mail*: Vote, sign and return your proxy card in the enclosed postage-paid envelope.

By order of the

Boards of Trustees,

Janice M. Bishop

Secretary and Chief Legal

Officer

Charlotte, North Carolina

June 15, 2016

**Please complete, date, and sign the proxy card for the shares held by you and return the proxy card in the envelope provided so that your vote can be recorded. It is important that you vote your proxy promptly, regardless of the size of your holdings, so that a quorum may be assured.**

**BABSON CAPITAL GLOBAL SHORT DURATION HIGH YIELD FUND**

**Proxy Statement**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees of Babson Capital Global Short Duration High Yield Fund ( BGH or the Fund ) for use at the Annual Meeting of its Shareholders (the Annual Meeting or Meeting ), to be held at Babson Capital Management LLC, 550 South Tryon Street, Suite 3300, Charlotte, North Carolina 28202, on Monday, July 18, 2016, at 2:00 p.m., Eastern Time.

This Proxy Statement and the accompanying letter to shareholders from the Chairman of the Board of Trustees, Notice of Annual Meeting of Shareholders, and proxy card are being mailed on or about June 15, 2016, to shareholders of record on May 16, 2016, the record date. The Fund's principal business office is c/o Babson Capital Management LLC ( Babson ), 550 South Tryon Street, Suite 3300, Charlotte, North Carolina 28202.

Holders of the shares of beneficial interest of the Fund ( shares ) of record at the close of business on May 16, 2016 will be entitled to one vote per share on all business of the Meeting and any adjournments thereof. There were 20,057,848.895 shares of BGH outstanding on the record date.

The Fund has engaged Broadridge Financial Solutions, Inc. ( Broadridge ) to provide shareholder meeting services, including vote solicitation and tracking. Should you have any questions about this Proxy Statement, please contact the proxy solicitor of Broadridge by calling (toll-free) 1-855-742-8273.

**Important Notice regarding the availability of Proxy Materials for the Annual Meeting to be held on Monday, July 18, 2016. The Proxy Statement is available on the Fund's website at [www.babsoncapital.com/funds/closed-end-funds/babson-capital-global-short-duration-high-yield-fund](http://www.babsoncapital.com/funds/closed-end-funds/babson-capital-global-short-duration-high-yield-fund).**

## **PROPOSAL 1**

### **ELECTION OF TRUSTEES**

The Board of Trustees (the Board), which oversees the Fund, provides broad supervision over the affairs of the Fund. Those Trustees who are not interested persons (as defined in the Investment Company Act of 1940, as amended (the 1940 Act)) of the Fund or of Babson are referred to as Independent Trustees throughout this Proxy Statement. Babson is responsible for the investment management of the Fund's assets and for providing a variety of other administrative services to the Fund. The officers of the Fund are responsible for its operations.

The Board is currently comprised of six Trustees with terms expiring in 2016, 2017 and 2018. The Fund's Nominating and Governance Committee nominated Dr. Harris as an Independent Trustees to the Board for a three-year term and Mr. Finke as an Interested Trustee to the Board for a three-year term. All nominees, if elected, are to serve their respective terms, or until each of their successors are duly elected and qualified.

#### **Information Concerning Trustees, Nominees for Trustee and Officers**

Set forth below after the name of each nominee for Trustee and for each Trustee whose term will continue after this Meeting, is his present office with the Fund, age, term of office and length of such term served, principal occupation during the past five years, certain of the Trustee's other directorships, and certain other information required to be disclosed in this Proxy Statement. Also, set forth below is a list of the Fund's senior officers (Officers) along with his or her position with the Fund, term of office and length of such term served, and principal occupation or employment for the past five years.

For purposes of the following Trustee tables, the term Fund Complex includes the Fund, Babson Capital Corporate Investors, Babson Capital Participation Investors, Babson Capital Funds Trust, MassMutual Premier Funds, MML Series Investment Funds, MML Series Investment Funds II and MassMutual Select Funds.

