

Western Asset Mortgage Defined Opportunity Fund Inc.  
Form N-Q  
November 28, 2017

**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 **811-22369**

**Western Asset Mortgage Defined Opportunity Fund Inc.**

(Exact name of registrant as specified in charter)

**620 Eighth Avenue, 49<sup>th</sup> Floor, New York, NY 10018**

(Address of principal executive offices) (Zip code)

**Robert I. Frenkel, Esq.**

**Legg Mason & Co., LLC**

**100 First Stamford Place**

**Stamford, CT 06902**

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-888-777-0102

Date of fiscal year end: **December 31**

Date of reporting period: **September 30, 2017**

**ITEM 1. SCHEDULE OF INVESTMENTS.**

**WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**

FORM N-Q

SEPTEMBER 30, 2017

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

## Schedule of investments (unaudited)

September 30, 2017

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT  | VALUE                          |
|---|---------|---------------|--------------|--------------------------------|
| <b>RESIDENTIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - 93.9%</b>                         |         |               |              |                                |
| Ace Securities Corp., 2005-RM1 M4 (1 mo. USD LIBOR + 1.020%)                                | 2.257%  | 3/25/35       | \$ 3,127,901 | \$ 2,628,411 <sup>(b)(c)</sup> |
| Adjustable Rate Mortgage Trust, 2005-05 1A1 (6 mo. USD LIBOR + 2.020%)                      | 3.361%  | 9/25/35       | 209,910      | 173,053 <sup>(b)(c)</sup>      |
| Adjustable Rate Mortgage Trust, 2005-07 2A21 (12 mo. USD LIBOR + 1.900%)                    | 3.422%  | 10/25/35      | 597,387      | 558,718 <sup>(b)(c)</sup>      |
| Adjustable Rate Mortgage Trust, 2005-12 5A1 (1 mo. USD LIBOR + 0.500%)                      | 1.737%  | 3/25/36       | 321,091      | 186,444 <sup>(b)(c)</sup>      |
| Aegis Asset-Backed Securities Trust, 2005-3 M3 (1 mo. USD LIBOR + 0.490%)                   | 1.727%  | 8/25/35       | 3,460,000    | 2,496,154 <sup>(b)(c)</sup>    |
| AFC Home Equity Loan Trust, 2003-3 1A (1 mo. USD LIBOR + 0.750%)                            | 1.987%  | 10/25/30      | 1,306,185    | 1,118,124 <sup>(b)(c)(d)</sup> |
| American Home Mortgage Assets, 2005-2 2A1A (6 mo. USD LIBOR + 2.580%)                       | 3.428%  | 1/25/36       | 1,063,381    | 907,651 <sup>(b)(c)</sup>      |
| American Home Mortgage Investment Trust, 2007-2 2A (1 mo. USD LIBOR + 0.800%)               | 2.037%  | 3/25/47       | 12,745,607   | 1,041,003 <sup>(b)(c)</sup>    |
| American Home Mortgage Investment Trust, 2007-A 4A (1 mo. USD LIBOR + 0.900%)               | 2.137%  | 7/25/46       | 2,133,831    | 1,023,383 <sup>(b)(c)(d)</sup> |
| Argent Securities Inc., 2006-M2 A2C (1 mo. USD LIBOR + 0.150%)                              | 1.387%  | 9/25/36       | 2,276,521    | 998,979 <sup>(b)(c)</sup>      |
| Argent Securities Inc., 2006-M2 A2D (1 mo. USD LIBOR + 0.240%)                              | 1.477%  | 9/25/36       | 600,841      | 266,440 <sup>(b)(c)</sup>      |
| Argent Securities Inc., 2006-M3 A2C (1 mo. USD LIBOR + 0.160%)                              | 1.397%  | 10/25/36      | 3,676,859    | 1,709,786 <sup>(b)(c)</sup>    |
| Banc of America Alternative Loan Trust, 2005-9 1CB5, IO (-1.000 × 1 mo. USD LIBOR + 5.100%) | 3.863%  | 10/25/35      | 3,758,490    | 357,999 <sup>(b)(c)</sup>      |
| Banc of America Funding Corp., 2004-B 6A1   | 2.133%  | 12/20/34      | 420,418      | 324,889 <sup>(b)(c)</sup>      |
| Banc of America Funding Corp., 2004-C 3A1 (12 mo. USD LIBOR + 1.980%)                       | 3.420%  | 12/20/34      | 556,815      | 537,411 <sup>(b)(c)</sup>      |
| Banc of America Funding Corp., 2006-D 2A1   | 5.446%  | 5/20/36       | 42,536       | 39,061 <sup>(b)(c)</sup>       |
| Banc of America Funding Corp., 2006-D 6A1 (12 mo. USD LIBOR + 2.300%)                       | 3.489%  | 5/20/36       | 1,053,046    | 974,434 <sup>(b)(c)</sup>      |
| Banc of America Funding Corp., 2006-F 1A1 (1 year Treasury Constant Maturity Rate + 2.500%) | 3.275%  | 7/20/36       | 338,573      | 335,898 <sup>(b)(c)</sup>      |
| Banc of America Funding Corp., 2014-R5 1A2 (6 mo. USD LIBOR + 1.500%)                       | 2.956%  | 9/26/45       | 3,750,000    | 2,911,594 <sup>(b)(c)(d)</sup> |
| Banc of America Funding Corp., 2015-R2 09A2   | 1.641%  | 3/27/36       | 4,640,676    | 3,344,561 <sup>(b)(c)(d)</sup> |
| Banc of America Funding Corp., 2015-R3 2A2  | 1.364%  | 2/27/37       | 2,482,252    | 1,628,683 <sup>(b)(c)(d)</sup> |
| Banc of America Funding Corp., 2015-R4 4A3  | 13.223% | 1/27/30       | 8,916,767    | 3,991,324 <sup>(b)(c)(d)</sup> |
| Bayview Financial Acquisition Trust, 2007-A 2A (1 mo. USD LIBOR + 0.350%)                   | 1.584%  | 5/28/37       | 1,274,267    | 946,872 <sup>(b)(c)</sup>      |
| Bayview Financial Asset Trust, 2007-SR1A M1 (1 mo. USD LIBOR + 0.800%)                      | 2.037%  | 3/25/37       | 3,053,285    | 2,853,282 <sup>(b)(c)(d)</sup> |
| Bayview Financial Asset Trust, 2007-SR1A M2 (1 mo. USD LIBOR + 0.900%)                      | 2.137%  | 3/25/37       | 3,717,253    | 3,454,685 <sup>(b)(c)(d)</sup> |
| Bayview Financial Asset Trust, 2007-SR1A M3 (1 mo. USD LIBOR + 1.150%)                      | 2.387%  | 3/25/37       | 1,684,153    | 1,504,698 <sup>(b)(c)(d)</sup> |
| Bayview Financial Asset Trust, 2007-SR1A M4 (1 mo. USD LIBOR + 1.500%)                      | 2.737%  | 3/25/37       | 726,973      | 655,521 <sup>(b)(c)(d)</sup>   |
| BCAP LLC Trust, 2010-RR6 1212   | 5.500%  | 2/26/35       | 262,830      | 264,112 <sup>(c)(d)</sup>      |
| BCAP LLC Trust, 2011-RR2 1A4 (6 mo. USD LIBOR + 2.400%)                                     | 3.680%  | 7/26/36       | 4,330,888    | 2,999,104 <sup>(b)(c)(d)</sup> |
| Bear Stearns Alt-A Trust, 2005-9 25A1 (12 mo. USD LIBOR + 1.990%)                           | 3.383%  | 11/25/35      | 401,979      | 356,955 <sup>(b)(c)</sup>      |

