

Western Asset Mortgage Defined Opportunity Fund Inc.
Form N-Q
November 28, 2018

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, 49th 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, 2018**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

FORM N-Q

SEPTEMBER 30, 2018

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited)****September 30, 2018**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|-------------|----------------------|--------------------|-----------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - 89.5% | | | | |
| ACE Securities Corp. Home Equity Loan Trust, 2005-RM1 M4 (1 mo. USD LIBOR + 1.020%) | 3.236% | 3/25/35 | \$ 3,145,388 | \$ 3,037,416 ^(b) |
| Adjustable Rate Mortgage Trust, 2005-5 1A1 | 3.759% | 9/25/35 | 161,119 | 131,808 ^(b) |
| Adjustable Rate Mortgage Trust, 2005-7 2A21 | 3.801% | 10/25/35 | 397,225 | 366,789 ^(b) |
| Adjustable Rate Mortgage Trust, 2005-12 5A1 (1 mo. USD LIBOR + 0.500%) | 2.716% | 3/25/36 | 277,951 | 143,963 ^(b) |
| Aegis Asset Backed Securities Trust, 2005-3 M3 (1 mo. USD LIBOR + 0.490%) | 2.706% | 8/25/35 | 3,460,000 | 2,872,248 ^(b) |
| AFC Trust, 2000-3 1A (1 mo. USD LIBOR + 0.750%) | 2.966% | 10/25/30 | 1,130,424 | 1,050,355 ^{(b)(c)} |
| Alternative Loan Trust, 2005-11CB 3A3, IO (-1.000 x 1 mo. USD LIBOR + 5.000%) | 2.784% | 6/25/35 | 2,088,095 | 138,476 ^(b) |
| Alternative Loan Trust, 2005-14 3A1 | 2.545% | 5/25/35 | 233,890 | 168,418 ^(b) |
| Alternative Loan Trust, 2005-36 4A1 | 3.736% | 8/25/35 | 470,239 | 440,829 ^(b) |
| Alternative Loan Trust, 2005-J10 1A1 (1 mo. USD LIBOR + 0.500%) | 2.716% | 10/25/35 | 124,702 | 103,967 ^(b) |
| Alternative Loan Trust, 2006-HY10 1A1 | 3.179% | 5/25/36 | 387,707 | 335,746 ^(b) |
| Alternative Loan Trust, 2006-J8 A5 | 6.000% | 2/25/37 | 108,861 | 78,388 |
| Alternative Loan Trust, 2007-3T1 2A1 | 6.000% | 3/25/27 | 173,554 | 178,399 |
| Alternative Loan Trust, 2007-23CB A8 (-4.000 x 1 mo. USD LIBOR + 28.400%) | 19.537% | 9/25/37 | 614,668 | 760,012 ^(b) |
| Alternative Loan Trust, 2007-OA8 1A1 (1 mo. USD LIBOR + 0.180%) | 2.396% | 6/25/47 | 1,551,777 | 1,334,861 ^(b) |
| American Home Mortgage Assets Trust, 2005-2 2A1A | 3.566% | 1/25/36 | 989,418 | 826,661 ^(b) |
| American Home Mortgage Investment Trust, 2007-2 2A (1 mo. USD LIBOR + 0.800%) | 3.016% | 3/25/47 | 12,735,445 | 849,473 ^(b) |
| American Home Mortgage Investment Trust, 2007-A 4A (1 mo. USD LIBOR + 0.900%) | 3.116% | 7/25/46 | 2,054,940 | 979,027 ^{(b)(c)} |
| Argent Securities Trust, 2006-M2 A2C (1 mo. USD LIBOR + 0.150%) | 2.366% | 9/25/36 | 2,198,565 | 947,433 ^(b) |
| Argent Securities Trust, 2006-M2 A2D (1 mo. USD LIBOR + 0.240%) | 2.456% | 9/25/36 | 580,266 | 250,841 ^(b) |
| Banc of America Alternative Loan Trust, 2005-9 1CB5, IO (-1.000 x 1 mo. USD LIBOR + 5.100%) | 2.884% | 10/25/35 | 3,166,600 | 177,246 ^(b) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****September 30, 2018**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|-------------|--------------------------|------------------------|--------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| Banc of America Funding Corp., 2015-R3 2A2 | 2.195% | 2/27/37 | \$ 2,528,868 | \$ 2,170,176 ^{(b)(c)} |
| Banc of America Funding Trust, 2004-B 6A1 | 2.355% | 12/20/34 | 392,520 | 316,872 ^(b) |
| Banc of America Funding Trust, 2004-C 3A1 | 3.866% | 12/20/34 | 466,155 | 454,817 ^(b) |
| Banc of America Funding Trust, 2006-D 2A1 | 3.506% | 5/20/36 | 39,449 | 35,957 ^(b) |
| Banc of America Funding Trust, 2006-F 1A1 | 4.071% | 7/20/36 | 252,868 | 251,416 ^(b) |
| Banc of America Funding Trust, 2014-R5 1A2 (6 mo. USD LIBOR + 1.500%) | 4.016% | 9/26/45 | 3,750,000 | 2,940,682 ^{(b)(c)} |
| Banc of America Funding Trust, 2015-R2 9A2 | 2.605% | 3/27/36 | 4,578,493 | 3,915,370 ^{(b)(c)} |
| Bayview Financial Asset Trust, 2007-SR1A M1 (1 mo. LIBOR + 0.800%) | 3.016% | 3/25/37 | 2,664,783 | 2,572,510 ^{(b)(c)} |
| Bayview Financial Asset Trust, 2007-SR1A M2 (1 mo. LIBOR + 0.900%) | 3.116% | 3/25/37 | 3,244,268 | 3,142,303 ^{(b)(c)} |
| Bayview Financial Asset Trust, 2007-SR1A M3 (1 mo. LIBOR + 1.150%) | 3.366% | 3/25/37 | 1,469,860 | 1,442,589 ^{(b)(c)} |
| Bayview Financial Asset Trust, 2007-SR1A M4 (1 mo. LIBOR + 1.500%) | 3.716% | 3/25/37 | 634,472 | 637,548 ^{(b)(c)(d)} |
| BCAP LLC Trust, 2011-RR2 1A4 | 4.356% | 7/26/36 | 4,499,428 | 3,293,450 ^{(b)(c)} |
| Bear Stearns ALT-A Trust, 2005-9 25A1 | 4.045% | 11/25/35 | 318,029 | 280,317 ^(b) |
| Bear Stearns Asset Backed Securities I Trust, 2004-BO1 M9B (1 mo. USD LIBOR + 4.000%) | 6.216% | 10/25/34 | 617,000 | 605,550 ^(b) |
