Western Asset Mortgage Defined Opportunity Fund Inc.
Form N-CSR
February 28, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

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: (888)777-0102

Date of fiscal year end: December 31

Date of reporting period: December 31, 2011

ITEM 1. REPORT TO STOCKHOLDERS.

The **Annual** Report to Stockholders is filed herewith.

December 31, 2011

Annual Report

Western Asset Mortgage Defined Opportunity Fund Inc.
(DMO)

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Fund objectives

The Fund s primary investment objective is to provide current income. As a secondary investment objective, the Fund will seek capital appreciation.

What s inside

Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset Mortgage Defined Opportunity Fund Inc. for the twelve-month reporting period ended December 31, 2011. Please read on for a detailed look at prevailing economic and market conditions during the Fund s reporting period and to learn how those conditions have affected Fund performance.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.leggmason.com/cef. Here you can gain immediate access to market and investment information, including:

- Fund prices and performance,

- Market insights and commentaries from our portfolio managers, and

- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

January 27, 2012

Investment commentary

Economic review

Economic growth in the U.S. accelerated over the twelve months ended December 31, 2011. However, the pace of the expansion was less robust than during most other periods exiting a severe recession. U.S. gross domestic product (GDP)i growth, as reported by the U.S. Department of Commerce, was 0.4% and 1.3% in the first and second quarters of 2011, respectively. Third quarter GDP growth then rose to 1.8%. The economy then gathered further momentum late in the year, as the Commerce Department s initial estimate for fourth quarter GDP growth was 2.8% the fastest pace since the second quarter of 2010. This was attributed, in part, to higher consumer spending, which rose 2.0% in the fourth quarter, versus 1.7% and 0.7% gains in the third and second quarters, respectively.

Two factors holding back the economy were the weak job market and continued strains in the housing market. While there was some improvement in early 2011 and late in the reporting period, unemployment remained elevated. When 2011 began, unemployment, as reported by the U.S. Department of Labor, was 9.4%. After dipping below 9.0% in March 2011 (to 8.9%), unemployment moved back to 9.0% in April. Unemployment stayed above 9.0% over the next five months before declining to 8.9% in October. Unemployment then fell to 8.6% in November and 8.5% in December, the latter being the lowest rate since February 2009. The housing market showed some encouraging signs, although home prices still appear to be searching for a bottom. Looking back, existing-home sales moved somewhat higher in January 2011, according to the National Association of Realtors (NAR). Existing-home sales then fluctuated over the next eight months before rising during each of the last three months of the year. In addition, the year ended with the lowest inventory of unsold homes since April 2006. However, existing-home prices remained weak versus a year ago, with the NAR reporting that the median existing-home price for all housing types was $164,500 in December 2011, down 2.5% from December 2010.

While the manufacturing sector continued to expand, it experienced a soft patch during a portion of the reporting period. Based on the Institute for Supply Management s PMI (PMI)ii, in February 2011, the manufacturing sector expanded at its fastest pace since May 2004, with a reading of 61.4 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). The PMI then generally moderated over the next several months and was 50.6 in August 2011, its lowest reading in two years. However, the manufacturing sector gained some momentum late in the period and ended December at 53.9, its highest reading in the last six months.

The Federal Reserve Board (Fed)iii took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the Fed kept the federal funds rateiv at a historically low range between zero and 0.25%. In addition, in August 2011, the Fed declared its intention to keep the federal funds rate steady until mid-2013. Then, in September 2011, the Fed announced its intention to purchase $400 billion of longer-term Treasury securities and to sell an equal amount of shorter-term Treasury securities by June 2012 (often referred to as

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Western Asset Mortgage Defined Opportunity Fund Inc.