**See Notes to Schedule of Investments.**

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

## Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                        |
|---|---------|---------------|-------------|------------------------------|
| <b>RESIDENTIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - (continued)</b>                                 |         |               |             |                              |
| Bear Stearns Asset-Backed Securities Trust, 2003-SD2 1A (1 year Treasury Constant Maturity Rate + 2.260%) | 4.054%  | 6/25/43       | \$ 69,650   | \$ 68,602 <sup>(b)(c)</sup>  |
| Bear Stearns Asset-Backed Securities Trust, 2004-BO1 M9B (1 mo. USD LIBOR + 4.000%)                       | 5.237%  | 10/25/34      | 487,000     | 474,774 <sup>(b)(c)</sup>    |
| Bear Stearns Asset-Backed Securities Trust, 2005-CL1 A1 (1 mo. USD LIBOR + 0.500%)                        | 1.456%  | 9/25/34       | 98,500      | 94,621 <sup>(b)(c)</sup>     |
| Centex Home Equity Loan Trust, 2004-D MV1 (1 mo. USD LIBOR + 0.620%)                                      | 1.857%  | 9/25/34       | 939,216     | 942,744 <sup>(b)(c)</sup>    |
| Chase Mortgage Finance Corp., 2006-S3 2A1   | 5.500%  | 11/25/21      | 217,979     | 182,964 <sup>(c)</sup>       |
| Chaseflex Trust, 2005-2 3A3, IO (-1.000 × 1 mo. USD LIBOR + 5.500%)                                       | 4.263%  | 6/25/35       | 11,858,406  | 2,170,289 <sup>(b)(c)</sup>  |
| Chevy Chase Mortgage Funding Corp., 2006-2A A1 (1 mo. USD LIBOR + 0.130%)                                 | 1.364%  | 4/25/47       | 181,828     | 169,849 <sup>(b)(c)(d)</sup> |
| Citicorp Mortgage Securities Inc., 2007-8 B1  | 5.944%  | 9/25/37       | 3,895,014   | 2,609,163 <sup>(b)(c)</sup>  |
| Citigroup Mortgage Loan Trust Inc., 2004-HYB3 1A (1 year Treasury Constant Maturity Rate + 2.500%)        | 3.579%  | 9/25/34       | 84,013      | 84,369 <sup>(b)(c)</sup>     |
| Citigroup Mortgage Loan Trust Inc., 2004-UST1 A2 (3 mo. USD LIBOR + 1.110%)                               | 2.367%  | 8/25/34       | 62,620      | 61,348 <sup>(b)(c)</sup>     |
| Citigroup Mortgage Loan Trust Inc., 2005-05 (6 mo. USD LIBOR + 2.210%)                                    | 3.389%  | 8/25/35       | 222,167     | 197,623 <sup>(b)(c)</sup>    |
| Citigroup Mortgage Loan Trust Inc., 2005-10 1A1A (12 mo. USD LIBOR + 2.200%)                              | 3.580%  | 12/25/35      | 228,562     | 203,109 <sup>(b)(c)</sup>    |
| Citigroup Mortgage Loan Trust Inc., 2006-AR5 2A1A (12 mo. USD LIBOR + 2.070%)                             | 3.395%  | 7/25/36       | 333,481     | 262,776 <sup>(b)(c)</sup>    |
| Citigroup Mortgage Loan Trust Inc., 2008-3 A3   | 6.100%  | 4/25/37       | 7,100,866   | 2,966,649 <sup>(c)(d)</sup>  |
| Countrywide Alternative Loan Trust, 2005-11CB 3A3, IO (-1.000 × 1 mo. USD LIBOR + 5.000%)                 | 3.763%  | 6/25/35       | 2,496,063   | 269,817 <sup>(b)(c)</sup>    |
| Countrywide Alternative Loan Trust, 2005-14 3A1   | 2.315%  | 5/25/35       | 278,339     | 198,769 <sup>(b)(c)</sup>    |
| Countrywide Alternative Loan Trust, 2005-36 4A1 (12 mo. USD LIBOR + 1.900%)                               | 3.276%  | 8/25/35       | 565,789     | 525,644 <sup>(b)(c)</sup>    |
| Countrywide Alternative Loan Trust, 2005-J10 1A1 (1 mo. USD LIBOR + 0.500%)                               | 1.737%  | 10/25/35      | 151,392     | 120,832 <sup>(b)(c)</sup>    |
| Countrywide Alternative Loan Trust, 2006-HY10 1A1 (12 mo. USD LIBOR + 1.870%)                             | 2.911%  | 5/25/36       | 515,314     | 404,410 <sup>(b)(c)</sup>    |
| Countrywide Alternative Loan Trust, 2006-J8 A5  | 6.000%  | 2/25/37       | 120,541     | 87,021 <sup>(c)</sup>        |
| Countrywide Alternative Loan Trust, 2007-23CB A8 (-4.000 × 1 mo. USD LIBOR + 28.400%)                     | 23.451% | 9/25/37       | 720,346     | 1,058,704 <sup>(b)(c)</sup>  |
| Countrywide Alternative Loan Trust, 2007-3T1 2A1  | 6.000%  | 3/25/27       | 310,189     | 323,307 <sup>(c)</sup>       |
| Countrywide Alternative Loan Trust, 2007-OA8 1A1 (1 mo. USD LIBOR + 0.180%)                               | 1.417%  | 6/25/47       | 1,817,663   | 1,581,409 <sup>(b)(c)</sup>  |
| Countrywide Asset-Backed Certificates, 2006-S7 A3   | 5.712%  | 11/25/35      | 124,389     | 124,215 <sup>(b)(c)</sup>    |
| Countrywide Asset-Backed Certificates, 2006-S9 A3   | 5.728%  | 8/25/36       | 30,509      | 30,506 <sup>(b)(c)</sup>     |
| Countrywide Asset-Backed Certificates, 2006-SD3 A1 (1 mo. USD LIBOR + 0.330%)                             | 1.567%  | 7/25/36       | 801,112     | 752,412 <sup>(b)(c)(d)</sup> |
| Countrywide Asset-Backed Certificates, 2007-SE1 1A1 (1 mo. USD LIBOR + 0.550%)                            | 1.787%  | 5/25/47       | 765,741     | 540,361 <sup>(b)(c)(d)</sup> |
| Countrywide Home Equity Loan Trust, 2004-B 1A (1 mo. USD LIBOR + 0.220%)                                  | 1.454%  | 2/15/29       | 855,413     | 818,958 <sup>(b)(c)</sup>    |
|   | 1.514%  | 2/15/34       | 127,460     | 115,986 <sup>(b)(c)</sup>    |

Edgar Filing: Western Asset Mortgage Defined Opportunity Fund Inc. - Form N-Q

|  |        |          |         |                           |
|--|--------|----------|---------|---------------------------|
| Countrywide Home Equity Loan Trust, 2004-L 2A (1 mo. USD LIBOR + 0.280%) |        |          |         |                           |
| Countrywide Home Equity Loan Trust, 2005-E 2A (1 mo. USD LIBOR + 0.220%) | 1.454% | 11/15/35 | 101,865 | 91,950 <sup>(b)(c)</sup>  |
| Countrywide Home Loans, 2004-16 1A3A (1 mo. USD LIBOR + 0.760%)          | 1.997% | 9/25/34  | 860,205 | 827,613 <sup>(b)(c)</sup> |
| Countrywide Home Loans, 2005-11 6A1 (1 mo. USD LIBOR + 0.600%)           | 1.837% | 3/25/35  | 57,467  | 53,203 <sup>(b)(c)</sup>  |

**See Notes to Schedule of Investments.**

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

## Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                          |
|---|---------|---------------|-------------|--------------------------------|
| <b>RESIDENTIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - (continued)</b>                       |         |               |             |                                |
| Countrywide Home Loans, 2005-18 A7 (-2.750 × 1 mo. USD LIBOR + 19.525%)                         | 16.123% | 10/25/35      | \$ 25,656   | \$ 32,362 <sup>(b)(c)</sup>    |
| Countrywide Home Loans, 2005-HYB9 1A1 (12 mo. USD LIBOR + 1.750%)                               | 3.479%  | 2/20/36       | 193,600     | 181,064 <sup>(b)(c)</sup>      |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-02 2A1 (1 mo. USD LIBOR + 0.640%)      | 1.877%  | 3/25/35       | 105,417     | 104,007 <sup>(b)(c)</sup>      |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-09 1A1 (1 mo. USD LIBOR + 0.600%)      | 1.837%  | 5/25/35       | 122,872     | 115,385 <sup>(b)(c)</sup>      |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-11 3A3                                 | 2.459%  | 4/25/35       | 615,223     | 476,358 <sup>(b)(c)</sup>      |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-HY10 1A1 (12 mo. USD LIBOR + 2.070%)   | 3.588%  | 2/20/36       | 209,965     | 199,081 <sup>(b)(c)</sup>      |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-R1 1AF1 (1 mo. USD LIBOR + 0.360%)     | 1.597%  | 3/25/35       | 368,841     | 332,098 <sup>(b)(c)(d)</sup>   |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-R2 2A3                                 | 8.000%  | 6/25/35       | 75,193      | 78,177 <sup>(c)(d)</sup>       |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2006-3 2A1 (1 mo. USD LIBOR + 0.250%)       | 1.487%  | 3/25/36       | 494,032     | 455,411 <sup>(b)(c)</sup>      |
| Credit Suisse First Boston Mortgage Securities Corp., 2005-10 03A3                              | 5.500%  | 11/25/35      | 394,572     | 357,288 <sup>(c)</sup>         |
| Credit Suisse Mortgage Trust, 2010-18R 6A5 (6 mo. USD LIBOR + 1.930%)                           | 3.881%  | 9/28/36       | 2,133,000   | 2,009,425 <sup>(b)(c)(d)</sup> |
| Credit Suisse Mortgage Trust, 2014-11R 09A2 (1 mo. USD LIBOR + 0.140%)                          | 1.374%  | 10/27/36      | 4,453,765   | 2,881,893 <sup>(b)(c)(d)</sup> |
| Credit Suisse Mortgage Trust, 2015-02R 7A2 (12 mo. Monthly Treasury Average Index + 2.540%)     | 2.918%  | 8/27/36       | 3,720,760   | 3,357,534 <sup>(b)(c)(d)</sup> |
| Credit Suisse Mortgage Trust, 2017-RPL1 B1  | 3.084%  | 7/25/57       | 3,052,442   | 2,218,982 <sup>(b)(c)(d)</sup> |
| Credit Suisse Mortgage Trust, 2017-RPL1 B2  | 3.084%  | 7/25/57       | 3,501,991   | 2,094,842 <sup>(b)(c)(d)</sup> |
| Credit Suisse Mortgage Trust, 2017-RPL1 B3  | 3.084%  | 7/25/57       | 2,977,486   | 1,416,804 <sup>(b)(c)(d)</sup> |
| Credit Suisse Mortgage Trust, 2017-RPL1 B4  | 3.084%  | 7/25/57       | 3,427,174   | 829,805 <sup>(b)(c)(d)</sup>   |
| Credit-Based Asset Servicing and Securitization LLC, 2006-SL1 A3 (1 mo. USD LIBOR + 0.220%)     | 1.457%  | 9/25/36       | 4,231,676   | 800,410 <sup>(b)(c)(d)</sup>   |
| Deutsche Mortgage Securities Inc., 2006-PR1 2PO, PO   | 0.000%  | 4/15/36       | 46,400      | 24,982 <sup>(c)(d)</sup>       |
| Deutsche Mortgage Securities Inc., 2006-PR1 4AS1, IO  | 7.949%  | 4/15/36       | 370,971     | 99,306 <sup>(b)(c)(d)</sup>    |
| Deutsche Mortgage Securities Inc., 2006-PR1 4AS2, IO  | 13.566% | 4/15/36       | 353,775     | 157,980 <sup>(b)(c)(d)</sup>   |
| Deutsche Mortgage Securities Inc., 2006-PR1 5AS1, IO  | 8.974%  | 4/15/36       | 94,255      | 35,043 <sup>(b)(c)(d)</sup>    |
| Deutsche Mortgage Securities Inc., 2006-PR1 5AS3, IO  | 6.424%  | 4/15/36       | 344,704     | 94,372 <sup>(b)(c)(d)</sup>    |
| Downey Savings & Loan Association Mortgage Loan Trust, 2005-AR2 2A1A (1 mo. USD LIBOR + 0.210%) | 1.447%  | 3/19/45       | 282,765     | 266,814 <sup>(b)(c)</sup>      |
| Downey Savings & Loan Association Mortgage Loan Trust, 2006-AR1 2A1B (1 mo. USD LIBOR + 0.260%) | 1.497%  | 4/19/47       | 3,895,674   | 2,562,096 <sup>(b)(c)</sup>    |
| EMC Mortgage Loan Trust, 2002-AA A1 (1 mo. USD LIBOR + 0.470%)                                  | 2.177%  | 5/25/39       | 53,694      | 51,540 <sup>(b)(c)(d)</sup>    |
| EMC Mortgage Loan Trust, 2006-A A1 (1 mo. USD LIBOR + 0.450%)                                   | 1.687%  | 12/25/42      | 456,968     | 445,646 <sup>(b)(c)(d)</sup>   |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2016-1 B, PO      | 0.000%  | 9/25/55       | 12,730,059  | 697,480 <sup>(c)(d)</sup>      |

See Notes to Schedule of Investments.





## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

## Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT   | VALUE                             |
|---|---------|---------------|---------------|-----------------------------------|
| <b>RESIDENTIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - (continued)</b>   |         |               |               |                                   |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2016-1 BIO, IO                                | 0.876%  | 9/25/55       | \$ 29,965,069 | \$ 2,448,206 <sup>(b)(c)(d)</sup> |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2016-1 XSIO, IO                               | 0.075%  | 9/25/55       | 244,581,816   | 1,099,395 <sup>(b)(d)</sup>       |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2017-2 B, PO                                  | 0.000%  | 8/25/56       | 12,000,000    | 611,508 <sup>(c)(d)</sup>         |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2017-2 BIO, IO                                | 0.914%  | 8/25/56       | 20,000,000    | 1,834,160 <sup>(b)(c)(d)</sup>    |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2017-2 XSIO, IO                               | 0.075%  | 8/25/56       | 580,289,851   | 2,890,424 <sup>(b)(d)</sup>       |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2016-DNA2 B (1 mo. USD LIBOR + 10.500%)  | 11.737% | 10/25/28      | 499,627       | 617,982 <sup>(b)(c)</sup>         |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2016-DNA3 B (1 mo. USD LIBOR + 11.250%)  | 12.487% | 12/25/28      | 1,039,759     | 1,307,346 <sup>(b)(c)</sup>       |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2016-DNA4 B (1 mo. USD LIBOR + 8.600%)   | 9.837%  | 3/25/29       | 1,590,000     | 1,729,423 <sup>(b)(c)</sup>       |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2017-DNA1 B2 (1 mo. USD LIBOR + 10.000%) | 11.237% | 7/25/29       | 2,670,000     | 2,722,773 <sup>(b)(c)</sup>       |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2017-DNA2 B2 (1 mo. USD LIBOR + 11.250%) | 12.487% | 10/25/29      | 1,790,000     | 1,929,776 <sup>(b)(c)</sup>       |
| Federal National Mortgage Association (FNMA), 2012-134, IO (-1.000 × 1 mo. USD LIBOR + 6.150%)                              | 4.913%  | 12/25/42      | 4,589,645     | 913,466 <sup>(b)(c)</sup>         |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C01 1B (1 mo. USD LIBOR + 11.750%)                                 | 12.987% | 8/25/28       | 1,889,488     | 2,509,972 <sup>(b)(c)(d)</sup>    |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C02 1B (1 mo. USD LIBOR + 12.250%)                                 | 13.487% | 9/25/28       | 2,354,151     | 3,225,032 <sup>(b)(c)(d)</sup>    |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C03 1B (1 mo. USD LIBOR + 11.750%)                                 | 12.987% | 10/25/28      | 1,665,000     | 2,214,401 <sup>(b)(c)(d)</sup>    |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C04 1B (1 mo. USD LIBOR + 10.250%)                                 | 11.487% | 1/25/29       | 2,639,437     | 3,262,327 <sup>(b)(c)(d)</sup>    |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C06 1B (1 mo. USD LIBOR + 9.250%)                                  | 10.487% | 4/25/29       | 4,250,000     | 5,024,849 <sup>(b)(c)(d)</sup>    |
| Federal National Mortgage Association (FNMA) - CAS, 2017-C05 1B1 (1 mo. USD LIBOR + 3.600%)                                 | 4.837%  | 1/25/30       | 1,320,000     | 1,230,941 <sup>(b)(c)(d)</sup>    |
| First Horizon Alternative Mortgage Securities Trust, 2005-AA6 3A1 (6 mo. USD LIBOR + 1.880%)                                | 3.005%  | 8/25/35       | 872,246       | 790,814 <sup>(b)(c)</sup>         |
| First Horizon Alternative Mortgage Securities Trust, 2006-FA6 2A1, PAC-11   | 6.250%  | 11/25/36      | 128,250       | 97,313 <sup>(c)</sup>             |
| First Horizon Mortgage Pass-Through Trust, 2005-AR4 2A1 (1 year Treasury Constant Maturity Rate + 2.500%)                   | 3.291%  | 10/25/35      | 473,046       | 454,285 <sup>(b)(c)</sup>         |
| GS Mortgage Securities Corp. II, 2000-1A A (1 mo. USD LIBOR + 0.350%)   | 1.936%  | 3/20/23       | 63,533        | 63,737 <sup>(b)(c)(d)</sup>       |
| GSAA Home Equity Trust, 2005-11 2A2 (1 mo. USD LIBOR + 0.320%)  | 1.557%  | 10/25/35      | 4,288,511     | 3,987,866 <sup>(b)(c)</sup>       |
| GSAA Home Equity Trust, 2005-R1 1A2, IO (-1.000 × 1 mo. USD LIBOR + 5.000%)   | 3.763%  | 4/25/35       | 3,000,754     | 360,334 <sup>(b)(c)(d)</sup>      |
| GSAMP Trust, 2004-SEA2 M2 (1 mo. USD LIBOR + 1.250%)  | 2.487%  | 3/25/34       | 3,510,922     | 2,653,076 <sup>(b)(c)</sup>       |
| GSMPS Mortgage Loan Trust, 2005-RP1 1A4   | 8.500%  | 1/25/35       | 74,651        | 84,587 <sup>(c)(d)</sup>          |
| GSMPS Mortgage Loan Trust, 2006-RP1 1A2   | 7.500%  | 1/25/36       | 485,909       | 514,669 <sup>(d)</sup>            |

**See Notes to Schedule of Investments.**

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

## Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                          |
|--|--------|---------------|-------------|--------------------------------|
| <b>RESIDENTIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - (continued)</b>                          |        |               |             |                                |
| GSMPS Mortgage Loan Trust, 2006-RP1 1A3  | 8.000% | 1/25/36       | \$ 79,202   | \$ 85,645 <sup>(c)(d)</sup>    |
| GSR Mortgage Loan Trust, 2005-AR4 2A1 (12 mo. USD LIBOR + 2.000%)                                  | 3.836% | 7/25/35       | 329,503     | 298,849 <sup>(b)(c)</sup>      |
| GSRPM Mortgage Loan Trust, 2007-1 A (1 mo. USD LIBOR + 0.400%)                                     | 1.637% | 10/25/46      | 1,722,160   | 1,494,809 <sup>(b)(c)(d)</sup> |
| HarborView Mortgage Loan Trust, 2005-9 B5 (1 mo. USD LIBOR + 1.000%)                               | 2.236% | 6/20/35       | 2,220,987   | 1,842,275 <sup>(b)(c)</sup>    |
| HarborView Mortgage Loan Trust, 2006-02 (6 mo. USD LIBOR + 2.370%)                                 | 3.534% | 2/25/36       | 39,336      | 31,188 <sup>(b)(c)</sup>       |
| Home Equity Mortgage Trust, 2006-1 A3 (1 mo. USD LIBOR + 0.500%)                                   | 1.737% | 5/25/36       | 3,500,000   | 93,977 <sup>(b)(c)</sup>       |
| Homestar Mortgage Acceptance Corp., 2004-3 M3 (1 mo. USD LIBOR + 1.600%)                           | 2.837% | 7/25/34       | 683,956     | 672,917 <sup>(b)(c)</sup>      |
| Homestar Mortgage Acceptance Corp., 2004-6 M7 (1 mo. USD LIBOR + 1.950%)                           | 3.187% | 1/25/35       | 1,132,859   | 975,656 <sup>(b)(c)</sup>      |
| HSI Asset Loan Obligation Trust, 2007-AR1 4A1 (12 mo. USD LIBOR + 2.300%)                          | 3.768% | 1/25/37       | 186,274     | 155,669 <sup>(b)(c)</sup>      |
| Impac CMB Trust, 2004-8 1A (1 mo. USD LIBOR + 0.720%)  | 1.957% | 10/25/34      | 417,835     | 411,804 <sup>(b)(c)</sup>      |
| Indymac INDA Mortgage Loan Trust, 2005-AR2 1A1 (1 year Treasury Constant Maturity Rate + 2.370%)   | 2.932% | 1/25/36       | 111,501     | 104,094 <sup>(b)(c)</sup>      |
| Indymac INDB Mortgage Loan Trust, 2005-1 A1 (1 mo. USD LIBOR + 0.300%)                             | 1.537% | 11/25/35      | 1,431,129   | 1,055,926 <sup>(b)(c)</sup>    |
| Indymac Index Mortgage Loan Trust, 2004-AR13 1A1 (1 year Treasury Constant Maturity Rate + 2.370%) | 2.962% | 1/25/35       | 106,852     | 102,537 <sup>(b)(c)</sup>      |
| Indymac Index Mortgage Loan Trust, 2005-AR15 A2 (6 mo. USD LIBOR + 2.230%)                         | 3.329% | 9/25/35       | 93,220      | 89,027 <sup>(b)(c)</sup>       |
| Indymac Index Mortgage Loan Trust, 2006-AR07 5A1 (12 mo. USD LIBOR + 2.300%)                       | 3.434% | 5/25/36       | 355,384     | 315,581 <sup>(b)(c)</sup>      |
| Indymac Index Mortgage Loan Trust, 2006-AR09 3A3 (12 mo. USD LIBOR + 2.330%)                       | 3.325% | 6/25/36       | 535,638     | 529,958 <sup>(b)(c)</sup>      |
| Indymac Index Mortgage Loan Trust, 2006-AR11 1A1 (6 mo. USD LIBOR + 2.080%)                        | 3.570% | 6/25/36       | 523,389     | 489,580 <sup>(b)(c)</sup>      |
| Indymac Index Mortgage Loan Trust, 2006-AR25 4A3 (12 mo. USD LIBOR + 2.350%)                       | 3.322% | 9/25/36       | 2,541,514   | 1,751,450 <sup>(b)(c)</sup>    |
| Indymac Index Mortgage Loan Trust, 2007-AR05 2A1 (12 mo. USD LIBOR + 2.340%)                       | 3.520% | 5/25/37       | 1,957,924   | 1,732,174 <sup>(b)(c)</sup>    |
| JPMorgan Alternative Loan Trust, 2007-A1 3A1 (12 mo. USD LIBOR + 2.160%)                           | 3.074% | 3/25/37       | 515,725     | 477,676 <sup>(b)(c)</sup>      |
| JPMorgan Mortgage Trust, 2005-S3 1A1   | 6.500% | 1/25/36       | 1,103,406   | 954,892 <sup>(c)</sup>         |
| JPMorgan Mortgage Trust, 2007-S2 3A2   | 6.000% | 6/25/37       | 133,189     | 134,750 <sup>(c)</sup>         |
| JPMorgan Mortgage Trust, 2007-S2 3A3   | 6.500% | 6/25/37       | 43,347      | 44,338 <sup>(c)</sup>          |
| JPMorgan Mortgage Trust, 2007-S3 1A18 (1 mo. USD LIBOR + 0.500%)                                   | 1.737% | 8/25/37       | 3,161,207   | 2,160,735 <sup>(b)(c)</sup>    |
| Lehman Mortgage Trust, 2006-3 1A7, IO (-1.000 × 1 mo. USD LIBOR + 5.400%)                          | 4.163% | 7/25/36       | 7,565,240   | 1,797,941 <sup>(b)(c)</sup>    |
| Lehman Mortgage Trust, 2006-3 2A1 (1 mo. USD LIBOR + 0.360%)                                       | 1.597% | 7/25/36       | 3,338,585   | 851,600 <sup>(b)(c)</sup>      |
| Lehman Mortgage Trust, 2006-3 2A2, IO (-1.000 × 1 mo. USD LIBOR + 7.140%)                          | 5.903% | 7/25/36       | 3,769,767   | 1,265,281 <sup>(b)(c)</sup>    |
| Lehman Mortgage Trust, 2006-7 1A3, IO (-1.000 × 1 mo. USD LIBOR + 5.350%)                          | 4.113% | 11/25/36      | 6,865,587   | 1,207,387 <sup>(b)(c)</sup>    |