| Bear Stearns Asset Backed Securities I Trust, 2005-CL1 A1 (1 mo. USD LIBOR + 0.500%) | 2.050% | 9/25/34 | 72,732 | 70,387 ^(b) |
| Bellemeade Re Ltd., 2017-1 B1 (1 mo. USD LIBOR + 4.750%) | 6.966% | 10/25/27 | 1,070,000 | 1,119,683 ^{(b)(c)} |
| Bellemeade Re Ltd., 2018-1A M2 (1 mo. USD LIBOR + 2.900%) | 5.116% | 4/25/28 | 3,710,000 | 3,802,308 ^{(b)(c)} |
| Centex Home Equity Loan Trust, 2004-D MV1 (1 mo. USD LIBOR + 0.620%) | 2.836% | 9/25/34 | 962,680 | 962,503 ^(b) |
| Chase Mortgage Finance Trust, 2006-S3 2A1 | 5.500% | 11/25/21 | 179,540 | 133,181 |
| ChaseFlex Trust, 2005-2 3A3, IO (-1.000 x 1 mo. USD LIBOR + 5.500%) | 3.284% | 6/25/35 | 10,234,030 | 1,373,657 ^(b) |
| Chevy Chase Funding LLC Mortgage-Backed Certificates, 2006-2A A1 (1 mo. USD LIBOR + 0.130%) | 2.346% | 4/25/47 | 146,024 | 140,681 ^{(b)(c)} |
| CHL Mortgage Pass-Through Trust, 2005-2 2A1 (1 mo. USD LIBOR + 0.640%) | 2.921% | 3/25/35 | 87,943 | 87,788 ^(b) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|-----------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| CHL Mortgage Pass-Through Trust, 2005-9 1A1 (1 mo. USD LIBOR + 0.600%) | 2.816% | 5/25/35 | \$ 107,618 | \$ 101,476 ^(b) |
| CHL Mortgage Pass-Through Trust, 2005-11 3A3 | 2.726% | 4/25/35 | 461,016 | 378,241 ^(b) |
| CHL Mortgage Pass-Through Trust, 2005-11 6A1 (1 mo. USD LIBOR + 0.600%) | 2.816% | 3/25/35 | 56,893 | 52,633 ^(b) |
| CHL Mortgage Pass-Through Trust, 2005-18 A7 (-2.750 x 1 mo. USD LIBOR + 19.525%) | 13.432% | 10/25/35 | 20,508 | 22,427 ^(b) |
| CHL Mortgage Pass-Through Trust, 2005-HY10 1A1 | 3.890% | 2/20/36 | 185,446 | 175,780 ^(b) |
| CHL Mortgage Pass-Through Trust, 2005-HYB9 1A1 (12 mo. USD LIBOR + 1.750%) | 4.571% | 2/20/36 | 157,918 | 148,263 ^(b) |
| Citicorp Mortgage Securities Trust, 2007-8 B1 | 5.946% | 9/25/37 | 3,757,685 | 2,533,249 ^(b) |
| Citigroup Mortgage Loan Trust, 2006-AR5 2A1A | 3.413% | 7/25/36 | 296,650 | 227,955 ^(b) |
| Citigroup Mortgage Loan Trust, 2008-3 A3 | 6.100% | 4/25/37 | 6,456,884 | 3,402,997 ^(c) |
| Citigroup Mortgage Loan Trust Inc., 2004-HYB3 1A | 4.514% | 9/25/34 | 91,831 | 92,894 ^(b) |
| Citigroup Mortgage Loan Trust Inc., 2004-UST1 A2 | 3.412% | 8/25/34 | 23,729 | 23,055 ^(b) |
| Citigroup Mortgage Loan Trust Inc., 2005-5 1A5 | 3.003% | 8/25/35 | 158,495 | 138,334 ^(b) |
| Countrywide Asset-Backed Certificates, 2006-SD3 A1 (1 mo. USD LIBOR + 0.330%) | 2.546% | 7/25/36 | 626,358 | 592,046 ^{(b)(c)} |
| Countrywide Asset-Backed Certificates, 2007-SEA1 1A1 (1 mo. USD LIBOR + 0.550%) | 2.766% | 5/25/47 | 617,674 | 494,237 ^{(b)(c)} |
| Credit-Based Asset Servicing & Securitization LLC, 2006-SL1 A3 (1 mo. USD LIBOR + 0.220%) | 2.436% | 9/25/36 | 4,044,070 | 635,232 ^{(b)(c)} |
| CSFB Mortgage-Backed Pass-Through Certificates, 2005-10 3A3 | 5.500% | 11/25/35 | 350,134 | 312,104 |
| CSMC Resecuritization Trust, 2006-1R 1A2 (-2.750 x 1 mo. USD LIBOR + 19.525%) | 13.392% | 7/27/36 | 632,408 | 771,023 ^{(b)(c)} |
| CSMC Trust, 2010-18R 6A5 | 4.409% | 9/28/36 | 2,133,000 | 1,976,747 ^{(b)(c)} |
| CSMC Trust, 2014-11R 9A2 (1 mo. USD LIBOR + 0.140%) | 2.205% | 10/27/36 | 4,453,765 | 3,549,735 ^{(b)(c)} |
| CSMC Trust, 2015-2R 7A2 | 3.652% | 8/27/36 | 3,720,760 | 3,339,476 ^{(b)(c)} |
| CSMC Trust, 2017-RPL1 B1 | 3.100% | 7/25/57 | 3,052,442 | 2,214,785 ^{(b)(c)} |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|--------------|--------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| CSMC Trust, 2017-RPL1 B2 | 3.100% | 7/25/57 | \$ 3,501,991 | \$ 1,805,686 ^{(b)(c)} |
| CSMC Trust, 2017-RPL1 B3 | 3.100% | 7/25/57 | 2,977,486 | 1,211,497 ^{(b)(c)} |
| CSMC Trust, 2017-RPL1 B4 | 3.100% | 7/25/57 | 3,427,174 | 513,384 ^{(b)(c)} |
| CWABS Asset-Backed Certificates Trust, 2005-11 MF1 | 4.442% | 2/25/36 | 2,000,000 | 1,876,957 ^(b) |
| CWABS Revolving Home Equity Loan Trust, 2004-L 2A (1 mo. USD LIBOR + 0.280%) | 2.438% | 2/15/34 | 81,315 | 77,898 ^(b) |
| Deutsche Mortgage Securities Inc. Mortgage Loan Trust, 2006-PR1 2PO, PO | 0.000% | 4/15/36 | 34,652 | 26,203 ^(c) |
| Deutsche Mortgage Securities Inc. Mortgage Loan Trust, 2006-PR1 4AS1, IO | 7.047% | 4/15/36 | 327,073 | 50,019 ^{(b)(c)} |
| Deutsche Mortgage Securities Inc. Mortgage Loan Trust, 2006-PR1 4AS2, IO | 11.791% | 4/15/36 | 311,406 | 76,745 ^{(b)(c)} |
| Deutsche Mortgage Securities Inc. Mortgage Loan Trust, 2006-PR1 5AS1, IO | 7.418% | 4/15/36 | 89,115 | 18,989 ^{(b)(c)} |
| Deutsche Mortgage Securities Inc. Mortgage Loan Trust, 2006-PR1 5AS3, IO | 5.637% | 4/15/36 | 323,411 | 56,925 ^{(b)(c)} |