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**INTERESTED TRUSTEE**

<b>Name (Age), Address</b>	<b>Position(s) With the Fund</b>	<b>Office Term and Length of Time Served</b>	<b>Principal Occupations During Past 5 Years</b>	<b>Portfolios Overseen in Fund Complex</b>	<b>Other Directorships Held by Director</b>
<b>Thomas M. Finke (52)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Trustee / Nominee	Term expires 2016; Trustee since 2013	Chairman and Chief Executive 9 Officer (since 2008), Member of the Board of Managers (since 2006), President (2007-2008), Managing Director (2002-2008), Babson; Chief Investment Officer and Executive Vice President (2008-2011), Massachusetts Mutual Life Insurance Company.		Trustee (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson); Chairman (2012-2015), Director (since 2008), Babson Capital Management (UK) Limited (investment advisory firm); Chairman and Director (2012-2015), Babson Capital Global Advisors Limited (investment advisory firm); Director (since 2008), Babson Capital Guernsey Limited (holding company); Vice Chairman and Manager (since 2011), MM Asset Management Holding LLC (holding company); Manager (since 2011), Wood Creek Capital Management, LLC (investment advisory firm); Chairman and Manager (since 2007), Cornerstone Real Estate Advisers LLC (real estate advisory firm); Director (since 2004), Jefferies Finance LLC (finance company); Manager (2007-2015), Credit Strategies Management LLC (general partner of an investment fund); Manager (since 2005), Loan Strategies Management, LLC (general partner of an investment fund); Manager (since 2005), Jefferies Finance CP Funding LLC (investment company); Manager



(2004-2012), Class C Member  
LLC (equity holding company);  
Chairman, Chief Executive  
Officer and Director  
(2009-2011), MassMutual  
Capital Partners, LLC  
(investment company); Director  
(2007-2011), Scottish Re Group  
Limited (reinsurance specialist).

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**INDEPENDENT TRUSTEES**

Name (Age), Address	Position(s) With the Fund	Office Term and Length of Time Served	Principal Occupations During Past 5 Years	Portfolios	
				Overseen in Fund Complex	Other Directorships Held by Director
<b>Thomas W. Bunn (62)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Trustee	Term expires 2017; Trustee since 2013	Retired (since 2009); Vice Chairman (2002-2009), Head of National Banking (2006-2009), Head of Corporate and Investment Banking (2002-2006), KeyCorp (commercial and investment banking firm).	9	Trustee (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson); Director (since 2010), Southern Weaving Co. (webbing and sleeving design and manufacturing company); Trustee (since 2010), Wake Forest University Board of Trustees; Member (since 1998), Babcock School of Business Board of Visitors; Senior Operating Advisor (since 2010), Sound Harbor Partners (investment management firm); Director (since 2009), Nature Conservancy of North Carolina; Director (2010-2016), SquareTwo Financial (asset recovery and management firm); Director (2009-2014), Kiawah Island Conservancy.

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**INDEPENDENT TRUSTEES**

Name (Age), Address	Position(s) With the Fund	Office Term and Length of Time Served	Principal Occupations During Past 5 Years	Portfolios	
				Overseen in Fund Complex	Other Directorships Held by Director
<b>Rodney J. Dillman (63)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Trustee, Chairman	Term expires 2018; Trustee since 2012	Retired (since 2012); 9 Deputy General Counsel (2011-2012), Senior Vice President (2008-2012), Vice President (2000-2008), Massachusetts Mutual Life Insurance Company; Member of the Board of Directors and President (2008-2011), MassMutual International LLC; General Counsel (2006-2008), Babson.		Trustee (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson); Director (since 2016), Social Reality, Inc. (digital platform technology and management software company for internet advertising); Director (2008-2011), Compania de Seguros CorpVida S.A. (insurance company); Director (2009-2011), MassMutual Europe S.A. (insurance company); Director (2008-2011), MassMutual Asia Limited (insurance company); Director (2008-2011), MassMutual Life Insurance Company.

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**INDEPENDENT TRUSTEES**

Name (Age), Address	Position(s) Office Term and		Principal Occupations During Past 5 Years	Portfolios Overseen in Fund Complex	Other Directorships Held by Director
	With the Fund	Length of Time Served			
<b>Bernard A. Harris Jr. (59)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Trustee/ Nominee	Term expires 2016; Trustee since 2012	Chief Executive Officer and Managing Partner (since 2002), Vesalius Ventures, Inc.; Director and President (since 1998), The Space Agency; President (since 1999), The Harris Foundation; Clinical Scientist, Flight Surgeon and Astronaut (1986-1996), NASA.	9	Trustee (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson); Trustee (since 2011), Salient Midstream & MLP Fund and Salient MLP & Energy Infrastructure Fund; Trustee (since 2010), Salient Absolute Return Fund; Director (since 2009), Monebo Technologies Inc. (medical technology design company); Director (since 2009), The Endowment Fund (TEF); Director (since 2008), US Physical Therapy (USPH); Director (since 2012), E-Cardio, Inc. (provides services for cardiac monitoring).
<b>Thomas W. Okel (53)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Trustee	Term expires 2017; Trustee since 2012	Executive Director (since 2011), 9 Catawba Lands Conservancy; Global Head of Syndicated Capital Markets (1998-2010), Bank of America Merrill Lynch.		Trustee (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson).