Investment commentary (cont d)

Operation Twist). At its meeting in December, the Fed potentially opened the door to another round of quantitative easing in 2012, saying it is prepared to employ its tools to promote a stronger economic recovery in a context of price stability. Finally, in January 2012 (after the reporting period ended), the Fed extended the period it expects to keep rates on hold, saying economic conditions including low rates of resource utilization and a subdued outlook for inflation over the medium run are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

January 27, 2012

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results.

i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.

ii The Institute for Supply Management s PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.

iii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

iv The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

Fund overview

Q. What is the Fund s investment strategy?

A. The Fund s 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 invests in MBS directly, and indirectly through a separate investment in a public-private investment fund (PPIF) formed in connection with the Legacy Securities Public-Private Investment Program (PPIP) established by the U.S. Department of the Treasury.

At Western Asset Management Company (Western Asset), the Fund s subadviser, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset s senior portfolio managers, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization. The portfolio managers who have day-to-day responsibility for managing the Fund s direct investments in MBS and other permitted investments are Stephen A. Walsh and Ronald D. Mass. Effective May 1, 2011, S. Kenneth Leech no longer serves as a portfolio manager for this Fund. While Mr. Leech continues to help shape Western Asset s overall investment strategy, his day-to-day role is becoming more concentrated on global portfolios. To reflect this global focus, he will continue to serve as a portfolio manager of the global funds, but not of the non-global funds.

Q. What were the overall market conditions during the Fund s reporting period?

A. Given changing perceptions for the economy and a number of macro issues, the performance of the spread sectors (non-Treasuries) fluctuated during the reporting period. Most spread sectors rallied during the first four months of the period as expectations for the economy were generally positive. While the spread sectors generally posted positive results in May, they underperformed equal-durationi Treasuries. Risk aversion then increased from June through September given a host of disappointing economic data, a further escalation of the European sovereign debt crisis and the Standard & Poor s rating downgrade of U.S. sovereign debt. However, most spread sectors rallied in October given hopes of progress in Europe and some better-than-expected economic data. While risk aversion returned in November given an escalation of the European sovereign debt crisis, risk appetite returned in December as the economy appeared to gather some momentum heading into 2012.

Both short- and long-term Treasury yields fluctuated but, overall, moved lower during the reporting period. When the period began, two- and ten-year Treasury yields were 0.61% and 3.30%, respectively. Yields initially moved higher given expectations for stronger growth in 2011 and the potential for rising inflation. Two- and ten-year Treasury yields peaked at 0.87% and 3.75%, respectively, in February 2011. Yields then declined

Fund overview (cont d)

during much of the next seven months due to disappointing economic data and several flights to quality. Two-year Treasuries hit their low for the reporting period of 0.16% on September 19, 2011. Ten-year Treasuries reached their reporting period trough of 1.72% on September 22, 2011. Yields then moved higher in October as investor risk appetite increased. Two-year Treasury yields were then relatively stable during the last two months of the year, whereas ten-year Treasury yields declined in November and December. When the reporting period ended on December 31, 2011, two-year Treasury yields were 0.25% and ten-year Treasury yields were 1.89%. All told, the Barclays Capital U.S. Aggregate Index[ii] returned 7.84% for the twelve months ended December 31, 2011.

Agency MBS posted solid results during the reporting period, as they were supported by generally robust investor demand. In addition, this relatively high quality sector held up fairly well during periods of heightened investor risk aversion. During the twelve months ended December 31, 2011, the overall agency MBS market, as measured by the Barclays Capital U.S. Mortgage-Backed Securities Index[iii], returned 6.23%. In contrast, RMBS performed poorly, with the BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset Backed Securities Index[iv] returning -6.95%. RMBS generated weak results as liquidity was often challenged by tepid investor demand amid continued concerns about the housing market. Additionally, new supply flooded the market in the second quarter of 2011, as the Federal Reserve Bank of New York took actions to sell its $15.7 billion stake in Maiden Lane II LLC, a portfolio of RMBS in the open market rather than sell them back to AIG, its original owner. Toward the end of the reporting period, there were fears that European financial institutions may need to sell their RMBS holdings as they deleverage their balance sheets and shed non-core assets. Elsewhere, despite periods of volatility, CMBS generated strong results during the reporting period, with the Barclays Capital CMBS Index[v] returning 6.47%. CMBS benefited from overall solid demand as investors looked to generate incremental yield in the low interest environment.