| EMC Mortgage Loan Trust, 2006-A A1 (1 mo. USD LIBOR + 0.450%) | 2.666% | 12/25/42 | 56,243 | 56,348 ^{(b)(c)} |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2016-1 B, PO | 0.000% | 9/25/55 | 12,629,528 | 1,157,092 ^(c) |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2016-1 BIO, IO | 1.058% | 9/25/55 | 29,864,560 | 3,227,911 ^{(b)(c)} |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2016-1 XSIO, IO | 0.075% | 9/25/55 | 230,856,762 | 833,393 ^{(b)(c)} |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2017-2 B, PO | 0.000% | 8/25/56 | 11,918,464 | 1,202,609 ^(c) |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2017-2 BIO, IO | 1.218% | 8/25/56 | 19,920,062 | 2,240,370 ^{(b)(c)} |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2017-2 M1 | 4.000% | 8/25/56 | 1,170,000 | 1,145,137 ^{(b)(c)(d)} |
| Federal Home Loan Mortgage Corp. (FHLMC) Seasoned Credit Risk Transfer Trust, 2017-2 XSIO, IO | 0.075% | 8/25/56 | 550,453,619 | 2,068,605 ^{(b)(c)} |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|-----------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2016-DNA2 B (1 mo. USD LIBOR + 10.500%) | 12.716% | 10/25/28 | \$ 498,347 | \$ 667,973 ^(b) |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2016-DNA3 B (1 mo. USD LIBOR + 11.250%) | 13.466% | 12/25/28 | 1,036,940 | 1,440,786 ^(b) |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2016-DNA4 B (1 mo. USD LIBOR + 8.600%) | 10.816% | 3/25/29 | 1,588,611 | 1,917,151 ^(b) |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2017-DNA1 B2 (1 mo. USD LIBOR + 10.000%) | 12.216% | 7/25/29 | 2,666,932 | 2,714,951 ^(b) |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2017-DNA2 B2 (1 mo. USD LIBOR + 11.250%) | 13.466% | 10/25/29 | 1,787,590 | 2,074,909 ^(b) |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2018-HRP1 B1 (1 mo. USD LIBOR + 3.750%) | 5.966% | 4/25/43 | 4,980,000 | 5,210,444 ^{(b)(c)} |
| Federal Home Loan Mortgage Corp. (FHLMC) Structured Agency Credit Risk Debt Notes, 2018-HRP1 B2 (1 mo. USD LIBOR + 11.750%) | 13.966% | 4/25/43 | 5,730,000 | 6,598,534 ^{(b)(c)} |
| Federal National Mortgage Association (FNMA), 2012-134 LS, IO (-1.000 x 1 mo. LIBOR + 6.150%) | 3.934% | 12/25/42 | 3,882,626 | 608,584 ^(b) |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C01 1B (1 mo. USD LIBOR + 11.750%) | 13.966% | 8/25/28 | 1,884,653 | 2,710,279 ^(b) |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C02 1B (1 mo. USD LIBOR + 12.250%) | 14.466% | 9/25/28 | 2,349,716 | 3,460,631 ^(b) |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C03 1B (1 mo. USD LIBOR + 11.750%) | 13.966% | 10/25/28 | 1,664,043 | 2,373,060 ^(b) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|--------------|--------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C04 1B (1 mo. USD LIBOR + 10.250%) | 12.466% | 1/25/29 | \$ 2,638,250 | \$ 3,499,804 ^{(b)(c)} |
| Federal National Mortgage Association (FNMA) - CAS, 2016-C06 1B (1 mo. USD LIBOR + 9.250%) | 11.466% | 4/25/29 | 4,247,506 | 5,328,203 ^{(b)(c)} |
| Federal National Mortgage Association (FNMA) - CAS, 2017-C05 1B1 (1 mo. USD LIBOR + 3.600%) | 5.816% | 1/25/30 | 1,320,000 | 1,397,550 ^(b) |
| First Horizon Alternative Mortgage Securities Trust, 2005-AA6 3A1 | 3.777% | 8/25/35 | 691,680 | 625,286 ^(b) |
| First Horizon Alternative Mortgage Securities Trust, 2006-FA6 2A1, PAC | 6.250% | 11/25/36 | 106,209 | 74,267 |
| GS Mortgage Securities Corp II, 2000-1A A (1 mo. LIBOR + 0.350%) | 2.865% | 3/20/23 | 50,792 | 50,904 ^{(b)(c)} |
| GSAA Resecuritization Mortgage Trust, 2005-R1 1A2, IO (-1.000 x 1 mo. USD LIBOR + 5.000%) | 2.784% | 4/25/35 | 2,593,138 | 301,494 ^{(b)(c)} |
| GSMPS Mortgage Loan Trust, 2005-RP1 1A4 | 8.500% | 1/25/35 | 64,344 | 72,884 ^(c) |
| GSMPS Mortgage Loan Trust, 2006-RP1 1A2 | 7.500% | 1/25/36 | 428,074 | 448,850 ^(c) |
| GSMPS Mortgage Loan Trust, 2006-RP1 1A3 | 8.000% | 1/25/36 | 71,480 | 76,451 ^(c) |
| GSRPM Mortgage Loan Trust, 2007-1 A (1 mo. USD LIBOR + 0.400%) | 2.616% | 10/25/46 | 1,538,640 | 1,464,058 ^{(b)(c)} |
| HarborView Mortgage Loan Trust, 2006-2 1A | 4.378% | 2/25/36 | 29,313 | 21,226 ^(b) |
| Home Equity Loan Trust, 2004-HS1 AI6 | 3.640% | 3/25/34 | 21 | 21 ^(b) |
| Home Equity Mortgage Trust, 2006-1 A3 (1 mo. USD LIBOR + 0.500%) | 2.716% | 5/25/36 | 3,500,000 | 75,989 ^(b) |
| HSI Asset Loan Obligation Trust, 2007-AR1 4A1 | 4.312% | 1/25/37 | 171,159 | 143,385 ^(b) |
| Impac CMB Trust, 2004-8 1A (1 mo. USD LIBOR + 0.720%) | 2.936% | 10/25/34 | 340,784 | 336,146 ^(b) |
| IndyMac INDA Mortgage Loan Trust, 2005-AR2 1A1 | 3.208% | 1/25/36 | 80,518 | 74,177 ^(b) |
| IndyMac INDX Mortgage Loan Trust, 2004-AR13 1A1 | 3.214% | 1/25/35 | 75,888 | 72,414 ^(b) |
| IndyMac INDX Mortgage Loan Trust, 2005-AR15 A2 | 3.893% | 9/25/35 | 76,904 | 72,261 ^(b) |