<b>Martin A. Sumichrast (49)</b>	Trustee	Term expires 2018; Trustee since 2012	Vice Chairman and Principal (since 2013), Siskey Capital, LLC (merchant banking); Managing Director (2012-2013), Washington Capital, LLC (family office); Managing Director (2002-2012), Lomond International, Inc. (business advisory firm).	9	Trustee (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson); Director (since 2014), Kure Corp. (retail); Director (since 2014), Jadeveon Clowney Help-In-Time Foundation; Director (since 2015), Social Reality, Inc. (digital platform technology and management software company for internet advertising); Chairman and Director (since 2015), Level Beauty Group Inc. (a retail/e-commerce beauty investment/management company).
550 South Tryon Street  Suite 3300					
Charlotte, NC 28202					

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**OFFICERS OF THE FUND**

<b>Name (Age), Address</b>	<b>Position(s) With the Fund</b>	<b>Office Term* and Length of Time Served</b>	<b>Principal Occupations(s) During Past 5 Years</b>
<b>Russell D. Morrison (51)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	President	Since 2012	Vice Chairman (since 2014), Member of the Board of Managers (since 2014), Head of Global Fixed Income Group (since 2012), Head of the Global High Yield Investments Group (2010-2012), Co-Head of U.S. Loan Team (2006-2009), Managing Director (since 2002), Babson; Chairman and Director (since 2015), Babson Capital Management (UK) Limited (investment advisory firm); Chairman and Director (since 2015), Babson Capital Global Advisors Limited (investment advisory firm); Senior Vice President (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson).
<b>Carlene Pollock (49)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Chief Financial Officer	Since 2016	Director (since 2015), Babson; Director (2013-2015), Corrum Capital Management (investment adviser); Vice President (2008-2013), Bank of New York Mellon (third party administrator); Chief Financial Officer (since 2016), Assistant Treasurer (2015-2016), Babson Capital Funds Trust (open-end investment company advised by Babson).
<b>Andrew Lennon (41)</b>  550 South Tryon Street  Suite 3300	Treasurer	Since 2013	Managing Director (since 2010), Director (2005-2009) Babson; Treasurer (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson).

Charlotte, NC  
28202

\* Officers hold their position with the Fund until a successor has been duly elected and qualified. Officers are generally elected annually by the Board. The officers were last elected on July 16, 2015.

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**OFFICERS OF THE FUND**

<b>Name (Age), Address</b>	<b>Position(s) With the Fund</b>	<b>Office Term* and Length of Time Served</b>	<b>Principal Occupations(s) During Past 5 Years</b>
<b>Michael Freno (41)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Vice President	Since 2012	Managing Director (since 2010), Member of High Yield Investment Committee (since 2010), Director (2007-2009), Associate Director (2005-2006), Babson.
<b>Sean Feeley (49)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Vice President	Since 2012	Managing Director (since 2003), Babson; Vice President (since 2011), Babson Capital Corporate Investors and Babson Capital Participation Investors (closed-end investment companies advised by Babson); Vice President (since 2011), CI Subsidiary Trust and PI Subsidiary Trust.
<b>Scott Roth (46)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Vice President	Since 2012	Managing Director (since 2010), High Yield Team Leader (since 2010), Director (2002-2010), Babson.



\* Officers hold their position with the Fund until a successor has been duly elected and qualified. Officers are generally elected annually by the Board. The officers were last elected on July 16, 2015.