Q. How did we respond to these changing market conditions?

A. We did not make any significant adjustments to the Fund s portfolio during the reporting period, as we continued to primarily invest in RMBS. Overall, we were comfortable with our RMBS holdings, which emphasized direct investments to RMBS via Alt-A[vi] mortgages and prime RMBS that were senior on the capital structure. To a lesser extent, the portfolio also held subprime mortgages and option adjustable-rate mortgages (ARMs). The Fund also accessed the RMBS market indirectly through a separate investment in the PPIF, which invests substantially all of its assets available for investment, alongside the Treasury Department, in a master fund that has been organized to invest directly in MBS and other assets eligible for purchase under the PPIP. Finally, the Fund maintained a small allocation to CMBS.

During the reporting period, we utilized leverage in the Fund. This detracted from results given the poor performance of the Fund s RMBS holdings. We ended the period with leverage (excluding the leverage in the PPIP) as a percentage of gross assets of roughly 21%.

Performance review

For the twelve months ended December 31, 2011, Western Asset Mortgage Defined Opportunity Fund Inc. returned -5.07% based on its net asset value (NAV)vii and -0.35% based on its New York Stock Exchange (NYSE) market price per share. The Fund s unmanaged benchmark, the BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset Backed Securities Index, returned -6.95% for the same period. The Lipper U.S. Mortgage Closed-End Funds Category Averageviii returned 2.96% over the same time frame. Please note that Lipper performance returns are based on each fund s NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling $1.92 per share. The performance table shows the Fund s twelve-month total return based on its NAV and market price as of December 31, 2011. **Past performance is no guarantee of future results.**

Performance Snapshot as of December 31, 2011

Price Per Share	**12-Month Total Return***
$19.01 (NAV)	-5.07%
$19.61 (Market Price)	-0.35%

All figures represent past performance and are not a guarantee of future results.

*** Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions in additional shares in accordance with the Fund s Dividend Reinvestment Plan.**

Q. What were the leading contributors to performance?

A. On an absolute basis, the leading contributor to the Fund s performance during the reporting period was its allocation to bonds with high current cash flows. Examples include inverse floating interest-only RMBS, which benefited from low interest rates and slow prepayment speeds, and high coupon fixed-rate RMBS.

Q. What were the leading detractors from performance?

A. The largest detractor from the Fund s absolute performance during the reporting period was its exposure to RMBS. While fundamentals in the residential housing market did not significantly deteriorate during the fiscal year, RMBS generated weak results given periods of extreme investor risk aversion, challenging supply/demand technicals, poor liquidity and the threat of forced selling from European financial institutions. The largest negative contributions came from our floating-rate subprime mortgages and our allocation to the PPIP. The PPIP investment is leveraged more than the assets within the Fund; therefore, the leverage magnified the negative performance of non-agency MBS.

Looking for additional information?

The Fund is traded under the symbol DMO and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XDMOX on most financial websites. *Barron s* and the *Wall Street Journal s* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as www.leggmason.com/cef.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from

Fund overview (cont d)

8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund s current NAV, market price and other information.

Thank you for your investment in Western Asset Mortgage Defined Opportunity Fund Inc. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund s investment goals.