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WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|-------------|---------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| IndyMac INDX Mortgage Loan Trust, 2006-AR7 5A1 | 3.633% | 5/25/36 | \$ 322,678 | \$ 290,311 ^(b) |
| IndyMac INDX Mortgage Loan Trust, 2006-AR9 3A3 | 3.620% | 6/25/36 | 426,575 | 407,009 ^(b) |
| IndyMac INDX Mortgage Loan Trust, 2006-AR11 1A1 | 3.975% | 6/25/36 | 473,442 | 441,583 ^(b) |
| JPMorgan Alternative Loan Trust, 2007-A1 3A1 | 3.506% | 3/25/37 | 408,162 | 389,443 ^(b) |
| JPMorgan Mortgage Trust, 2005-S3 1A1 | 6.500% | 1/25/36 | 963,952 | 800,765 |
| JPMorgan Mortgage Trust, 2007-S2 3A2 | 6.000% | 6/25/37 | 93,211 | 95,275 |
| JPMorgan Mortgage Trust, 2007-S2 3A3 | 6.500% | 6/25/37 | 32,539 | 33,582 |
| JPMorgan Mortgage Trust, 2007-S3 1A18 (1 mo. USD LIBOR + 0.500%) | 2.716% | 8/25/37 | 2,820,266 | 1,609,303 ^(b) |
| Lehman Mortgage Trust, 2006-3 1A7, IO (-1.000 x 1 mo. USD LIBOR + 5.400%) | 3.184% | 7/25/36 | 6,763,707 | 1,181,091 ^(b) |
| Lehman Mortgage Trust, 2006-7 1A3, IO (-1.000 x 1 mo. USD LIBOR + 5.350%) | 3.134% | 11/25/36 | 5,963,016 | 716,898 ^(b) |
| Lehman Mortgage Trust, 2006-7 1A8 (1 mo. USD LIBOR + 0.180%) | 2.396% | 11/25/36 | 4,346,329 | 3,040,128 ^(b) |
| Lehman Mortgage Trust, 2006-7 3A2, IO (-1.000 x 1 mo. USD LIBOR + 7.150%) | 4.934% | 11/25/36 | 5,552,705 | 1,167,169 ^(b) |
| Lehman Mortgage Trust, 2007-5 2A3 (1 mo. USD LIBOR + 0.330%) | 2.546% | 6/25/37 | 3,155,691 | 847,635 ^(b) |
| Lehman XS Trust, 2005-9N 1A1 (1 mo. USD LIBOR + 0.270%) | 2.486% | 2/25/36 | 1,002,444 | 969,445 ^(b) |
| Lehman XS Trust, 2006-14N 3A2 (1 mo. USD LIBOR + 0.240%) | 2.456% | 8/25/36 | 1,268,475 | 1,212,143 ^(b) |
| Lehman XS Trust, 2006-19 A4 (1 mo. USD LIBOR + 0.170%) | 2.386% | 12/25/36 | 738,465 | 658,578 ^(b) |
| MASTR Adjustable Rate Mortgages Trust, 2004-12 5A1 | 4.335% | 10/25/34 | 97,428 | 95,667 ^(b) |
| MASTR Adjustable Rate Mortgages Trust, 2006-2 4A1 | 4.219% | 2/25/36 | 29,601 | 28,814 ^(b) |
| MASTR Adjustable Rate Mortgages Trust, 2006-OA1 1A1 (1 mo. USD LIBOR + 0.210%) | 2.426% | 4/25/46 | 277,908 | 243,872 ^(b) |
| MASTR Asset Backed Securities Trust, 2005-AB1 A5A | 5.712% | 11/25/35 | 3,360,000 | 2,803,916 |
| MASTR Reperforming Loan Trust, 2005-1 1A2 | 6.500% | 8/25/34 | 866,895 | 826,763 ^(c) |
| MASTR Reperforming Loan Trust, 2005-1 1A3 | 7.000% | 8/25/34 | 172,677 | 173,954 ^(c) |