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**OFFICERS OF THE FUND**

Name (Age), Address	Position(s)  With the Fund	Office Term* and Length of Time Served	Principal Occupations(s) During Past 5 Years
<b>Melissa M. LaGrant (43)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Chief Compliance Officer	Since 2012	Managing Director (since 2005), Babson; Chief Compliance Officer (since 2013), Babson Capital Finance LLC; Chief Compliance Officer (since 2006), Babson Capital Corporate Investors and Babson Capital Participation Investors (closed-end investment companies advised by Babson); Chief Compliance Officer (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson).
<b>Janice M. Bishop (50)</b>  550 South Tryon Street  Suite 3300  Charlotte, NC 28202	Vice President, Secretary and Chief Legal Officer	Since 2012	Senior Counsel and Managing Director (since 2014), Counsel (2007-2014), Babson; Vice President, Secretary and Chief Legal Officer (since 2015), Associate Secretary (2008-2015), Babson Capital Corporate Investors and Babson Capital Participation Investors (closed-end investment companies advised by Babson); Vice President, Secretary and Chief Legal Officer (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson); Vice President and Secretary (since 2015), Assistant Secretary (2008-2015), CI Subsidiary Trust and PI Subsidiary Trust.
<b>Michelle Manha (44)</b>  550 South Tryon Street  Suite 3300	Assistant Secretary	Since 2012	Associate General Counsel and Managing Director (since 2014), Counsel (2008-2014), Babson; Assistant Secretary (since 2013), Babson Capital Funds Trust (open-end investment company advised by Babson).

Charlotte, NC  
28202

\* Officers hold their position with the Fund until a successor has been duly elected and qualified. Officers are generally elected annually by the Board. The officers were last elected on July 16, 2015.

The following provides an overview of the considerations that led the Board to conclude that each individual serving as a Trustee or nominee for Trustee of the Fund should so serve. The current members of the Board have joined the Board at different points in time since 2012. Generally, no one factor was decisive in the original selection of an individual to join the Board. Among the attributes common to all Trustees is their ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with the Fund's investment adviser, counsel and independent auditors, and to exercise effective business judgment in the performance of their duties as Trustees. In recommending the election or appointment of the current Board members as Trustees, the Nominating and Governance Committee generally considered (i) the educational, business and professional experience of each individual; (ii) the individual's record of service as a director or trustee of public or private organizations; and (iii) how the individual's skills, experience and attributes would contribute to an appropriate mix of relevant skills and experience on the Board. The Nominating and Governance Committee also considered that during their service as members of the Board of the Fund, the Trustees have demonstrated a high level of diligence and commitment to the interests of the Fund's shareholders and the ability to work effectively and collegially with other members of the Board.

The following summarizes each Trustee's or nominee for Trustee's professional experience and additional considerations that contributed to the Board's conclusion that each individual should serve on the Board.

**Thomas W. Bunn** Mr. Bunn brings over 34 years of experience in banking, investment banking and the financial services industry. Previously, he served as Vice Chairman of KeyCorp. Prior to joining KeyCorp, he served as a Managing Director and Head of Leveraged Finance and Global Debt Capital Markets at Bank of America. He currently serves as director or trustee of several public and private companies, including Babson Capital Funds Trust, an open-end investment company advised by Babson, Southern Weaving Co., Sound Harbor Partners, Wake Forest University, and the Nature Conservancy of North Carolina. He formerly served as a Director of SquareTwo Financial, Kiawah Island Conservancy and Trustee of the mutual fund complex of Victory Asset Management. Mr. Bunn holds a Bachelor of Science in Business Administration from Wake Forest University and a Masters in Business Administration from the University of North Carolina.

**Rodney J. Dillman** Mr. Dillman brings over 14 years of experience in investment management, global business development, global political and economic risk management, international acquisitions, global operations and financial reporting. He currently serves as Trustee of Babson Capital Funds Trust, an open-end investment company advised by Babson, and Director of Social Reality, Inc. Previously, Mr. Dillman served as President of MassMutual

International LLC, an international life insurance, health, annuities and pension company, and General Counsel of Babson. Prior to joining Babson, he was a Partner at Day Pitney LLP, a law firm. He served as a Director to many insurance and private companies, including Yingda Taihe Life Insurance Co., MassMutual Life Insurance Company, MassMutual Mercuries Life Insurance Company, MassMutual Asia Limited, The MassMutual Trust Company and Jefferies Finance LLC. He is the author of *The Lease Manual: A Practical Guide to Negotiating Office, Rental and Industrial Leases*. He holds a Bachelor of Science in Education from Kent State University, a Masters of Arts in Economics from Kent State University Graduate School of Management and a Juris Doctorate in Law from Duke University School of Law.