Edgar Filing: Western Asset Mortgage Defined Opportunity Fund Inc. - Form N-Q

|   |        |          |            |                             |
|---|--------|----------|------------|-----------------------------|
| Lehman Mortgage Trust, 2006-7 1A8 (1 mo. USD LIBOR + 0.180%)              | 1.417% | 11/25/36 | 3,518,403  | 2,448,458 <sup>(b)(c)</sup> |
| Lehman Mortgage Trust, 2006-7 3A2, IO (-1.000 × 1 mo. USD LIBOR + 7.150%) | 5.913% | 11/25/36 | 5,915,314  | 1,586,113 <sup>(b)(c)</sup> |
| Lehman Mortgage Trust, 2007-1 2A3, IO (-1.000 × 1 mo. USD LIBOR + 6.630%) | 5.393% | 2/25/37  | 11,284,092 | 3,168,545 <sup>(b)(c)</sup> |

**See Notes to Schedule of Investments.**

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT  | VALUE                          |
|---|--------|---------------|--------------|--------------------------------|
| <b>RESIDENTIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - (continued)</b>                           |        |               |              |                                |
| Lehman Mortgage Trust, 2007-5 2A3 (1 mo. USD LIBOR + 0.330%)  | 1.567% | 6/25/37       | \$ 3,512,966 | \$ 1,129,563 <sup>(b)(c)</sup> |
| Lehman XS Trust, 2005-9N 1A1 (1 mo. USD LIBOR + 0.270%)   | 1.507% | 2/25/36       | 1,173,980    | 1,112,558 <sup>(b)(c)</sup>    |
| Lehman XS Trust, 2006-14N 3A2 (1 mo. USD LIBOR + 0.120%)  | 1.357% | 8/25/36       | 1,731,255    | 1,613,159 <sup>(b)(c)</sup>    |
| Lehman XS Trust, 2006-19 A4 (1 mo. USD LIBOR + 0.170%)  | 1.407% | 12/25/36      | 917,794      | 876,163 <sup>(b)(c)</sup>      |
| MASTR Adjustable Rate Mortgages Trust, 2004-12 5A1 (12 mo. USD LIBOR + 2.400%)                      | 3.656% | 10/25/34      | 115,631      | 113,220 <sup>(b)(c)</sup>      |
| MASTR Adjustable Rate Mortgages Trust, 2006-2 4A1 (1 year Treasury Constant Maturity Rate + 2.500%) | 3.311% | 2/25/36       | 37,430       | 36,182 <sup>(b)(c)</sup>       |
| MASTR Adjustable Rate Mortgages Trust, 2006-OA1 1A1 (1 mo. USD LIBOR + 0.210%)                      | 1.447% | 4/25/46       | 330,033      | 272,729 <sup>(b)(c)</sup>      |
| MASTR Asset-Backed Securities Trust, 2005-AB1 A5A   | 5.712% | 11/25/35      | 3,360,000    | 1,934,094 <sup>(c)</sup>       |
| MASTR Reperforming Loan Trust, 2005-1 1A2   | 6.500% | 8/25/34       | 746,560      | 733,158 <sup>(c)(d)</sup>      |
| MASTR Reperforming Loan Trust, 2005-1 1A3   | 7.000% | 8/25/34       | 194,535      | 196,729 <sup>(c)(d)</sup>      |
| MASTR Reperforming Loan Trust, 2005-1 1A4   | 7.500% | 8/25/34       | 80,241       | 84,152 <sup>(c)(d)</sup>       |
| Merrill Lynch Mortgage Investors Trust, 2006-A1 2A1 (12 mo. USD LIBOR + 1.960%)                     | 3.201% | 3/25/36       | 759,737      | 588,984 <sup>(b)(c)</sup>      |
| Morgan Stanley Capital Inc., 2003-NC10 M2 (1 mo. USD LIBOR + 2.700%)                                | 3.937% | 10/25/33      | 157,232      | 156,036 <sup>(b)(c)</sup>      |
| Morgan Stanley Mortgage Loan Trust, 2004-6AR 2A2 (12 mo. USD LIBOR + 2.030%)                        | 3.773% | 8/25/34       | 249,461      | 249,156 <sup>(b)(c)</sup>      |
| Morgan Stanley Mortgage Loan Trust, 2004-7AR B1 (6 mo. USD LIBOR + 1.930%)                          | 3.360% | 9/25/34       | 3,907,550    | 2,015,555 <sup>(b)(c)</sup>    |
| Morgan Stanley Mortgage Loan Trust, 2006-7 4A2 (1 mo. USD LIBOR + 0.750%)                           | 1.987% | 6/25/36       | 3,287,178    | 2,161,842 <sup>(b)(c)</sup>    |
| Morgan Stanley Mortgage Loan Trust, 2006-8AR 1A2 (1 mo. USD LIBOR + 0.070%)                         | 1.307% | 6/25/36       | 274,100      | 124,262 <sup>(b)(c)</sup>      |
| Morgan Stanley Mortgage Loan Trust, 2007-05AX 2A3 (1 mo. USD LIBOR + 0.230%)                        | 1.467% | 2/25/37       | 2,249,436    | 1,283,952 <sup>(b)(c)</sup>    |
| Morgan Stanley Mortgage Loan Trust, 2007-15AR 4A1 (12 mo. USD LIBOR + 2.080%)                       | 3.165% | 11/25/37      | 805,287      | 731,426 <sup>(b)(c)</sup>      |
| Morgan Stanley Re-remic Trust, 2015-R2 1B (12 mo. Monthly Treasury Average Index + 0.710%)          | 1.540% | 12/26/46      | 954,216      | 505,827 <sup>(b)(c)(d)</sup>   |
| New Century Home Equity Loan Trust, 2004-3 M3 (1 mo. USD LIBOR + 1.065%)                            | 2.302% | 11/25/34      | 700,122      | 706,946 <sup>(b)(c)</sup>      |
| Nomura Resecuritization Trust, 2014-5R 1A9  | 8.644% | 6/26/35       | 1,863,910    | 1,844,685 <sup>(b)(c)(d)</sup> |
| Popular ABS Mortgage Pass-Through Trust, 2004-4 M2  | 4.483% | 9/25/34       | 1,367,983    | 1,343,093 <sup>(c)</sup>       |
| Prime Mortgage Trust, 2006-DR1 2A1  | 5.500% | 5/25/35       | 2,746,392    | 2,642,410 <sup>(c)(d)</sup>    |
| Provident Bank Home Equity Loan Trust, 2000-2 A1 (1 mo. USD LIBOR + 0.540%)                         | 1.777% | 8/25/31       | 1,041,933    | 856,312 <sup>(b)(c)</sup>      |
| RAAC Series, 2006-RP3 A (1 mo. USD LIBOR + 0.270%)  | 1.507% | 5/25/36       | 470,650      | 463,516 <sup>(b)(c)(d)</sup>   |
| Renaissance Home Equity Loan Trust, 2006-1 AF5  | 6.166% | 5/25/36       | 583,907      | 445,473 <sup>(c)</sup>         |
| Renaissance Home Equity Loan Trust, 2007-1 AF3  | 5.612% | 4/25/37       | 3,118,721    | 1,679,638 <sup>(c)</sup>       |
| Renaissance Home Equity Loan Trust, 2007-2 AF1  | 5.893% | 6/25/37       | 2,596,187    | 1,335,373 <sup>(c)</sup>       |
| Renaissance Home Equity Loan Trust, 2007-2 AF2  | 5.675% | 6/25/37       | 447,401      | 222,024 <sup>(c)</sup>         |
| Renaissance Home Equity Loan Trust, 2007-2 AF5  | 6.203% | 6/25/37       | 1,924,304    | 1,047,070 <sup>(c)</sup>       |
| Renaissance Home Equity Loan Trust, 2007-2 AF6  | 5.879% | 6/25/37       | 3,236,870    | 1,661,166 <sup>(c)</sup>       |
| Renaissance Home Equity Loan Trust, 2007-3 AF3  | 7.238% | 9/25/37       | 1,591,389    | 924,619 <sup>(c)</sup>         |

Edgar Filing: Western Asset Mortgage Defined Opportunity Fund Inc. - Form N-Q

|  |        |         |           |                             |
|--|--------|---------|-----------|-----------------------------|
| Residential Accredit Loans Inc., 2005-QA3 CB4 (6 mo. USD LIBOR + 2.110%)   | 3.846% | 3/25/35 | 2,027,646 | 1,411,123 <sup>(b)(c)</sup> |
| Residential Accredit Loans Inc., 2006-QA01 A11 (12 mo. USD LIBOR + 2.210%) | 3.945% | 1/25/36 | 553,955   | 475,623 <sup>(b)(c)</sup>   |