Sincerely,

Western Asset Management Company

January 17, 2012

RISKS: *The Fund s investments are subject to liquidity risk, credit risk, inflation risk and interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund s fixed-income holdings. The Fund may invest in lower-rated high-yield bonds which are subject to greater credit risk (risk of default) than higher-rated obligations. Mortgage-backed securities are subject to additional risks, including prepayment risk, which can limit the potential gains in a declining interest rate environment. The Fund may invest in securities backed by subprime or distressed mortgages which involve a higher degree of risk and chance of loss. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder s risk of loss. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. The Fund is not guaranteed by the U.S. government, the U.S. Treasury or any government agency.*

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

i Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

ii

The Barclays Capital U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.

iii The Barclays Capital U.S. Mortgage-Backed Securities Index is an unmanaged index composed of agency mortgage-backed pass-through securities, both fixed-rate and hybrid adjustable rate mortgages, issued by the Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation.

iv The BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset Backed Securities Index tracks the performance of U.S. dollar-denominated investment grade floating-rate asset-backed securities collateralized by home equity loans publicly issued in the U.S. domestic market. Qualifying securities must have an investment grade rating, at least one year remaining to final stated maturity, a floating-rate coupon, and an original deal size for the collateral group of at least $250 million.

v The Barclays Capital CMBS Index measures the performance of the commercial mortgage-backed securities market.

vi Alternative A-Paper (Alt-A) is a classification of mortgages where the risk profile falls between prime and subprime. The borrowers behind these mortgages will typically have clean credit histories, but the mortgage itself will generally have some issues that increase its risk profile.

vii Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total investments) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund s market price as determined by supply of and demand for the Fund s shares.

viii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended December 31, 2011, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 10 funds in the Fund s Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund s direct investments and the exposure to these markets that the Fund receives through its investment in the RLJ Western Asset Public/Private Master Fund, LP as of December 31, 2011 and December 31, 2010. This bar graph does not include derivatives. The Fund is actively managed. As a result, the composition of the Fund s investments is subject to change at any time.

Spread duration (unaudited)

Economic Exposure December 31, 2011

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund s sectors relative to the selected benchmark sectors as of the end of the reporting period.

ABS	Asset-Backed Securities
DMO	Western Asset Mortgage Defined Opportunity Fund Inc.
MBS	Mortgage-Backed Securities
MLFR	BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset-Backed Securities Index

Effective duration (unaudited)

Interest Rate Exposure December 31, 2011

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund s sectors relative to the selected benchmark sectors as of the end of the reporting period.

DMO	Western Asset Mortgage Defined Opportunity Fund Inc.
MBS	Mortgage-Backed Securities
MLFR	BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset-Backed Securities Index