**Thomas M. Finke** Mr. Finke brings over 28 years of executive and board experience in the banking and investment management industries. He currently serves as Chairman and Chief Executive Officer of Babson. Previously, he served as President of Babson, Executive Vice President and Chief Investment Officer of Massachusetts Mutual Life Insurance Company, Co-Founder and President of First Union Institutional Debt Management and Vice President at Bear, Stearns & Co. Mr. Finke currently serves as Trustee of Babson Capital Funds Trust, an open-end investment company advised by Babson, Director of Babson Capital Management (UK) Limited, Chairman and Director of Cornerstone Real Estate Advisers LLC and Manager of Wood Creek Capital Management, LLC. Mr. Finke also serves as a Member of the Board of Directors of the Structured Finance Industry Syndications and Trading Association. He formerly served as Chairman and Director of Babson Capital Global Advisors Limited and as a founding member of the Board of Directors of the Loan Syndicates and Trading Association. He holds a Bachelor of Science from the University of Virginia's McIntire School of Commerce and a Masters in Business Administration from Duke University's Fuqua School of Business.

**Bernard A. Harris, Jr.** Dr. Harris brings substantial executive, board and operations experience to the Fund. He currently serves as Chief Executive Officer and Managing Partner of Vesalius Ventures, Inc., a venture capital firm investing in early and mid-stage healthcare technologies and companies, President of The Space Agency and President of The Harris Foundation. Previously, he served as a Clinical Scientist, Flight Surgeon and Astronaut for NASA. Dr. Harris currently serves as director or trustee of several public and private companies, including Babson Capital Funds Trust, an open-end investment company advised by Babson, the Endowment Fund, the Salient Funds, Counselors to America's Small Business, Sterling Bancshares, Monebo Technologies, RMD Networks, Inc., Physical Therapy, Inc., Houston Angel Network and Constellation Services International. He holds a Bachelor of Science in Biology from the University of Houston, a Masters of Medical Science from the University of Texas Medical Branch at Galveston, a Masters of Business Administration from the University of Houston and a Doctorate of Medicine from the Texas Tech University School of

Medicine. He is the recipient of several honorary doctorates from Stony Brook University, Moorehouse School of Medicine and the University of Hartford. Dr. Harris also has been the recipient of numerous awards, including the NASA Space Flight Medal, the NASA Award of Merit and the 2000 Horatio Alger Award.

**Thomas W. Okel** Mr. Okel brings over 20 years of experience in the underwriting, structuring, distribution and trading of debt used for corporate acquisitions, leveraged buyouts, recapitalizations and refinancings. He currently serves as Executive Director of Catawba Lands Conservancy, a non-profit land trust. Prior to joining Catawba Lands Conservancy, he served as Global Head of Syndicated Capital Markets at Bank of America Merrill Lynch, where he managed capital markets, sales, trading and research for the United States, Europe, Asia and Latin America. He currently serves as Trustee of Babson Capital Funds Trust, an open-end investment company advised by Babson. Mr. Okel holds a Bachelor of Arts in Economics from Davidson College and a Masters of Management, Finance, Accounting and Marketing from J.L. Kellogg Graduate School of Management, Northwestern University.

**Martin A. Sumichrast** Mr. Sumichrast brings over 25 years of experience in investing and providing business advisory services to corporations in the United States, Europe and Asia. He currently serves as the Vice Chairman of Siskey Capital, LLC, a Charlotte-based merchant banking operation. He previously served as Managing Director of Washington Capital, LLC, a family owned office entity, and Managing Director of Lomond International, Inc., a private investment and business advisory firm. Prior to Lomond International, Inc., he co-founded and served as Chairman and Chief Executive Officer of Global Capital Partners, Inc., a diversified financial services holding company that has offices in the United States and Europe. He currently serves as Trustee of Babson Capital Funds Trust, an open-end investment company advised by Babson, Chairman and Director of Level Beauty Group, Inc., and as a Director of Kure Corp., Social Reality, Inc. and Jadeveon Clowney Help-In-Time Foundation. He is co-author of *Opportunities in Finance Careers* and *The Complete Book of Homebuying*. Mr. Sumichrast holds a Bachelor of Science from the University of Maryland.