**See Notes to Schedule of Investments.**

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

## Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                        |
|---|--------|---------------|-------------|------------------------------|
| <b>RESIDENTIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - (continued)</b>                       |        |               |             |                              |
| Residential Accredit Loans Inc., 2006-QA04 A (1 mo. USD LIBOR + 0.180%)                         | 1.417% | 5/25/36       | \$ 398,851  | \$ 363,508 <sup>(b)(c)</sup> |
| Residential Accredit Loans Inc., 2006-QO2 A2 (1 mo. USD LIBOR + 0.270%)                         | 1.507% | 2/25/46       | 4,184,611   | 1,952,565 <sup>(b)(c)</sup>  |
| Residential Accredit Loans Inc., 2006-QS13 1A2, IO (-1.000 × 1 mo. USD LIBOR + 7.160%)          | 5.923% | 9/25/36       | 702,032     | 136,163 <sup>(b)(c)</sup>    |
| Residential Accredit Loans Inc., 2007-QA2 A1 (1 mo. USD LIBOR + 0.130%)                         | 1.367% | 2/25/37       | 327,599     | 308,563 <sup>(b)(c)</sup>    |
| Residential Asset Mortgage Products Inc., 2004-SL3 A3   | 7.500% | 12/25/31      | 763,059     | 756,334 <sup>(c)</sup>       |
| Residential Asset Mortgage Products Inc., 2004-SL3 A4   | 8.500% | 12/25/31      | 107,519     | 84,152 <sup>(c)</sup>        |
| Residential Asset Mortgage Products Inc., 2005-SL2 A5   | 8.000% | 10/25/31      | 521,271     | 461,651 <sup>(c)</sup>       |
| Residential Asset Securities Corp., 2003-KS9 A2B (1 mo. USD LIBOR + 0.640%)                     | 1.877% | 11/25/33      | 823,168     | 721,164 <sup>(b)(c)</sup>    |
| Residential Asset Securitization Trust, 2005-A07 A2, IO (-1.000 × 1 mo. USD LIBOR + 7.250%)     | 6.013% | 6/25/35       | 2,229,002   | 568,187 <sup>(b)(c)</sup>    |
| Residential Asset Securitization Trust, 2005-A13 1A3 (1 mo. USD LIBOR + 0.470%)                 | 1.707% | 10/25/35      | 149,429     | 125,486 <sup>(b)(c)</sup>    |
| Residential Asset Securitization Trust, 2006-A1 1A6 (1 mo. USD LIBOR + 0.500%)                  | 1.737% | 4/25/36       | 1,898,494   | 976,121 <sup>(b)(c)</sup>    |
| Residential Asset Securitization Trust, 2006-A1 1A7, IO (-1.000 × 1 mo. USD LIBOR + 5.500%)     | 4.263% | 4/25/36       | 3,934,702   | 806,817 <sup>(b)(c)</sup>    |
| Residential Asset Securitization Trust, 2007-A2 1A1   | 6.000% | 4/25/37       | 318,686     | 290,500 <sup>(c)</sup>       |
| Residential Funding Mortgage Securities I, 2005-SA3 1A (12 mo. USD LIBOR + 1.990%)              | 3.631% | 8/25/35       | 1,468,711   | 1,189,924 <sup>(b)(c)</sup>  |
| Residential Funding Mortgage Securities I, 2006-S8 A12, IO (-1.000 × 1 mo. USD LIBOR + 5.400%)  | 4.163% | 9/25/36       | 5,728,586   | 745,613 <sup>(b)(c)</sup>    |
| Residential Funding Mortgage Securities I, 2006-SA2 4A1 (12 mo. USD LIBOR + 2.360%)             | 4.955% | 8/25/36       | 328,262     | 289,977 <sup>(b)(c)</sup>    |
| Residential Funding Mortgage Securities I, 2007-S6 1A13, IO (-1.000 × 1 mo. USD LIBOR + 5.500%) | 4.263% | 6/25/37       | 2,708,097   | 311,841 <sup>(b)(c)</sup>    |
| Residential Funding Mortgage Securities I, 2007-S6 1A6 (1 mo. USD LIBOR + 0.500%)               | 1.737% | 6/25/37       | 2,708,097   | 2,260,819 <sup>(b)(c)</sup>  |
| Residential Funding Mortgage Securities II, 2004-HS1 A16  | 3.640% | 3/25/34       | 1,320       | 1,322 <sup>(b)(c)</sup>      |
| Residential Funding Mortgage Securities II, 2005-HI2 M7   | 6.310% | 5/25/35       | 201,052     | 201,892 <sup>(c)</sup>       |
| Structured ARM Loan Trust, 2004-07 A3 (1 mo. USD LIBOR + 0.735%)                                | 1.972% | 6/25/34       | 154,625     | 149,261 <sup>(b)(c)</sup>    |
| Structured ARM Loan Trust, 2004-18 1A2 (6 mo. USD LIBOR + 2.000%)                               | 2.962% | 12/25/34      | 467,469     | 452,370 <sup>(b)(c)</sup>    |
| Structured ARM Loan Trust, 2005-04 1A1 (6 mo. USD LIBOR + 2.060%)                               | 3.428% | 3/25/35       | 208,574     | 182,094 <sup>(b)(c)</sup>    |
| Structured ARM Loan Trust, 2005-04 5A (12 mo. USD LIBOR + 2.000%)                               | 3.945% | 3/25/35       | 152,828     | 154,121 <sup>(b)(c)</sup>    |
| Structured ARM Loan Trust, 2005-07 1A3 (6 mo. USD LIBOR + 2.000%)                               | 3.405% | 4/25/35       | 104,227     | 102,168 <sup>(b)(c)</sup>    |
| Structured ARM Loan Trust, 2005-6XS M2 (1 mo. USD LIBOR + 1.155%)                               | 2.392% | 3/25/35       | 706,161     | 762,048 <sup>(b)(c)</sup>    |
| Structured ARM Loan Trust, 2006-8 3A5 (1 year Treasury Constant Maturity Rate + 2.490%)         | 3.596% | 9/25/36       | 1,942,455   | 1,674,125 <sup>(b)(c)</sup>  |
| Structured Asset Investment Loan Trust, 2004-8 M9 (1 mo. USD LIBOR + 3.750%)                    | 4.987% | 9/25/34       | 297,405     | 245,218 <sup>(b)(c)</sup>    |
| Structured Asset Mortgage Investments Inc., 2006-AR5 4A1 (1 mo. USD LIBOR + 0.220%)             | 1.457% | 5/25/46       | 693,433     | 397,854 <sup>(b)(c)</sup>    |
| Structured Asset Securities Corp., 2004-20 5A1  | 6.250% | 11/25/34      | 129,836     | 134,066 <sup>(c)</sup>       |

See Notes to Schedule of Investments.





**WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****September 30, 2017**

| <b>SECURITY</b>   | <b>RATE</b> | <b>MATURITY DATE</b> | <b>FACE AMOUNT</b> | <b>VALUE</b>                   |
|---|-------------|----------------------|--------------------|--------------------------------|
| <b>RESIDENTIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - (continued)</b>   |             |                      |                    |                                |
| Structured Asset Securities Corp., 2005-RF1 A (1 mo. USD LIBOR + 0.350%)  | 1.587%      | 3/25/35              | \$ 72,072          | \$ 64,680 <sup>(b)(c)(d)</sup> |
| Structured Asset Securities Corp., 2006-RF3 1A1, PAC-11   | 6.000%      | 10/25/36             | 2,125,728          | 2,126,885 <sup>(c)(d)</sup>    |
| Structured Asset Securities Corp., 2006-RF4 2A2   | 6.000%      | 10/25/36             | 1,009,329          | 330,644 <sup>(c)(d)</sup>      |
| Wachovia Mortgage Loan Trust LLC, 2005-B 2A2 (12 mo. USD LIBOR + 1.940%)  | 3.543%      | 10/20/35             | 45,099             | 43,669 <sup>(b)(c)</sup>       |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-08 1A6 (-3.6667 × 1 mo. USD LIBOR + 23.283%)     | 18.747%     | 10/25/35             | 296,254            | 373,194 <sup>(b)(c)</sup>      |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-09 5A4 (-7.3333 × 1 mo. USD LIBOR + 35.933%)     | 26.860%     | 11/25/35             | 92,052             | 144,460 <sup>(b)(c)</sup>      |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-10 2A3 (1 mo. USD LIBOR + 0.900%)                | 2.137%      | 11/25/35             | 185,442            | 150,005 <sup>(b)(c)</sup>      |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR13 A1C3 (1 mo. USD LIBOR + 0.490%)             | 1.727%      | 10/25/45             | 335,865            | 329,843 <sup>(b)(c)</sup>      |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR15 A1C3 (1 mo. USD LIBOR + 0.480%)             | 1.717%      | 11/25/45             | 1,909,358          | 1,397,687 <sup>(b)(c)</sup>    |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR15 A1C4 (1 mo. USD LIBOR + 0.400%)             | 1.637%      | 11/25/45             | 1,474,409          | 1,071,893 <sup>(b)(c)</sup>    |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR2 B1 (1 mo. USD LIBOR + 0.530%)                | 1.767%      | 1/25/45              | 1,902,620          | 1,252,402 <sup>(b)(c)</sup>    |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2006-AR10 A1 (1 mo. USD LIBOR + 0.100%)               | 1.337%      | 12/25/36             | 524,395            | 388,983 <sup>(b)(c)</sup>      |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2006-AR15 2A1B (11th District Cost of Funds + 1.500%) | 2.207%      | 11/25/46             | 1,053,210          | 615,699 <sup>(b)(c)</sup>      |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2006-AR16 2A2 (12 mo. USD LIBOR + 1.470%)             | 2.854%      | 12/25/36             | 318,022            | 278,156 <sup>(b)(c)</sup>      |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2006-AR18 1A1 (12 mo. USD LIBOR + 1.350%)             | 2.606%      | 1/25/37              | 38,024             | 35,258 <sup>(b)(c)</sup>       |
| Wells Fargo Alternative Loan Trust, 2007-PA1 A12, IO (-1.000 × 1 mo. USD LIBOR + 5.460%)                          | 4.223%      | 3/25/37              | 4,374,837          | 528,947 <sup>(b)(c)</sup>      |
| Wells Fargo Mortgage-Backed Securities Trust, 2005-AR2 2A2 (1 year Treasury Constant Maturity Rate + 2.490%)      | 3.171%      | 3/25/35              | 90,983             | 92,106 <sup>(b)(c)</sup>       |
| Wells Fargo Mortgage-Backed Securities Trust, 2006-2 1A4 (-2.7500 × 1 mo. USD LIBOR + 19.388%)                    | 15.985%     | 3/25/36              | 1,451,001          | 1,764,549 <sup>(b)(c)</sup>    |
| <b>TOTAL RESIDENTIAL MORTGAGE-BACKED SECURITIES</b><br>(Cost - \$195,973,425)                                     |             |                      |                    | <b>215,061,707</b>             |
| <b>ASSET-BACKED SECURITIES - 18.7%</b>  |             |                      |                    |                                |
| Access Group Inc., 2004-A B1  | 2.334%      | 7/1/39               | 1,400,000          | 1,337,189 <sup>(b)(c)</sup>    |
| Bombardier Capital Mortgage Securitization Corp. Trust, 1998-B A  | 6.530%      | 10/15/28             | 662,333            | 689,106 <sup>(b)(c)</sup>      |
| Bombardier Capital Mortgage Securitization Corp. Trust, 1998-C M1   | 7.510%      | 1/15/29              | 4,433,606          | 3,733,958 <sup>(b)(c)</sup>    |

See Notes to Schedule of Investments.