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WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|-------------|-----------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| MASTR Reperforming Loan Trust, 2005-1 1A4 | 7.500% | 8/25/34 | \$ 72,256 | \$ 73,224 ^(c) |
| Merrill Lynch Mortgage Investors Trust, 2006-A1 2A1 | 3.571% | 3/25/36 | 680,596 | 520,675 ^(b) |
| Morgan Stanley ABS Capital I Inc., Trust, 2003-NC10 M2 (1 mo. USD LIBOR + 2.700%) | 4.916% | 10/25/33 | 44,553 | 43,911 ^(b) |
| Morgan Stanley Mortgage Loan Trust, 2004-11AR 1B1 (1 mo. USD LIBOR + 0.600%) | 2.816% | 1/25/35 | 3,544,114 | 3,160,937 ^(b) |
| Morgan Stanley Mortgage Loan Trust, 2004-6AR 2A2 | 4.582% | 8/25/34 | 177,970 | 178,080 ^(b) |
| Morgan Stanley Mortgage Loan Trust, 2004-7AR B1 | 4.328% | 9/25/34 | 3,082,352 | 2,306,416 ^(b) |
| Morgan Stanley Mortgage Loan Trust, 2006-8AR 1A2 (1 mo. USD LIBOR + 0.140%) | 2.356% | 6/25/36 | 255,477 | 105,743 ^(b) |
| Morgan Stanley Mortgage Loan Trust, 2007-15AR 4A1 | 3.438% | 11/25/37 | 669,971 | 612,391 ^(b) |
| Morgan Stanley Mortgage Loan Trust, 2007-5AX 2A3 (1 mo. USD LIBOR + 0.230%) | 2.446% | 2/25/37 | 2,025,120 | 994,226 ^(b) |
| Morgan Stanley Resecuritization Trust, 2015-R2 1B (12 mo. Monthly Treasury Average Index + 0.710%) | 2.457% | 12/27/46 | 937,279 | 727,494 ^{(b)(c)} |
| New Century Home Equity Loan Trust, 2004-3 M3 (1 mo. USD LIBOR + 1.065%) | 3.281% | 11/25/34 | 611,679 | 617,644 ^(b) |
| Nomura Resecuritization Trust, 2014-5R 1A9 | 7.967% | 6/26/35 | 1,797,286 | 1,743,056 ^{(b)(c)} |
| Option One Mortgage Loan Trust, 2007-FXD1, 1A1 | 5.866% | 1/25/37 | 2,413,734 | 2,283,319 |
| Popular ABS Mortgage Pass-Through Trust, 2004-4 M2 | 4.370% | 9/25/34 | 1,367,983 | 1,387,004 |
| Popular ABS Mortgage Pass-Through Trust, 2005-5 MV2 (1 mo. USD LIBOR + 0.630%) | 2.846% | 11/25/35 | 2,152,956 | 1,709,132 ^(b) |
| Prime Mortgage Trust, 2006-DR1 2A1 | 5.500% | 5/25/35 | 2,497,721 | 2,121,811 ^(c) |
| Provident Home Equity Loan Trust, 2000-2 A1 (1 mo. USD LIBOR + 0.540%) | 2.756% | 8/25/31 | 943,340 | 827,806 ^(b) |
| RAAC Trust, 2006-RP3 A (1 mo. USD LIBOR + 0.270%) | 2.486% | 5/25/36 | 406,921 | 400,950 ^{(b)(c)} |
| RALI Trust, 2005-QA3 CB4 | 4.175% | 3/25/35 | 1,601,846 | 1,032,983 ^(b) |
| RALI Trust, 2006-QA1 A11 | 4.183% | 1/25/36 | 447,774 | 377,631 ^(b) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|-------------|---------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| RALI Trust, 2006-QA4 A (1 mo. USD LIBOR + 0.180%) | 2.396% | 5/25/36 | \$ 351,464 | \$ 319,768 ^(b) |
| RALI Trust, 2006-QO2 A2 (1 mo. USD LIBOR + 0.270%) | 2.486% | 2/25/46 | 3,904,857 | 1,840,267 ^(b) |
| RALI Trust, 2007-QA2 A1 (1 mo. USD LIBOR + 0.130%) | 2.346% | 2/25/37 | 230,749 | 225,429 ^(b) |
| RAMP Trust, 2004-RS4 MII2 (1 mo. USD LIBOR + 2.025%) | 4.241% | 4/25/34 | 961,062 | 789,615 ^(b) |
| RAMP Trust, 2004-SL3 A3 | 7.500% | 12/25/31 | 677,555 | 692,563 |
| RAMP Trust, 2005-SL2 A5 | 8.000% | 10/25/31 | 466,268 | 385,825 |
| RBSGC Mortgage Loan Trust, 2007-A 3A1 (1 mo. USD LIBOR + 0.350%) | 2.566% | 1/25/37 | 3,093,895 | 1,276,603 ^(b) |
| Renaissance Home Equity Loan Trust, 2006-1 AF5 | 6.166% | 5/25/36 | 565,460 | 427,761 |
| Renaissance Home Equity Loan Trust, 2007-1 AF3 | 5.612% | 4/25/37 | 3,092,652 | 1,488,399 |
| Renaissance Home Equity Loan Trust, 2007-2 AF1 | 5.893% | 6/25/37 | 2,582,571 | 1,215,927 |
| Renaissance Home Equity Loan Trust, 2007-2 AF2 | 5.675% | 6/25/37 | 445,054 | 201,720 |
| Renaissance Home Equity Loan Trust, 2007-2 AF3 | 6.203% | 6/25/37 | 1,914,212 | 956,117 |
| Renaissance Home Equity Loan Trust, 2007-2 AF6 | 5.879% | 6/25/37 | 3,219,894 | 1,512,353 |
| Renaissance Home Equity Loan Trust, 2007-3 AF3 | 7.238% | 9/25/37 | 1,534,846 | 923,209 |
| Reperforming Loan REMIC Trust, 2005-R2 2A3 | 8.000% | 6/25/35 | 54,457 | 56,534 ^(c) |
| Residential Asset Securitization Trust, 2005-A7 A2, IO (-1.000 x 1 mo. USD LIBOR + 7.250%) | 5.034% | 6/25/35 | 1,896,867 | 388,204 ^(b) |
| Residential Asset Securitization Trust, 2005-A13 1A3 (1 mo. USD LIBOR + 0.470%) | 2.686% | 10/25/35 | 130,550 | 114,770 ^(b) |
| Residential Asset Securitization Trust, 2006-A1 1A6 (1 mo. USD LIBOR + 0.500%) | 2.716% | 4/25/36 | 1,682,456 | 881,801 ^(b) |
| Residential Asset Securitization Trust, 2006-A1 1A7, IO (-1.000 x 1 mo. USD LIBOR + 5.500%) | 3.284% | 4/25/36 | 3,486,956 | 487,883 ^(b) |
| Residential Asset Securitization Trust, 2007-A2 1A1 | 6.000% | 4/25/37 | 289,310 | 255,360 |
| RFMSI Trust, 2005-SA3 1A | 4.129% | 8/25/35 | 1,272,487 | 985,721 ^(b) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|--------------|---------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| RFMSI Trust, 2006-S8 A12, IO (-1.000 x 1 mo. USD LIBOR + 5.400%) | 3.184% | 9/25/36 | \$ 5,122,623 | \$ 433,958 ^(b) |
| RFMSI Trust, 2006-SA2 4A1 | 5.264% | 8/25/36 | 196,333 | 172,225 ^(b) |
| RFMSI Trust, 2007-S6 1A6 (1 mo. USD LIBOR + 0.500%) | 2.716% | 6/25/37 | 2,216,518 | 1,856,212 ^(b) |
| RFMSI Trust, 2007-S6 1A13, IO (-1.000 x 1 mo. USD LIBOR + 5.500%) | 3.284% | 6/25/37 | 2,216,518 | 156,264 ^(b) |
| Soundview Home Loan Trust, 2005-1 M6 (1 mo. USD LIBOR + 1.950%) | 4.166% | 4/25/35 | 1,330,819 | 1,255,956 ^(b) |
| Structured Adjustable Rate Mortgage Loan Trust, 2004-18 1A2 | 4.061% | 12/25/34 | 381,106 | 368,915 ^(b) |
| Structured Adjustable Rate Mortgage Loan Trust, 2005-4 1A1 | 4.133% | 3/25/35 | 165,629 | 145,097 ^(b) |
| Structured Adjustable Rate Mortgage Loan Trust, 2005-4 5A | 4.266% | 3/25/35 | 120,436 | 120,703 ^(b) |
| Structured Adjustable Rate Mortgage Loan Trust, 2005-6XS M2 (1 mo. USD LIBOR + 1.155%) | 3.371% | 3/25/35 | 908,900 | 771,178 ^(b) |
| Structured Adjustable Rate Mortgage Loan Trust, 2005-7 1A3 | 3.931% | 4/25/35 | 81,362 | 80,883 ^(b) |
| Structured Asset Investment Loan Trust, 2004-8 M9 (1 mo. USD LIBOR + 3.750%) | 5.966% | 9/25/34 | 297,405 | 291,928 ^(b) |
| Structured Asset Mortgage Investments II Trust, 2006-AR5 4A1 (1 mo. USD LIBOR + 0.220%) | 2.436% | 5/25/46 | 638,986 | 378,789 ^(b) |
| Structured Asset Securities Corp., 2005-RF1 A (1 mo. USD LIBOR + 0.350%) | 2.566% | 3/25/35 | 64,625 | 60,472 ^{(b)(c)} |