### Share Ownership of Trustees and Officers

As of May 16, 2016, the Trustees and Officers of the Fund individually beneficially owned less than one percent (1%) of the outstanding shares and as a group beneficially owned 0.48% of the outstanding shares. This information is based on information furnished by each Trustee and Officer. Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended (the Exchange Act ). Also, as of May 16, 2016, Babson, the investment adviser to the Fund, beneficially owned 0.02% of the outstanding shares and Babson Capital Global Advisors Limited, the sub-adviser to the Fund (the Sub-Adviser ), beneficially owned 0.00% of the outstanding shares.

The table below sets forth information regarding the beneficial ownership\* of the Fund's shares by each Trustee and the Officers beneficially owning shares based on the market value of such shares as of May 16, 2016.

### Dollar Ranges of Shares Owned by Trustees and Officers

Name of Nominee/Trustee/Officer	Dollar Range of Shares in Fund
T. Bunn	\$1 - \$10,000
R. Dillman	\$50,001 - \$100,000
T Finke	Over \$100,000
B. Harris	\$10,001 - \$50,000
T. Okel	\$50,001 - \$100,000
M. Sumichrast	\$10,001 - \$50,000
R. Morrison	Over \$100,000
S. Feeley	Over \$100,000
M. Freno	Over \$100,000
S. Roth	\$10,001 - \$50,000

\* Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.

### Required Vote

If a quorum is present at the Meeting, the two nominees for election as Trustees who receive a plurality vote, meaning the greatest number of affirmative votes cast by shareholders, will be elected as Trustees.

**THE BOARD, INCLUDING THE INDEPENDENT TRUSTEES, UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS OF THE FUND VOTE TO ELECT EACH OF THE NOMINEES AS TRUSTEE OF THE FUND.**

### Board Leadership Structure

The Board currently consists of six Trustees, five of whom are Independent Trustees. As discussed below, two of the standing committees of the Board, to which the Board has delegated certain authority and oversight responsibilities, are comprised exclusively of Independent Trustees.

Mr. Dillman, who is not an interested person of the Fund, as defined in Section 2(a)(19) of the 1940 Act, serves as Chairman of the Board and Mr. Morrison, who is an interested person of the Fund, serves as President. Mr. Dillman presides at meetings of the Board and acts as a liaison with service providers, officers, and other Trustees generally between meetings, and performs such other functions as may be requested by the Board from time to time. The Board reviews its leadership structure periodically and believes that the leadership structure is appropriate to enable the Board to exercise its oversight of the Fund. The Board also believes that its structure, including the active role of the other Independent Trustees, facilitates an efficient flow of information concerning the management of the Fund to the Independent Trustees.

The Board provides oversight of the services provided by Babson, including risk management activities. In addition, each committee provides oversight of Babson's risk activities with respect to the particular activities within the committee's purview. In the course of providing oversight, the Board and relevant committees receive a wide range of reports on the Fund's activities, including the Fund's investment portfolio, the compliance of the Fund with applicable laws, and the Fund's financial accounting and reporting. The Board and Audit Committee meet periodically with the Fund's Chief Compliance Officer regarding the compliance of the Fund with federal securities laws and the Fund's internal compliance policies and procedures. In addition, both the Audit Committee and the full Board regularly review information concerning risks specific to the Fund and Babson, including presentations by various officers of the Fund, investment personnel for the Fund, Babson, the Sub-Adviser, the independent auditors for the Fund and Counsel to the Fund.

### **Information Concerning Committees and Meetings of the Board of Trustees**

The Board has an Audit Committee and a Nominating and Governance Committee.

The Audit Committee is comprised exclusively of Trustees who are not interested persons of the Fund, as defined in Section 2(a)(19) of the 1940 Act, and operates pursuant to a written Audit Committee Charter, which is available on the Fund's website, [www.babsoncapital.com/funds/closed-end-funds/babson-capital-global-short-duration-high-yield-fund](http://www.babsoncapital.com/funds/closed-end-funds/babson-capital-global-short-duration-high-yield-fund). A print copy of the Audit Committee Charter may also be obtained by calling, toll-free, 1-855-439-5459. The present members of the Audit Committee are Bernard A. Harris, Jr. (Chairman), Thomas W. Okel and Martin A. Sumichrast. Each member of the Audit Committee qualifies as an Independent Trustee under the current listing standards of the New York Stock Exchange and the rules of the U.S. Securities and Exchange Commission (SEC). In accordance with the SEC's rules implementing Section 407 of the Sarbanes-Oxley Act of 2002 and upon due consideration of the qualifications of each member of the Audit Committee, the Board designated Dr. Harris, Mr. Okel and Mr. Sumichrast as the Fund's Audit Committee Financial Experts.