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

## Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT/<br>UNITS | VALUE                          |
|---|--------|---------------|-----------------------|--------------------------------|
| <b>ASSET-BACKED SECURITIES - (continued)</b>  |        |               |                       |                                |
| Bombardier Capital Mortgage Securitization Corp. Trust, 1999-A A3                             | 5.980% | 3/15/29       | \$ 322,845            | \$ 333,036 <sup>(b)(c)</sup>   |
| Carlyle Global Market Strategies, 2015-2A D (3 mo. USD LIBOR + 5.300%)                        | 6.617% | 4/27/27       | 1,250,000             | 1,233,781 <sup>(b)(c)(d)</sup> |
| Catskill Park CLO Ltd., 2017-1A D (3 mo. USD LIBOR + 6.000%)                                  | 7.085% | 4/20/29       | 1,900,000             | 1,836,626 <sup>(b)(c)(d)</sup> |
| Conseco Financial Corp., 1997-4 M1  | 7.220% | 2/15/29       | 2,014,359             | 2,091,713 <sup>(b)(c)</sup>    |
| Dryden Senior Loan Fund, 2015-40A E (3 mo. USD LIBOR + 5.950%)                                | 7.265% | 8/15/28       | 1,300,000             | 1,300,446 <sup>(b)(c)(d)</sup> |
| Firstfed Corp. Manufactured Housing Contract, 1997-2 B  | 8.110% | 5/15/24       | 313,203               | 231,572 <sup>(c)(d)</sup>      |
| GoldenTree Loan Opportunities Ltd., 2015-10A E2 (3 mo. USD LIBOR + 5.200%)                    | 6.507% | 7/20/27       | 1,250,000             | 1,242,673 <sup>(b)(c)(d)</sup> |
| Greenpoint Manufactured Housing, 1999-3 1A7   | 7.270% | 6/15/29       | 904,131               | 931,353 <sup>(c)</sup>         |
| Greenpoint Manufactured Housing, 1999-3 2A2 (1 year Treasury Constant Maturity Rate + 3.800%) | 4.890% | 6/19/29       | 300,000               | 290,803 <sup>(b)(c)</sup>      |
| Greenpoint Manufactured Housing, 2001-2 IA2 (Auction Rate Security)                           | 4.726% | 2/20/32       | 225,000               | 214,443 <sup>(b)(c)</sup>      |
| Greenpoint Manufactured Housing, 2001-2 IIA2 (Auction Rate Security)                          | 4.724% | 3/13/32       | 375,000               | 358,204 <sup>(b)(c)</sup>      |
| Hertz Vehicle Financing LLC, 2015-2A D  | 4.930% | 9/25/19       | 1,500,000             | 1,478,021 <sup>(c)(d)</sup>    |
| Hertz Vehicle Financing LLC, 2016-4A D  | 6.030% | 7/25/22       | 2,400,000             | 2,337,542 <sup>(c)(d)</sup>    |
| Hertz Vehicle Financing LLC, 2017-1A C  | 5.270% | 10/25/21      | 500,000               | 510,230 <sup>(c)(d)</sup>      |
| Neuberger Berman CLO Ltd., 2015-19A D (3 mo. USD LIBOR + 5.250%)                              | 6.408% | 7/15/27       | 2,000,000             | 1,936,868 <sup>(b)(c)(d)</sup> |
| Origen Manufactured Housing, 2006-A A2  | 3.047% | 10/15/37      | 1,573,245             | 1,481,951 <sup>(b)(c)</sup>    |
| Origen Manufactured Housing, 2007-A A2  | 3.037% | 4/15/37       | 1,619,120             | 1,513,795 <sup>(b)(c)</sup>    |
| Origen Manufactured Housing, 2007-B A1 (1 mo. USD LIBOR + 1.200%)                             | 2.434% | 10/15/37      | 3,351,076             | 3,299,983 <sup>(b)(c)(d)</sup> |
| Popular ABS Mortgage Pass-Through Trust, 2005-5 MV2 (1 mo. USD LIBOR + 0.630%)                | 1.867% | 11/25/35      | 2,221,345             | 1,346,708 <sup>(b)(c)</sup>    |
| Purchasing Power Funding, 2015-A C  | 8.000% | 12/15/19      | 1,511,929             | 1,534,608 <sup>(c)(d)(e)</sup> |
| Receivables Acquisition LLC, 2017-1 A2B   | 6.991% | 9/16/19       | 1,461,169             | 1,462,995 <sup>(c)(e)</sup>    |
| SMB Private Education Loan Trust, 2014-A C  | 4.500% | 9/15/45       | 2,330,000             | 2,033,002 <sup>(c)(d)</sup>    |
| SMB Private Education Loan Trust, 2014-A R  | 0.000% | 9/15/45       | 6,875                 | 3,817,367 <sup>(c)(d)</sup>    |
| Social Professional Loan Program LLC, 2014-A RC   | 0.000% | 7/14/2124     | 700                   | 735,438 <sup>(c)(d)</sup>      |
| Soundview Home Equity Loan Trust, 2005-1 M6 (1 mo. USD LIBOR + 1.950%)                        | 3.187% | 4/25/35       | 1,330,819             | 1,249,489 <sup>(b)(c)</sup>    |
| Treman Park CLO Ltd., 2015-1A E (3 mo. USD LIBOR + 6.200%)                                    | 7.507% | 4/20/27       | 1,800,000             | 1,813,774 <sup>(b)(c)(d)</sup> |
| Voya CLO Ltd., 2017-2A D (3 mo. USD LIBOR + 6.020%)   | 7.325% | 6/7/30        | 600,000               | 581,273 <sup>(b)(c)(d)</sup>   |

**TOTAL ASSET-BACKED SECURITIES**

(Cost - \$41,194,521)

42,957,947

**COMMERCIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - 29.7%**

|  |        |          |           |                                |
|--|--------|----------|-----------|--------------------------------|
| Banc of America Commercial Mortgage Trust, 2007-2 AJ                   | 5.754% | 4/10/49  | 1,434,196 | 1,338,759 <sup>(b)(c)</sup>    |
| CD Commercial Mortgage Trust, 2007-CD4 AJ                              | 5.398% | 12/11/49 | 318,264   | 186,574 <sup>(b)(c)</sup>      |
| CGBAM Commercial Mortgage Trust, 2016-IMC E (1 mo. USD LIBOR + 7.400%) | 8.634% | 11/15/21 | 3,300,000 | 3,211,190 <sup>(b)(c)(d)</sup> |
| Citigroup Commercial Mortgage Trust, 2014-GC21 D                       | 4.996% | 5/10/47  | 2,000,000 | 1,758,049 <sup>(b)(c)(d)</sup> |
| Citigroup Commercial Mortgage Trust, 2015-GC27 E                       | 3.000% | 2/10/48  | 2,000,000 | 1,207,590 <sup>(c)(d)</sup>    |