| Structured Asset Securities Corp. Mortgage Loan Trust, 2006-RF3 1A1, PAC | 6.000% | 10/25/36 | 1,590,581 | 1,588,552 ^(c) |
| Structured Asset Securities Corp. Mortgage Loan Trust, 2007-BC1 M1 (1 mo. USD LIBOR + 0.230%) | 2.446% | 2/25/37 | 4,177,367 | 2,202,780 ^(b) |
| Wachovia Mortgage Loan Trust LLC, 2005-B 2A2 | 4.226% | 10/20/35 | 31,066 | 31,173 ^(b) |
| WaMu Mortgage Pass-Through Certificates Trust, 2005-AR15 A1C3 (1 mo. USD LIBOR + 0.480%) | 2.696% | 11/25/45 | 1,640,461 | 1,232,198 ^(b) |
| WaMu Mortgage Pass-Through Certificates Trust, 2005-AR15 A1C4 (1 mo. USD LIBOR + 0.400%) | 2.616% | 11/25/45 | 1,266,767 | 944,031 ^(b) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****September 30, 2018**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|-------------|----------------------|--------------------|-----------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| WaMu Mortgage Pass-Through Certificates Trust, 2005-AR2 B1 (1 mo. USD LIBOR + 0.530%) | 2.746% | 1/25/45 | \$ 1,865,990 | \$ 1,241,721 ^(b) |
| WaMu Mortgage Pass-Through Certificates Trust, 2006-AR16 2A2 | 3.167% | 12/25/36 | 252,231 | 228,479 ^(b) |
| WaMu Mortgage Pass-Through Certificates Trust, 2005-AR13 A1C3 (1 mo. USD LIBOR + 0.490%) | 2.706% | 10/25/45 | 268,046 | 271,858 ^(b) |
| Washington Mutual Mortgage Pass-Through Certificates Trust, 2005-8 1A6 (-3.667 x 1 mo. USD LIBOR + 23.283%) | 15.159% | 10/25/35 | 245,653 | 266,323 ^(b) |
| Washington Mutual Mortgage Pass-Through Certificates Trust, 2005-9 5A4 (-7.333 x 1 mo. USD LIBOR + 35.933%) | 19.684% | 11/25/35 | 77,202 | 92,373 ^(b) |
| Washington Mutual Mortgage Pass-Through Certificates Trust, 2005-10 2A3 (1 mo. USD LIBOR + 0.900%) | 3.116% | 11/25/35 | 158,100 | 130,824 ^(b) |
| Washington Mutual Mortgage Pass-Through Certificates Trust, 2006-AR10 A1 (1 mo. USD LIBOR + 0.100%) | 2.316% | 12/25/36 | 455,578 | 331,062 ^(b) |
| Wells Fargo Alternative Loan Trust, 2007-PA1 A12, IO (-1.000 x 1 mo. USD LIBOR + 5.460%) | 3.244% | 3/25/37 | 3,396,701 | 262,307 ^(b) |
| Wells Fargo Mortgage Backed Securities Trust, 2005-AR2 2A2 | 3.928% | 3/25/35 | 67,357 | 69,121 ^(b) |
| Wells Fargo Mortgage Backed Securities Trust, 2006-2 1A4 (-2.750 x 1 mo. USD LIBOR + 19.388%) | 13.294% | 3/25/36 | 1,078,916 | 1,175,387 ^(b) |
| TOTAL RESIDENTIAL MORTGAGE-BACKED SECURITIES | | | | |
| (Cost - \$179,205,283) | | | | 198,507,605 |
| COMMERCIAL MORTGAGE-BACKED SECURITIES^(a) - 28.5% | | | | |
| BAMLL Commercial Mortgage Securities Trust, 2014-FL1 E | 4.376% | 12/15/31 | 2,980,000 | 2,912,296 ^{(b)(c)} |
| Banc of America Commercial Mortgage Trust, 2007-2 AJ | 5.731% | 4/10/49 | 1,071,079 | 658,158 ^(b) |
| CD Commercial Mortgage Trust, 2007-CD4 AJ | 5.398% | 12/11/49 | 36,727 | 27,020 ^(b) |
| Citigroup Commercial Mortgage Trust, 2015-GC29 E | 4.282% | 4/10/48 | 740,000 | 570,176 ^{(b)(c)} |
| Citigroup Commercial Mortgage Trust, 2015-SHP2 F (1 mo. LIBOR + 5.200%) | 7.358% | 7/15/27 | 1,000,000 | 1,013,402 ^{(b)(c)} |
| Commercial Mortgage Trust, 2015-CR25 E | 4.696% | 8/10/48 | 1,230,000 | 872,995 ^{(b)(c)} |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****September 30, 2018**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|--------------|-----------------------------------|
| COMMERCIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| Credit Suisse Commercial Mortgage Trust, 2006-C5 AJ | 5.373% | 12/15/39 | \$ 1,212,353 | \$ 889,867 |
| Credit Suisse Commercial Mortgage Trust, 2007-C5 AM | 5.869% | 9/15/40 | 763,079 | 741,044 ^(b) |
| Credit Suisse Mortgage Capital Certificates, 2018-PLUM B (1 mo. LIBOR + 5.000%) | 7.133% | 8/15/20 | 5,000,000 | 5,000,000 ^{(b)(c)(d)(e)} |
| CSMC Trust, 2014-USA F | 4.373% | 9/15/37 | 1,620,000 | 1,359,685 ^(c) |
| CSMC Trust, 2015-LHMZ | 8.928% | 7/20/20 | 2,946,733 | 2,960,742 ^(c) |
| CSMC Trust, 2016-MFF E (1 mo. LIBOR + 6.000%) | 8.158% | 11/15/33 | 1,500,000 | 1,519,847 ^{(b)(c)} |
| CSMC Trust, 2017-CHOP F (1 mo. LIBOR + 4.350%) | 6.508% | 7/15/32 | 1,620,000 | 1,634,548 ^{(b)(c)} |
| CSMC Trust, 2017-CHOP H (1 mo. LIBOR + 7.620%) | 9.778% | 7/15/32 | 3,300,000 | 3,292,179 ^{(b)(c)} |
| DBUBS Mortgage Trust, 2011-LC3A G | 3.750% | 8/10/44 | 2,600,000 | 1,568,445 ^(c) |
| Federal Home Loan Mortgage Corp. (FHLMC) Multifamily Structured Pass-Through Certificates, K034 X3, IO | 1.782% | 9/25/41 | 10,200,000 | 751,670 ^(b) |
| FRESB Mortgage Trust, 2018-SB48 B (3.677% to 9/25/26 then 6 mo. LIBOR + 7.500%) | 3.677% | 2/25/38 | 4,074,092 | 3,031,438 ^{(b)(c)} |
| GMAC Commercial Mortgage Securities Inc., 2006-C1 AJ | 5.349% | 11/10/45 | 944,114 | 875,628 ^(b) |
| GS Mortgage Securities Trust, 2006-GG8, AJ | 5.622% | 11/10/39 | 115,377 | 99,615 |
| GS Mortgage Securities Trust, 2007-GG10 AJ | 5.977% | 8/10/45 | 2,911,907 | 1,442,068 ^(b) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-LDP7 AJ | 6.253% | 4/17/45 | 415,740 | 305,153 ^(b) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-LDP9 AJ | 5.411% | 5/15/47 | 1,890,000 | 1,354,449 |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-LDP9 AJS | 5.386% | 5/15/47 | 420,000 | 179,722 ^(b) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-CB18 AJ | 5.502% | 6/12/47 | 580,000 | 480,859 ^(b) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-CB19 AJ | 6.012% | 2/12/49 | 1,461,952 | 1,095,492 ^(b) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-LD12 AJ | 6.100% | 2/15/51 | 171,347 | 171,960 ^(b) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****September 30, 2018**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|-------------|----------------------|--------------------|-----------------------------|
| COMMERCIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-LDPX AJ | 5.503% | 1/15/49 | \$ 2,350,000 | \$ 399,488 ^(b) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2018-PHMZ M (1 mo. LIBOR + 8.208%) | 10.366% | 6/15/35 | 3,000,000 | 3,001,713 ^{(b)(c)} |
| LB-UBS Commercial Mortgage Trust, 2007-C6 AJ | 6.478% | 7/15/40 | 1,359,000 | 1,381,911 ^(b) |
| ML-CFC Commercial Mortgage Trust, 2007-5 AJ | 5.450% | 8/12/48 | 126,193 | 99,819 ^(b) |
| ML-CFC Commercial Mortgage Trust, 2007-9 AJ | 6.193% | 9/12/49 | 714,091 | 556,159 ^(b) |