In accordance with the Audit Committee Charter, the Audit Committee is responsible for: oversight matters; financial statement and disclosure oversight matters; matters related to the hiring, retention, and oversight of the Fund's independent accountants; certain accounting and audit related oversight matters; and certain other matters as set forth in the Audit Committee Charter. During the twelve months ended June 30, 2016, the Audit Committee held six meetings.

The Nominating and Governance Committee is currently comprised of Martin A. Sumichrast (Chairman) and Thomas W. Bunn, both Independent Trustees. A current copy of the Nominating and Governance Committee Charter can be



found on the Fund's website, [www.babsoncapital.com/funds/closed-end-funds/babson-capital-global-short-duration-high-yield-fund](http://www.babsoncapital.com/funds/closed-end-funds/babson-capital-global-short-duration-high-yield-fund). During the twelve months ended June 30, 2016, the Nominating and Governance Committee met held one meeting.

The Nominating and Governance Committee is responsible for identifying and nominating individuals to serve as Trustees who are not interested persons of the Fund ( Independent Trustees ). The Nominating and Governance Committee Charter contemplates that all nominees for Independent Trustees will have a college degree or, in the judgment of the Committee, equivalent business experience. In addition, the Committee may take into account a wide variety of factors in considering Trustee candidates, giving such weight to any individual factor(s) as it deems appropriate, including but not limited to: availability and commitment of a candidate to attend meetings and perform his or her responsibilities on the Board; relevant industry and related experience; educational background; depth and breadth of financial expertise; and an assessment of the candidate's ability, judgment, expertise, reputation, and integrity. In the case of a shareholder recommended candidate, the Committee may also consider any other facts and circumstances attendant to such shareholder submission as may be deemed appropriate by the Committee. Different factors may assume greater or lesser significance at particular times, in light of the Board's present composition and the Committee's (or the Board's) perceptions about future issues and needs.

When the Board has or expects to have a vacancy for an Independent Trustee, the Nominating and Governance Committee will consider candidates recommended by the Fund's current Trustees; the Fund's shareholders; the Fund's officers; the Fund's investment adviser; the Fund's sub-adviser; and any other source the Committee deems to be appropriate. Shareholder recommendations to fill vacancies on the Board for Independent Trustees must be submitted in accordance with the provisions of the Nominating and Governance Committee Charter, which requires that shareholder recommendations be timely received, and contain biographical and other necessary information regarding the candidate that would be required for the Fund to meet its disclosure obligations under the proxy rules. The Nominating and Governance Committee will evaluate nominee candidates properly submitted by shareholders in the same manner as it evaluates candidates recommended by other sources.

The Nominating and Governance Committee also considers, evaluates and makes recommendations to the Board with respect to the structure, membership and function of the Board and the Committees thereof, including the compensation of the Trustees.

During the twelve months ended June 30, 2016, the Board of Trustees held five regular meetings (one of which was held by means of a telephone conference

call). During the twelve months ended June 30, 2016, each Trustee attended at least 75% of the Board and applicable Committee meetings on which he served.

### Transactions with and Remuneration of Officers and Trustees

Pursuant to the Investment Management Agreement between the Fund and Babson (the "Contract"), Babson paid the compensation and expenses of the Fund's officers and of all Trustees who were officers or employees of Babson.

Trustees who are not officers or employees of Babson receive an annual retainer of \$35,000. The Chairman of the Board receives an additional retainer in the amount of \$10,000 and the Chairman of the Audit Committee receives an additional retainer in the amount of \$6,000. Trustees who are not officers or employees of Babson also receive a fee of \$6,000 for each meeting of the Board which they attend (\$3,000 for each meeting conducted by telephone conference call). Members of the Audit Committee and the Nominating and Governance Committee receive an additional fee of \$2,000 per meeting attended, including meetings conducted by telephone conference call. Beginning in July 2013, the Trustees became Trustees of Babson Capital Funds Trust ("BCFT"). The above Trustee compensation represents the aggregate amounts payable by both the Fund and BCFT. During the twelve months ended June 30, 2016, the aggregate direct remuneration to these Trustees and reimbursement of their out-of-pocket expenses paid by the Fund was approximately \$149,919.