**See Notes to Schedule of Investments.**

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT  | VALUE                             |
|--|---------|---------------|--------------|-----------------------------------|
| <b>COMMERCIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - (continued)</b>                                 |         |               |              |                                   |
| Citigroup Commercial Mortgage Trust, 2015-GC29 E   | 4.292%  | 4/10/48       | \$ 2,950,000 | \$ 2,016,298 <sup>(b)(c)(d)</sup> |
| Citigroup Commercial Mortgage Trust, 2015-GC29 F   | 4.292%  | 4/10/48       | 1,410,000    | 703,449 <sup>(b)(c)(d)</sup>      |
| Commercial Mortgage Trust, 2013-CR09 E   | 4.396%  | 7/10/45       | 3,500,000    | 2,538,637 <sup>(b)(c)(d)</sup>    |
| Commercial Mortgage Trust, 2013-CR12 E   | 5.252%  | 10/10/46      | 110,000      | 80,961 <sup>(b)(c)(d)</sup>       |
| Commercial Mortgage Trust, 2014-LC17 D   | 3.687%  | 10/10/47      | 2,300,000    | 1,598,344 <sup>(c)(d)</sup>       |
| Commercial Mortgage Trust, 2015-CR25 D   | 3.947%  | 8/10/48       | 100,000      | 81,348 <sup>(b)(c)</sup>          |
| Commercial Mortgage Trust, 2015-CR25 E   | 4.699%  | 8/10/48       | 3,000,000    | 2,015,313 <sup>(b)(c)(d)</sup>    |
| Commercial Mortgage Trust, 2015-CR25 F   | 4.699%  | 8/10/48       | 1,400,000    | 687,319 <sup>(b)(c)(d)</sup>      |
| Credit Suisse Mortgage Trust, 2006-1R 1A2 (-2.750 x 1 mo. USD LIBOR + 19.525%)                           | 16.124% | 7/27/36       | 832,775      | 977,691 <sup>(b)(c)(d)</sup>      |
| Credit Suisse Mortgage Trust, 2006-C5 AJ   | 5.373%  | 12/15/39      | 1,439,721    | 1,237,980 <sup>(c)</sup>          |
| Credit Suisse Mortgage Trust, 2007-C5 AM   | 5.869%  | 9/15/40       | 1,544,134    | 1,531,053 <sup>(b)(c)</sup>       |
| Credit Suisse Mortgage Trust, 2014-USA F   | 4.373%  | 9/15/37       | 1,620,000    | 1,385,122 <sup>(c)(d)</sup>       |
| Credit Suisse Mortgage Trust, 2015-LHMZ  | 8.928%  | 7/20/20       | 2,992,947    | 2,998,038 <sup>(c)(d)</sup>       |
| Credit Suisse Mortgage Trust, 2017-CHOP H (1 mo. USD LIBOR + 7.620%)                                     | 8.854%  | 7/15/32       | 3,300,000    | 3,287,783 <sup>(b)(c)(d)</sup>    |
| DBUBS Mortgage Trust, 2011-LC3A G  | 3.750%  | 8/10/44       | 2,600,000    | 1,452,207 <sup>(c)(d)</sup>       |
| Federal Home Loan Mortgage Corp. (FHLMC), Multi-Family Structured Pass-Through Certificates, K034 X3, IO | 1.782%  | 9/25/41       | 10,200,000   | 885,348 <sup>(b)(c)</sup>         |
| GE Business Loan Trust, 2005-1A D (1 mo. USD LIBOR + 2.720%)   | 3.954%  | 6/15/33       | 484,926      | 428,635 <sup>(b)(c)(d)</sup>      |
| GE Business Loan Trust, 2006-1A C (1 mo. USD LIBOR + 0.420%)   | 1.654%  | 5/15/34       | 124,887      | 115,591 <sup>(b)(c)(d)</sup>      |
| GMAC Commercial Mortgage Securities Inc., 2006-C1 AJ   | 5.349%  | 11/10/45      | 948,338      | 818,408 <sup>(b)(c)</sup>         |
| GS Mortgage Securities Trust, 2006-GG8 AJ  | 5.622%  | 11/10/39      | 118,883      | 112,179 <sup>(c)</sup>            |
| GS Mortgage Securities Trust, 2007-GG10 AJ   | 5.950%  | 8/10/45       | 4,870,038    | 2,161,831 <sup>(b)(c)</sup>       |
| GS Mortgage Securities Trust, 2007-GG10 AM   | 5.950%  | 8/10/45       | 652,899      | 670,073 <sup>(b)(c)</sup>         |
| GS Mortgage Securities Trust, 2013-GC14 F  | 4.922%  | 8/10/46       | 320,000      | 244,839 <sup>(b)(c)(d)</sup>      |
| GS Mortgage Securities Trust, 2015-GS1 D   | 3.268%  | 11/10/48      | 2,500,000    | 1,967,883 <sup>(c)</sup>          |
| JPMBB Commercial Mortgage Securities Trust, 2015-C31 D   | 4.272%  | 8/15/48       | 550,000      | 420,139 <sup>(b)(c)</sup>         |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-CB16 AJ  | 5.623%  | 5/12/45       | 306,924      | 263,099 <sup>(c)</sup>            |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-LDP7 AJ  | 6.138%  | 4/17/45       | 740,000      | 611,269 <sup>(b)(c)</sup>         |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-LDP9 AJ  | 5.411%  | 5/15/47       | 2,290,000    | 1,632,585 <sup>(c)</sup>          |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-LDP9 AJS                                       | 5.386%  | 5/15/47       | 420,000      | 216,540 <sup>(b)(c)</sup>         |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-CB18 AJ  | 5.502%  | 6/12/47       | 600,000      | 500,250 <sup>(b)(c)</sup>         |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-CB19 AJ  | 5.990%  | 2/12/49       | 1,610,000    | 1,286,373 <sup>(b)(c)</sup>       |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-LD12 AJ  | 6.154%  | 2/15/51       | 502,678      | 489,179 <sup>(b)(c)</sup>         |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-LDPX AJ  | 5.503%  | 1/15/49       | 2,650,000    | 792,835 <sup>(b)(c)</sup>         |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2014-CBMZ M (1 mo. USD LIBOR + 6.225%)              | 7.459%  | 10/15/19      | 1,900,000    | 1,911,377 <sup>(b)(c)(d)</sup>    |
| LB-UBS Commercial Mortgage Trust, 2007-C6 AJ   | 6.449%  | 7/15/40       | 1,359,000    | 1,381,097 <sup>(b)(c)</sup>       |

See Notes to Schedule of Investments.

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

## Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT   | VALUE                          |
|--|--------|---------------|---------------|--------------------------------|
| <b>COMMERCIAL MORTGAGE-BACKED SECURITIES<sup>(a)</sup> - (continued)</b>                         |        |               |               |                                |
| ML-CFC Commercial Mortgage Trust, 2007-5 AJ  | 5.450% | 8/12/48       | \$ 168,425    | \$ 141,257 <sup>(b)(c)</sup>   |
| ML-CFC Commercial Mortgage Trust, 2007-9 AJ  | 6.193% | 9/12/49       | 1,052,000     | 917,422 <sup>(b)(c)</sup>      |
| ML-CFC Commercial Mortgage Trust, 2007-9 AJA   | 6.222% | 9/12/49       | 103,715       | 90,446 <sup>(b)(c)</sup>       |
| Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C21 E                                   | 3.012% | 3/15/48       | 750,000       | 448,961 <sup>(c)(d)</sup>      |
| Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C25 E                                   | 4.679% | 10/15/48      | 2,000,000     | 1,362,184 <sup>(b)(c)(d)</sup> |
| Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C25 F                                   | 4.679% | 10/15/48      | 900,000       | 517,025 <sup>(b)(c)(d)</sup>   |
| Morgan Stanley Capital I Trust, 2007-IQ13 AJ   | 5.438% | 3/15/44       | 752,336       | 731,578 <sup>(c)</sup>         |
| Morgan Stanley Capital I Trust, 2007-IQ16 AJ   | 6.363% | 12/12/49      | 1,590,000     | 1,498,252 <sup>(b)(c)</sup>    |
| UBS-Barclays Commercial Mortgage Trust, 2012-C2 G  | 5.000% | 5/10/63       | 3,130,000     | 2,070,777 <sup>(b)(c)(d)</sup> |
| UBS-Barclays Commercial Mortgage Trust, 2012-C2 H  | 5.000% | 5/10/63       | 5,510,000     | 2,714,028 <sup>(b)(c)(d)</sup> |
| Wachovia Bank Commercial Mortgage Trust, 2006-C27 AJ   | 5.825% | 7/15/45       | 634,520       | 641,645 <sup>(b)(c)</sup>      |
| Wachovia Bank Commercial Mortgage Trust, 2007-C33 AJ   | 6.221% | 2/15/51       | 1,850,000     | 1,897,292 <sup>(b)(c)</sup>    |
| Wells Fargo Commercial Mortgage Trust, 2013-LC12 E   | 3.500% | 7/15/46       | 260,000       | 178,763 <sup>(c)(d)</sup>      |
| Wells Fargo Commercial Mortgage Trust, 2015-C31 E  | 4.765% | 11/15/48      | 2,000,000     | 1,330,794 <sup>(b)(c)(d)</sup> |
| Wells Fargo Commercial Mortgage Trust, 2015-SG1 D  | 4.619% | 9/15/48       | 400,000       | 323,279 <sup>(b)(c)</sup>      |
| WF-RBS Commercial Mortgage Trust, 2011-C4 F  | 5.000% | 6/15/44       | 3,870,000     | 3,213,211 <sup>(b)(c)(d)</sup> |
| WF-RBS Commercial Mortgage Trust, 2012-C9 E  | 4.955% | 11/15/45      | 3,500,000     | 2,822,333 <sup>(b)(c)(d)</sup> |
| <b>TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES</b>   |        |               |               |                                |
| (Cost - \$73,137,356)  |        |               |               | 68,102,482                     |
| <b>CORPORATE BONDS &amp; NOTES - 0.3%</b>  |        |               |               |                                |
| <b>CONSUMER STAPLES - 0.3%</b>   |        |               |               |                                |
| <b>Food &amp; Staples Retailing - 0.3%</b>   |        |               |               |                                |
| CVS Corp., Pass-Through Trust  | 9.350% | 1/10/23       | 479,444       | 548,989 <sup>(c)(d)</sup>      |
| <b>INDUSTRIALS - 0.0%</b>  |        |               |               |                                |
| <b>Airlines - 0.0%</b>   |        |               |               |                                |
| Air 2 U.S., Notes  | 8.027% | 10/1/19       | 37,428        | 38,762 <sup>(c)(d)</sup>       |
| <b>TOTAL CORPORATE BONDS &amp; NOTES</b>   |        |               |               |                                |
| (Cost - \$531,513)   |        |               |               | 587,751                        |
| <b>TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS</b>   |        |               |               |                                |
| (Cost - \$310,836,815)   |        |               |               | 326,709,887                    |
|  |        |               | <b>SHARES</b> |                                |
| <b>SHORT-TERM INVESTMENTS - 1.7%</b>   |        |               |               |                                |
| State Street Institutional U.S. Government Money Market Fund, Premier Class (Cost - \$3,857,861) | 0.907% |               | 3,857,861     | 3,857,861                      |
| <b>TOTAL INVESTMENTS - 144.3%</b>  |        |               |               |                                |
| (Cost - \$314,694,676)   |        |               |               | 330,567,748                    |
| Liabilities in Excess of Other Assets - (44.3)%  |        |               |               | (101,424,211)                  |
| <b>TOTAL NET ASSETS - 100.0%</b>   |        |               |               | \$ 229,143,537                 |

**See Notes to Schedule of Investments.**

**WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****September 30, 2017**

- (a) Collateralized mortgage obligations are secured by an underlying pool of mortgages or mortgage pass-through certificates that are structured to direct payments on underlying collateral to different series or classes of the obligations. The interest rate may change positively or inversely in relation to one or more interest rates, financial indices or other financial indicators and may be subject to an upper and/or lower limit.
- (b) Variable rate security. Interest rate disclosed is as of the most recent information available. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.
- (c) All or a portion of this security is pledged as collateral pursuant to the loan agreement.
- (d) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.
- (e) Security is valued using significant unobservable inputs (See Note 1).