| ML-CFC Commercial Mortgage Trust, 2007-9 AJA | 6.222% | 9/12/49 | 103,715 | 80,776 ^(b) |
| Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C25 E | 4.679% | 10/15/48 | 700,000 | 564,098 ^{(b)(c)} |
| Morgan Stanley Capital I Trust, 2007-IQ13 AJ | 5.438% | 3/15/44 | 38,299 | 38,401 |
| Morgan Stanley Capital I Trust, 2007-IQ16 AJ | 6.358% | 12/12/49 | 1,212,252 | 932,484 ^(b) |
| Motel 6 Trust, 2017-MTL6 F (1 mo. LIBOR + 4.250%) | 6.408% | 8/15/34 | 1,452,605 | 1,466,307 ^{(b)(c)} |
| Starwood Retail Property Trust, 2014-STAR E (1 mo. LIBOR + 4.150%) | 6.308% | 11/15/27 | 1,600,000 | 1,524,335 ^{(b)(c)} |
| Tharaldson Hotel Portfolio Trust, 2018-THL G (1 mo. LIBOR + 6.350%) | 8.471% | 11/11/34 | 2,596,746 | 2,594,009 ^{(b)(c)} |
| Tharaldson Hotel Portfolio Trust, 2018-THL H (1 mo. LIBOR + 9.800%) | 11.921% | 11/11/34 | 1,731,164 | 1,729,917 ^{(b)(c)} |
| UBS-Barclays Commercial Mortgage Trust, 2012-C2 G | 5.000% | 5/10/63 | 3,130,000 | 2,125,599 ^{(b)(c)} |
| UBS-Barclays Commercial Mortgage Trust, 2012-C2 H | 5.000% | 5/10/63 | 5,510,000 | 2,697,734 ^{(b)(c)} |
| United States Small Business Administration, 2018-20A 1 | 2.920% | 1/1/38 | 244,483 | 234,947 |
| Wachovia Bank Commercial Mortgage Trust, 2007-C33 AJ | 5.984% | 2/15/51 | 1,367,840 | 1,353,082 ^(b) |
| Waldorf Astoria Boca Raton Trust, 2016-BOCA F (1 mo. LIBOR + 5.500%) | 7.658% | 6/15/29 | 1,500,000 | 1,510,291 ^{(b)(c)} |
| Wells Fargo Commercial Mortgage Trust, 2015-C31 E | 4.763% | 11/15/48 | 540,000 | 380,731 ^{(b)(c)} |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|--------------|--------------------------------|
| COMMERCIAL MORTGAGE-BACKED SECURITIES^(a) - (continued) | | | | |
| WFRBS Commercial Mortgage Trust, 2011-C4 F | 5.000% | 6/15/44 | \$ 3,870,000 | \$ 2,705,966 ^{(b)(c)} |
| WFRBS Commercial Mortgage Trust, 2012-C9 E | 4.940% | 11/15/45 | 3,500,000 | 3,138,474 ^{(b)(c)} |
| TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES | | | | |
| (Cost - \$66,519,381) | | | | 63,324,699 |
| ASSET-BACKED SECURITIES - 15.9% | | | | |
| AccessLex Institute, 2004-A B1 (28 day Auction Rate Security) | 0.000% | 7/1/39 | 1,400,000 | 1,342,380 ^(b) |
| Banc of America Funding Trust, 2015-R4 4A3 | 11.420% | 1/27/30 | 10,066,898 | 4,865,634 ^{(b)(c)} |
| BankAmerica Manufactured Housing Contract Trust, 1996-1 B1 | 7.875% | 10/10/26 | 7,866,000 | 2,516,188 |
| BCMSC Trust, 1998-B A | 6.530% | 10/15/28 | 580,927 | 603,705 ^(b) |
| BCMSC Trust, 1998-C M1 | 7.510% | 1/15/29 | 4,015,228 | 3,425,368 ^(b) |
| BCMSC Trust, 1999-A A3 | 5.980% | 3/15/29 | 268,690 | 279,090 ^(b) |
| Catskill Park CLO Ltd., 2017-1A D (3 mo. USD LIBOR + 6.000%) | 8.348% | 4/20/29 | 1,700,000 | 1,709,143 ^{(b)(c)} |
| Conseco Finance Corp., 1997-4 M1 | 7.220% | 2/15/29 | 1,697,224 | 1,752,922 ^(b) |
| CreditShop Credit Card Co. LLC, 2017-1 B (1 mo. LIBOR + 8.000%) | 10.158% | 10/15/22 | 3,171,752 | 3,184,331 ^{(b)(c)} |
| Firstfed Corp. Manufactured Housing Contract, 1997-2 B | 8.110% | 5/15/24 | 261,001 | 166,867 ^{(c)(d)} |
| GE Business Loan Trust, 2006-1A C (1 mo. LIBOR + 0.420%) | 2.578% | 5/15/34 | 88,359 | 82,526 ^{(b)(c)} |
| Manufactured Housing Contract Pass-Through Certificates Trust, 2001-2 IA2 (Auction Rate Security) | 5.631% | 2/20/32 | 200,000 | 201,035 ^(b) |
| Origen Manufactured Housing Contract Trust, 2006-A A2 | 3.953% | 10/15/37 | 1,237,265 | 1,165,843 ^(b) |
| Origen Manufactured Housing Contract Trust, 2007-A A2 | 4.538% | 4/15/37 | 1,357,430 | 1,338,522 ^(b) |
| Origen Manufactured Housing Contract Trust, 2007-B A1 (1 mo. USD LIBOR + 1.200%) | 3.358% | 10/15/37 | 2,589,289 | 2,515,059 ^{(b)(c)} |
| Ratchet Trading Ltd., 2018-1 A | 15.190% | 1/26/27 | 298,093 | 301,756 ^{(b)(c)} |
| RBS Acceptance Inc., 1995-BA1 B2 | 9.000% | 8/10/20 | 2,191,561 | 384,520 |
| SMB Private Education Loan Trust, 2014-A R | 0.000% | 9/15/45 | 6,875 | 3,185,582 ^(c) |
| SoFi Professional Loan Program LLC, 2014-A RC | 0.000% | 7/14/24 | 700 | 518,885 ^(c) |
| TES LLC, 2017-1A B | 7.740% | 10/20/47 | 1,500,000 | 1,511,475 ^(c) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****September 30, 2018**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|------------------|----------------|--------------------------------|
| ASSET-BACKED SECURITIES - (continued) | | | | |
| Treman Park CLO Ltd., 2015-1A E (3 mo. USD LIBOR + 6.200%) | 8.548% | 4/20/27 | \$ 1,800,000 | \$ 1,801,573 ^{(b)(c)} |
| Upgrade Pass-Thru Trust I, 2017-1 CERT | 14.960% | 12/27/27 | 357,509 | 361,544 ^{(b)(c)} |
| Upgrade Pass-Thru Trust I, 2018-2 A | 16.537% | 5/15/24 | 336,620 | 340,836 ^(c) |
| Upgrade Pass-Thru Trust I, 2018-5 A | 12.075% | 9/15/24 | 388,270 | 393,134 ^(c) |
| Upgrade Pass-Thru Trust I, 2018-6 A | 5.339% | 10/15/24 | 340,000 | 340,000 ^{(c)(d)} |
| Upgrade Pass-Thru Trust IV, 2018-4 A | 15.308% | 8/15/24 | 449,255 | 454,883 ^(c) |
| VOYA CLO, 2017-2A D (3 mo. USD LIBOR + 6.020%) | 8.359% | 6/7/30 | 600,000 | 604,739 ^{(b)(c)} |
| TOTAL ASSET-BACKED SECURITIES | | | | |
| (Cost - \$35,670,540) | | | | 35,347,540 |
| CORPORATE BONDS & NOTES - 0.4% | | | | |
| CONSUMER STAPLES - 0.3% | | | | |
| Food & Staples Retailing - 0.3% | | | | |
| CVS Pass-Through Trust | 9.350% | 1/10/23 | 479,444 | 524,587 ^(c) |
| FINANCIALS - 0.1% | | | | |
| Insurance - 0.1% | | | | |
| Ambac Assurance Corp., Subordinated Notes | 5.100% | 6/7/20 | 45,494 | 62,214 ^(c) |
| Ambac LSNI LLC, Senior Secured Notes (3 mo. USD LIBOR + 5.000%) | 7.396% | 2/12/23 | 199,860 | 202,608 ^{(b)(c)} |
| TOTAL FINANCIALS | | | | 264,822 |
| INDUSTRIALS - 0.0% | | | | |
| Airlines - 0.0% | | | | |
| Air 2 US | 8.027% | 10/1/19 | 17,256 | 17,590 ^(c) |
| TOTAL CORPORATE BONDS & NOTES | | | | 806,999 |
| (Cost - \$737,580) | | | | 806,999 |
| TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS | | | | |
| (Cost - \$282,132,784) | | | | 297,986,843 |
| SHARES | | | | |
| SHORT-TERM INVESTMENTS - 11.6% | | | | |
| Dreyfus Government Cash Management, Institutional Shares (Cost - \$25,833,847) | 2.013% | | 25,833,847 | 25,833,847 |
| TOTAL INVESTMENTS - 145.9% | | | | 323,820,690 |
| (Cost - \$307,966,631) | | | | 323,820,690 |