The following table discloses the compensation paid to the Fund's Trustees (not including reimbursement for out-of-pocket expenses) for the twelve months ended June 30, 2016. The Fund, Babson Capital Corporate Investors, Babson Capital Participation Investors, BCFT, MassMutual Premier Funds, MML Series Investment Funds, MassMutual Select Funds, and MML Series Investment Funds II are collectively referred to in the table below as the Fund Complex. The Trustees do not receive pension or retirement benefits.

Name of Trustee	Aggregate Compensation		Total Compensation	
	from the Fund		from Fund Complex	
Thomas W. Bunn	\$	23,377	\$	64,000**
Rodney J. Dillman		26,437		72,000**
Thomas M. Finke		None*		None*
Bernard A. Harris, Jr.		28,564		78,000**
Thomas W. Okel		26,341		72,000**
Martin A. Sumichrast		26,986		74,000**
<b>Total</b>	<b>\$</b>	<b>131,705</b>	<b>\$</b>	<b>360,000</b>

\* No compensation is paid by the Fund or BCFT to Trustees who are interested persons of the Fund or BCFT.

\*\* Total compensation reflects compensation paid to each Trustee by the Fund and BCFT. None of the Trustees serve as trustees for any other funds in the Fund Complex.

## AUDIT COMMITTEE REPORT

The Audit Committee oversees the Fund's financial reporting process on behalf of the Fund's Board of Trustees and operates under a written Charter adopted by the Fund's Board of Trustees. The Audit Committee meets with the Fund's management ( Management ) and independent registered public accountants and reports the results of its activities to the Fund's Board of Trustees. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. In connection with the Audit Committee's and independent registered accountant's responsibilities, Management advised that the Fund's financial statements were prepared in conformity with generally accepted accounting principles.

Accordingly, the Audit Committee has:

- n Reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2015 with Management and KPMG LLP ( KPMG ), the Fund's independent registered public accountants;
- n Discussed with KPMG those matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard 16 (Communications with Audit Committees); and
- n Received the written disclosure and the letter from KPMG required by the Public Company Accounting Oversight Board Rule 3526 (Communications with Audit Committee Concerning Independence) and has discussed with KPMG its independence.

The Audit Committee has also reviewed the aggregate fees billed for professional services rendered by KPMG for 2015 and 2014 for the Fund and for the non-audit services provided to Babson and Babson's parent, Massachusetts Mutual Life Insurance Company ( MassMutual ) for 2015 and 2014. As part of this review, the Audit Committee considered whether the provision of such non-audit services was compatible with maintaining the principal accountant's independence.

In reliance on the reviews and discussions referred to above, the Audit Committee presents this Report to the Board of Trustees and recommends that the Board of Trustees (1) include the December 31, 2015 audited financial statements in the Annual Report to shareholders for the fiscal year ended December 31, 2015 and (2) file such Annual Report with the SEC and the New York Stock Exchange.

### SUBMITTED BY THE AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

Bernard A. Harris, Jr., Audit Committee Chair

Thomas W. Okel, Audit Committee Member

Martin A. Sumichrast, Audit Committee Member

**May 5, 2016**

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**THE FUND'S INDEPENDENT AUDITORS**

KPMG audited the financial statements of the Fund and Babson for the fiscal year ended December 31, 2015. KPMG's audit report contained no qualifications or modifications. A KPMG representative is expected to be present at the upcoming Annual Meeting. This representative shall have the opportunity to make a statement if he or she desires to do so, and it is expected that such representative will be available to respond to appropriate questions from shareholders.

**FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

**Fees Paid to Independent Registered Public Accounts**

	<b>KPMG Year Ended</b>	<b>KPMG Year Ended</b>
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Audit Fees	\$ 68,700	\$ 66,700
Audit-Related Fees	12,600	12,600
Tax Fees	0	0
All Other Fees	0	0
<b>Total Fees</b>	<b>\$ 81,300</b>	<b>\$ 79,300</b>

**Non-Audit Fees Billed to Babson and MassMutual**

	<b>KPMG Year Ended</b>	<b>KPMG Year Ended</b>
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Audit-Related Fees	\$ 1,393,808	\$ 1,268,006
Tax Fees	333,000	140,000
All Other Fees	23,100	0

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