Abbreviations used in this schedule:

|       |                               |
|-------|-------------------------------|
| ARM   | Adjustable Rate Mortgage      |
| CLO   | Collateral Loan Obligation    |
| LIBOR | London Interbank Offered Rate |
| IO    | Interest Only                 |
| PAC   | Planned Amortization Class    |
| PO    | Principal Only                |

At September 30, 2017, the Fund had the following open futures contracts:

|  | Number of<br>Contracts | Expiration<br>Date | Notional<br>Amount | Market<br>Value | Unrealized<br>Appreciation<br>(Depreciation) |
|--|------------------------|--------------------|--------------------|-----------------|--|
| <b>Contracts to Buy:</b>                                     |                        |                    |                    |                 |  |
| U.S. Treasury 5-Year Notes                                   | 9                      | 12/17              | \$ 1,064,364       | \$ 1,057,500    | \$ (6,864)                                   |
| <b>Contracts to Sell:</b>                                    |                        |                    |                    |                 |  |
| U.S. Treasury 2-Year Notes                                   | 12                     | 12/17              | 2,595,664          | 2,588,438       | 7,226  |
| U.S. Treasury 10-Year Notes                                  | 145                    | 12/17              | 18,311,630         | 18,170,313      | 141,317                                      |
|  |                        |                    |                    |                 | 148,543                                      |
| <b>Net unrealized appreciation on open futures contracts</b> |                        |                    |                    |                 | \$ 141,679                                   |



Edgar Filing: Western Asset Mortgage Defined Opportunity Fund Inc. - Form N-Q

At September 30, 2017, the Fund had the following open forward foreign currency contracts:

| Currency Purchased |        | Currency Sold |        | Counterparty      | Settlement Date | Unrealized Depreciation |
|--------------------|--------|---------------|--------|-------------------|-----------------|-------------------------|
| EUR                | 53,022 | USD           | 63,476 | Barclays Bank PLC | 10/19/17        | \$ (755)                |
| EUR                | 2,318  | USD           | 2,762  | Barclays Bank PLC | 10/19/17        | (19)                    |
| Total              |        |               |        |                   |                 | \$ (774)                |

Abbreviations used in this table:

EUR Euro  
 USD United States Dollar

Edgar Filing: Western Asset Mortgage Defined Opportunity Fund Inc. - Form N-Q

At September 30, 2017, the Fund had the following open swap contracts:

| <b>OTC CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION<sup>1</sup></b> |  |                             |   |                                     |   |                                    |
|---|--|-----------------------------|---|-------------------------------------|---|------------------------------------|
| <b>SWAP COUNTERPARTY<br/>(REFERENCE ENTITY)</b>                                 | <b>NOTIONAL<br/>AMOUNT<sup>2</sup></b> | <b>TERMINATION<br/>DATE</b> | <b>PERIODIC<br/>PAYMENTS<br/>RECEIVED BY<br/>THE FUND</b> | <b>MARKET<br/>VALUE<sup>3</sup></b> | <b>UPFRONT<br/>PREMIUMS PAID<br/>(RECEIVED)</b> | <b>UNREALIZED<br/>APPRECIATION</b> |
| Credit Suisse (Markit<br>CMBX.NA.BBB-.6 Index)                                  | \$ 500,000                             | 5/11/63                     | 3.000% Monthly  | \$ (75,815)                         | \$ (80,198)                                     | \$ 4,383                           |
| Credit Suisse (Markit<br>CMBX.NA.BBB-.6 Index)                                  | 1,200,000                              | 5/11/63                     | 3.000% Monthly  | (181,956)                           | (188,642)                                       | 6,686                              |
| <b>Total</b>  | <b>\$ 1,700,000</b>                    |                             |   | <b>\$ (257,771)</b>                 | <b>\$ (268,840)</b>                             | <b>\$ 11,069</b>                   |

See Notes to Schedule of Investments.

## WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SWAP COUNTERPARTY | NOTIONAL AMOUNT*         | TERMINATION DATE | OTC TOTAL RETURN SWAPS             |  | UPFRONT PREMIUMS PAID (RECEIVED) | REALIZED DEPRECIATION     |
|-------------------|--------------------------|------------------|------------------------------------|--|----------------------------------|---------------------------|
|                   |                          |                  | PERIODIC PAYMENTS MADE BY THE FUND | PERIODIC PAYMENTS RECEIVED BY THE FUND   |                                  |                           |
| Credit Suisse     | 1,334,720 <sup>EUR</sup> | 4/20/20          | EURIBOR quarterly                  | Credit Suisse European Mortgage Capital, 2015-1HWA A, 2.750% <sup>(a)</sup> , due 4/20/20, quarterly |                                  | \$ (2,606) <sup>(b)</sup> |

- (1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- (2) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- (3) The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative had the notional amount of the swap agreement been closed/sold as of the period end. Decreasing market values (sell protection) or increasing market values (buy protection) when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

Percentage shown is an annual percentage rate.

Periodic payments made/received by the Fund are based on the total return of the referenced entity.

\* Notional amount denominated in U.S. dollars, unless otherwise noted.

(a) Variable rate security. Interest rate disclosed is as of the most recent information available.

(b) Swap contract is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).

Abbreviation used in this table:

Edgar Filing: Western Asset Mortgage Defined Opportunity Fund Inc. - Form N-Q

EUR Euro

This Schedule of Investments is unaudited and is intended to provide information about the Fund's investments as of the date of the schedule. Other information regarding the Fund is available in the Fund's most recent annual or semi-annual shareholder report.

**See Notes to Schedule of Investments.**

---

**Notes to Schedule of Investments (unaudited)**

**1. Organization and significant accounting policies**

Western Asset Mortgage Defined Opportunity Fund Inc. (the Fund) was incorporated in Maryland on December 11, 2009 and is registered as a non-diversified, limited-term, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's primary investment objective is to provide current income. As a secondary investment objective, the Fund will seek capital appreciation. The Fund seeks to achieve its investment objectives by investing primarily in a diverse portfolio of mortgage-backed securities (MBS), consisting primarily of non-agency residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS). The Fund intends to liquidate and distribute substantially all of the Fund's net assets to shareholders on or about March 1, 2022.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

**(a) Investment valuation.** The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

## Edgar Filing: Western Asset Mortgage Defined Opportunity Fund Inc. - Form N-Q

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

**Notes to Schedule of Investments (unaudited) (continued)**

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, 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 inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets and liabilities carried at fair value:

| DESCRIPTION                            | ASSETS                     |  |  | TOTAL          |
|--|----------------------------|--|--|----------------|
|  | QUOTED PRICES<br>(LEVEL 1) | OTHER<br>SIGNIFICANT<br>OBSERVABLE INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) |                |
| Long-Term Investments :                |                            |  |  |                |
| Residential Mortgage-Backed Securities |                            | \$ 215,061,707   |  | \$ 215,061,707 |
| Asset-Backed Securities                |                            | 39,960,344   | \$ 2,997,603                                       | 42,957,947     |
| Commercial Mortgage-Backed Securities  |                            | 68,102,482   |  | 68,102,482     |
| Corporate Bonds & Notes                |                            | 587,751  |  | 587,751        |
| Total Long-Term Investments            |                            | 323,712,284  | 2,997,603  | 326,709,887    |
| Short-Term Investments                 | \$ 3,857,861               |  |  | 3,857,861      |
| Total Investments                      | 3,857,861                  | 323,712,284  | 2,997,603  | 330,567,748    |
| Other Financial Instruments:           |                            |  |  |                |
| Futures Contracts                      | 148,543                    |  |  | 148,543        |
| Total                                  | \$ 4,006,404               | \$ 323,712,284   | \$ 2,997,603                                       | \$ 330,716,291 |

| DESCRIPTION  | LIABILITIES                   |   |  | TOTAL      |
|--|-------------------------------|---|--|------------|
|  | QUOTED<br>PRICES<br>(LEVEL 1) | OTHER<br>SIGNIFICANT<br>OBSERVABLE<br>INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) |            |
| Other Financial Instruments:                                 |                               |   |  |            |
| OTC Credit Default Swaps on Credit Indices - Sell Protection |                               | \$ 257,771  |  | \$ 257,771 |
| OTC Total Return Swaps                                       |                               | 2,606   |  | 2,606      |
| Futures Contracts  | \$ 6,864                      |   |  | 6,864      |

Edgar Filing: Western Asset Mortgage Defined Opportunity Fund Inc. - Form N-Q

|                                    |    |       |     |         |            |
|------------------------------------|----|-------|-----|---------|------------|
| Forward Foreign Currency Contracts |    |       | 774 |         | 774        |
| Total                              | \$ | 6,864 | \$  | 261,151 | \$ 268,015 |

See Schedule of Investments for additional detailed categorizations.

Value includes any premium paid or received with respect to swap contracts.



**Notes to Schedule of Investments (unaudited) (continued)**

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

| <b>INVESTMENTS IN SECURITIES</b>   | <b>ASSET-<br/>BACKED<br/>SECURITIES</b> | <b>COMMERCIAL<br/>MORTGAGE-<br/>BACKED<br/>SECURITIES</b> | <b>TOTAL</b>  |
|--|---|---|---------------|
| Balance as of December 31, 2016  | \$ 7,782,592                            | \$ 3,870,000  | \$ 11,652,592 |
| Accrued premiums/discounts   | 3,276                                   |   | 3,276         |
| Realized gain (loss)   | 28,638                                  |   | 28,638        |
| Change in unrealized appreciation (depreciation) <sup>(1)</sup>  | 583,605                                 | 130,000   | 713,605       |
| Purchases  | 1,704,389                               |   | 1,704,389     |
| Sales  | (2,261,289)                             | (4,000,000)   | (6,261,289)   |
| Transfers into Level 3   |   |   |               |
| Transfers out of Level 3 <sup>(2)</sup>  | (4,843,608)                             |   | (4,843,608)   |
| Balance as of September 30, 2017   | \$ 2,997,603                            |   | \$ 2,997,603  |
| Net change in unrealized appreciation (depreciation) for investments in securities still held at September 30, 2017 <sup>(1)</sup> | \$ 12,737                               |   | \$ 12,737     |

The Fund's policy is to recognize transfers between levels as of the end of the reporting period.

(1) Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

(2) Transferred out of Level 3 as a result of the availability of a quoted price in an active market for an identical investment or the availability of other significant observable inputs.

**ITEM 2. CONTROLS AND PROCEDURES.**

- (a) The registrant's principal executive officer and principal 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, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.
  
- (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) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

**ITEM 3. EXHIBITS.**

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

**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.

Western Asset Mortgage Defined Opportunity Fund Inc.

By */s/ JANE TRUST*  
**Jane Trust**

**Chief Executive Officer**

Date: November 27, 2017

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 */s/ JANE TRUST*  
**Jane Trust**

**Chief Executive Officer**

Date: November 27, 2017

By */s/ RICHARD F. SENNETT*  
**Richard F. Sennett**

**Principal Financial Officer**

Date: November 27, 2017