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| | |
|---|-----------------------|
| Liabilities in Excess of Other Assets - (45.9)% | (101,877,058) |
| TOTAL NET ASSETS - 100.0% | \$ 221,943,632 |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****September 30, 2018**

Securities held by the Fund are subject to a lien, granted to the lender, to the extent of the borrowing outstanding and any additional expenses.

- (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) 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.
- (d) Security is valued using significant unobservable inputs (Note 1).
- (e) Security is valued in good faith in accordance with procedures approved by the Board of Directors (Note 1).

Abbreviations used in this schedule:

| | |
|-------|---|
| CLO | Collateral Loan Obligation |
| IO | Interest Only |
| LIBOR | London Interbank Offered Rate |
| PAC | Planned Amortization Class |
| PO | Principal Only |
| REMIC | Real Estate Mortgage Investment Conduit |

At September 30, 2018, the Fund had the following open futures contracts:

| | Number of Contracts | Expiration Date | Notional Amount | Market Value | Unrealized Appreciation |
|--|------------------------|--------------------|--------------------|-----------------|----------------------------|
| Contracts to Sell: | | | | | |
| U.S. Treasury 2-Year Notes | 8 | 12/18 | \$ 1,690,764 | \$ 1,685,875 | \$ 4,889 |
| U.S. Treasury 5-Year Notes | 8 | 12/18 | 906,986 | 899,813 | 7,173 |
| U.S. Treasury 10-Year Notes | 95 | 12/18 | 11,437,081 | 11,284,219 | 152,862 |
| Net unrealized appreciation on open futures contracts | | | | | \$ 164,924 |

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At September 30, 2018, the Fund had the following open forward foreign currency contracts:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Depreciation |
|-----------------------|------------------|---------------------|--------------------|----------------------------|
| EUR 55,341 | USD 65,262 | JPMorgan Chase Bank | 10/18/18 | \$ (906) |

Abbreviations used in this table:

EUR Euro
 USD United States Dollar

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. 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

Notes to Schedule of Investments (unaudited) (continued)

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.

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.

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)

Notes to Schedule of Investments (unaudited) (continued)

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 (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | |
| Long-Term Investments : | | | | |
| Residential Mortgage-Backed Securities | | \$ 196,724,920 | \$ 1,782,685 | \$ 198,507,605 |
| Commercial Mortgage-Backed Securities | | 58,324,699 | 5,000,000 | 63,324,699 |
| Asset-Backed Securities | | 34,840,673 | 506,867 | 35,347,540 |
| Corporate Bonds & Notes | | 806,999 | | 806,999 |
| Total Long-Term Investments | | 290,697,291 | 7,289,552 | 297,986,843 |
| Short-Term Investments | \$ 25,833,847 | | | 25,833,847 |
| Total Investments | \$ 25,833,847 | \$ 290,697,291 | \$ 7,289,552 | \$ 323,820,690 |
| Other Financial Instruments: | | | | |
| Futures Contracts | \$ 164,924 | | | \$ 164,924 |
| Total | \$ 25,998,771 | \$ 290,697,291 | \$ 7,289,552 | \$ 323,985,614 |
| | LIABILITIES | | | |
| DESCRIPTION | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | TOTAL |
| Other Financial Instruments: | | | | |
| Forward Foreign Currency Contracts | | \$ 906 | | \$ 906 |

See Schedule of Investments for additional detailed categorizations.

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:

| | Balance as of December 31, 2017 | Accrued premiums/ discounts | Realized gain (loss) | Change in unrealized appreciation (depreciation) | Purchases | Sales | Transfers into Level 3 ² | Transfers out of Level 3 ³ | Balance as of September 30, 2018 | Net change in unrealized appreciation (depreciation) for investments in securities still held at September 30, 2018 ¹ |
|--|--|-----------------------------------|----------------------------|--|--------------|----------------|---|---|---|---|
| Investments in Securities | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Residential Mortgage-Backed Securities | \$ 1,142,944 | \$ 231 | | \$ 1,962 | | | \$ 637,548 | | \$ 1,782,685 | \$ 1,962 |
| Commercial Mortgage-Backed Securities | | | | | \$ 5,000,000 | | | | 5,000,000 | |
| Asset-Backed Securities | 504,382 | (11,323) | \$ (3,882) | 7,633 | 343,400 | \$ (138,666) | 166,867 | \$ (361,544) | 506,867 | 7,633 |
| Senior Loans | 3,000,000 | | | | | (3,000,000) | | | | |
| Liabilities | | | | | | | | | | |
| Other Financial Instruments: | | | | | | | | | | |
| OTC Total Return Swaps | (2,595) | | 11,126 | 2,595 | | (11,126) | | | | |
| Total | \$ 4,644,731 | \$ (11,092) | \$ 7,244 | \$ 12,190 | \$ 5,343,400 | \$ (3,149,792) | \$ 804,415 | \$ (361,544) | \$ 7,289,552 | \$ 9,595 |

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 into Level 3 as a result of the unavailability of a quoted price in an active market for an identical investment or the unavailability of other significant observable inputs.

³ 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 26, 2018

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 26, 2018

By /s/ RICHARD F. SENNETT
 Richard F. Sennett
 Principal Financial Officer

Date: November 26, 2018