

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, 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, 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
RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - 93.9%				
Ace Securities Corp., 2005-RM1 M4 (1 mo. USD LIBOR + 1.020%)	2.257%	3/25/35	\$ 3,127,901	\$ 2,628,411 ^{(b)(c)}
Adjustable Rate Mortgage Trust, 2005-05 1A1 (6 mo. USD LIBOR + 2.020%)	3.361%	9/25/35	209,910	173,053 ^{(b)(c)}
Adjustable Rate Mortgage Trust, 2005-07 2A21 (12 mo. USD LIBOR + 1.900%)	3.422%	10/25/35	597,387	558,718 ^{(b)(c)}
Adjustable Rate Mortgage Trust, 2005-12 5A1 (1 mo. USD LIBOR + 0.500%)	1.737%	3/25/36	321,091	186,444 ^{(b)(c)}
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 ^{(b)(c)}
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 ^{(b)(c)(d)}
American Home Mortgage Assets, 2005-2 2A1A (6 mo. USD LIBOR + 2.580%)	3.428%	1/25/36	1,063,381	907,651 ^{(b)(c)}
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 ^{(b)(c)}
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 ^{(b)(c)(d)}
Argent Securities Inc., 2006-M2 A2C (1 mo. USD LIBOR + 0.150%)	1.387%	9/25/36	2,276,521	998,979 ^{(b)(c)}
Argent Securities Inc., 2006-M2 A2D (1 mo. USD LIBOR + 0.240%)	1.477%	9/25/36	600,841	266,440 ^{(b)(c)}
Argent Securities Inc., 2006-M3 A2C (1 mo. USD LIBOR + 0.160%)	1.397%	10/25/36	3,676,859	1,709,786 ^{(b)(c)}
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 ^{(b)(c)}
Banc of America Funding Corp., 2004-B 6A1	2.133%	12/20/34	420,418	324,889 ^{(b)(c)}
Banc of America Funding Corp., 2004-C 3A1 (12 mo. USD LIBOR + 1.980%)	3.420%	12/20/34	556,815	537,411 ^{(b)(c)}
Banc of America Funding Corp., 2006-D 2A1	5.446%	5/20/36	42,536	39,061 ^{(b)(c)}
Banc of America Funding Corp., 2006-D 6A1 (12 mo. USD LIBOR + 2.300%)	3.489%	5/20/36	1,053,046	974,434 ^{(b)(c)}
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 ^{(b)(c)}
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 ^{(b)(c)(d)}
Banc of America Funding Corp., 2015-R2 09A2	1.641%	3/27/36	4,640,676	3,344,561 ^{(b)(c)(d)}
Banc of America Funding Corp., 2015-R3 2A2	1.364%	2/27/37	2,482,252	1,628,683 ^{(b)(c)(d)}
Banc of America Funding Corp., 2015-R4 4A3	13.223%	1/27/30	8,916,767	3,991,324 ^{(b)(c)(d)}
Bayview Financial Acquisition Trust, 2007-A 2A (1 mo. USD LIBOR + 0.350%)	1.584%	5/28/37	1,274,267	946,872 ^{(b)(c)}
Bayview Financial Asset Trust, 2007-SR1A M1 (1 mo. USD LIBOR + 0.800%)	2.037%	3/25/37	3,053,285	2,853,282 ^{(b)(c)(d)}
Bayview Financial Asset Trust, 2007-SR1A M2 (1 mo. USD LIBOR + 0.900%)	2.137%	3/25/37	3,717,253	3,454,685 ^{(b)(c)(d)}
Bayview Financial Asset Trust, 2007-SR1A M3 (1 mo. USD LIBOR + 1.150%)	2.387%	3/25/37	1,684,153	1,504,698 ^{(b)(c)(d)}
Bayview Financial Asset Trust, 2007-SR1A M4 (1 mo. USD LIBOR + 1.500%)	2.737%	3/25/37	726,973	655,521 ^{(b)(c)(d)}
BCAP LLC Trust, 2010-RR6 1212	5.500%	2/26/35	262,830	264,112 ^{(c)(d)}
BCAP LLC Trust, 2011-RR2 1A4 (6 mo. USD LIBOR + 2.400%)	3.680%	7/26/36	4,330,888	2,999,104 ^{(b)(c)(d)}
Bear Stearns Alt-A Trust, 2005-9 25A1 (12 mo. USD LIBOR + 1.990%)	3.383%	11/25/35	401,979	356,955 ^{(b)(c)}

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
RESIDENTIAL MORTGAGE-BACKED SECURITIES^(a) - (continued)				
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 ^{(b)(c)}
Bear Stearns Asset-Backed Securities Trust, 2004-BO1 M9B (1 mo. USD LIBOR + 4.000%)	5.237%	10/25/34	487,000	474,774 ^{(b)(c)}
Bear Stearns Asset-Backed Securities Trust, 2005-CL1 A1 (1 mo. USD LIBOR + 0.500%)	1.456%	9/25/34	98,500	94,621 ^{(b)(c)}
Centex Home Equity Loan Trust, 2004-D MV1 (1 mo. USD LIBOR + 0.620%)	1.857%	9/25/34	939,216	942,744 ^{(b)(c)}
Chase Mortgage Finance Corp., 2006-S3 2A1	5.500%	11/25/21	217,979	182,964 ^(c)
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 ^{(b)(c)}
Chevy Chase Mortgage Funding Corp., 2006-2A A1 (1 mo. USD LIBOR + 0.130%)	1.364%	4/25/47	181,828	169,849 ^{(b)(c)(d)}
Citicorp Mortgage Securities Inc., 2007-8 B1	5.944%	9/25/37	3,895,014	2,609,163 ^{(b)(c)}
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 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2004-UST1 A2 (3 mo. USD LIBOR + 1.110%)	2.367%	8/25/34	62,620	61,348 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2005-05 (6 mo. USD LIBOR + 2.210%)	3.389%	8/25/35	222,167	197,623 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2005-10 1A1A (12 mo. USD LIBOR + 2.200%)	3.580%	12/25/35	228,562	203,109 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2006-AR5 2A1A (12 mo. USD LIBOR + 2.070%)	3.395%	7/25/36	333,481	262,776 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2008-3 A3	6.100%	4/25/37	7,100,866	2,966,649 ^{(c)(d)}
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 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2005-14 3A1	2.315%	5/25/35	278,339	198,769 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2005-36 4A1 (12 mo. USD LIBOR + 1.900%)	3.276%	8/25/35	565,789	525,644 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2005-J10 1A1 (1 mo. USD LIBOR + 0.500%)	1.737%	10/25/35	151,392	120,832 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2006-HY10 1A1 (12 mo. USD LIBOR + 1.870%)	2.911%	5/25/36	515,314	404,410 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2006-J8 A5	6.000%	2/25/37	120,541	87,021 ^(c)
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 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2007-3T1 2A1	6.000%	3/25/27	310,189	323,307