Schedule of investments

December 31, 2011

Western Asset Mortgage Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Commercial Mortgage-Backed Securities 2.1%				
Air 2 US, Notes	8.027%	10/1/19	$ 231,885	$ 213,334(a)
Bayview Commercial Asset Trust, 2004-3 A1	0.664%	1/25/35	797,009	600,782(a)(b)
Bayview Commercial Asset Trust, 2007-1 B1	0.964%	3/25/37	1,270,122	101,610(a)(b)
CVS Corp., Pass-Through Trust	9.350%	1/10/23	480,000	508,632(a)
Extended Stay America Trust, 2010-ESHA XB1, IO	1.165%	1/5/16	41,000,000	463,382(a)(b)
Federal Home Loan Mortgage Corp. (FHLMC), K007 X1, IO	1.410%	4/25/20	9,846,283	695,428(b)
Federal Home Loan Mortgage Corp. (FHLMC), K008 X1, IO	1.840%	6/25/20	2,472,207	244,626(b)
Federal Home Loan Mortgage Corp. (FHLMC), K009 X1, IO	1.682%	8/25/20	8,089,650	699,791(b)
GS Mortgage Securities Corp., 2010-C1 X, IO	1.567%	8/10/43	16,848,302	1,444,186(a)(b)(c)
GS Mortgage Securities Corp., IO	2.168%	2/10/21	8,790,441	303,407(a)(b)
Total Commercial Mortgage-Backed Securities (Cost $5,232,433)				**5,275,178**
Residential Mortgage-Backed Securities 61.0%				
ABFS Mortgage Loan Trust, 2002-3 M1	5.902%	9/15/33	1,498,750	1,048,112
Accredited Mortgage Loan Trust, 2003-3 A1	5.210%	1/25/34	1,899,743	1,527,965
American Home Mortgage Assets, 2005-2 2A1A	3.291%	1/25/36	1,250,166	539,096(b)
American Home Mortgage Investment Trust, 2005-1 6A	2.719%	6/25/45	177,543	124,923(b)
American Home Mortgage Investment Trust, 2005-SD1 1A1	0.744%	9/25/35	539,924	272,424(a)(b)
American Home Mortgage Investment Trust, 2007-2 2A	1.094%	3/25/47	14,423,706	1,607,234(b)
American Home Mortgage Investment Trust, 2007-A 4A	0.744%	7/25/46	621,289	180,969(a)(b)
ARM Trust, 2005-05 1A1	2.675%	9/25/35	449,822	277,181(b)
ARM Trust, 2005-07 2A21	2.708%	10/25/35	1,040,000	618,131(b)
ARM Trust, 2005-10 1A21	2.750%	1/25/36	644,282	419,143(b)
ARM Trust, 2005-12 5A1	0.544%	3/25/36	548,559	238,624(b)
ARM Trust, 2007-1 1A1	2.910%	3/25/37	807,127	374,165(b)
Banc of America Funding Corp., 2004-B 6A1	3.070%	12/20/34	1,085,882	475,493(b)
Banc of America Funding Corp., 2004-C 3A1	2.845%	12/20/34	1,429,479	1,003,867(b)(c)
Banc of America Funding Corp., 2006-5 4A5	6.000%	9/25/36	3,600,000	3,548,939(c)
Banc of America Funding Corp., 2006-D 6A1	5.339%	5/20/36	2,528,044	1,541,027(b)(c)

Banc of America Funding Corp., 2006-F 1A1	2.756%	7/20/36	1,335,068	974,387(b)
Banc of America Funding Corp., 2006-H 3A1	5.984%	9/20/46	340,012	244,367(b)
Banc of America Funding Corp., 2007-A 2A1	0.415%	2/20/47	572,627	354,277(b)
Banc of America Funding Corp., 2007-E CA9	5.480%	7/20/47	4,608,206	986,988(b)
Bayview Financial Acquisition Trust, 2005-B M1	0.744%	4/28/39	3,490,000	2,546,396(b)(c)
Bayview Financial Acquisition Trust, 2007-A 2A	0.644%	5/28/37	2,622,918	1,078,393(b)(c)

See Notes to Financial Statements.

Western Asset Mortgage Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Bayview Financial Asset Trust, 2007-SR1A M2	1.194%	3/25/37	$4,091,421	$2,250,282(a)(b)(c)
Bayview Financial Asset Trust, 2007-SR1A M3	1.444%	3/25/37	2,835,406	1,304,287(a)(b)
Bear Stearns Adjustable Rate Mortgage Trust, 2004-1 23A1	5.476%	4/25/34	423,098	399,455(b)(c)
Bear Stearns Alt-A Trust, 2005-2 2A4	2.684%	4/25/35	290,994	208,715(b)
Bear Stearns Alt-A Trust, 2005-3 4A3	2.474%	3/25/35	607,352	414,799(b)
Bear Stearns Alt-A Trust, 2005-4 24A1	5.007%	5/25/35	767,711	598,543(b)
Bear Stearns Alt-A Trust, 2005-9 25A1	5.344%	11/25/35	714,975	479,047(b)
Bear Stearns Alt-A Trust, 2006-2 23A1	2.772%	3/25/36	2,676,325	1,284,389(b)(c)
Bear Stearns ARM Trust, 2005-1 2A1	2.731%	3/25/35	757,322	586,390(b)
Bear Stearns ARM Trust, 2005-6 1A1	2.732%	8/25/35	237,017	130,447(b)
Bear Stearns Asset Backed Securities Trust, 2003-SD2 1A	3.868%	6/25/43	108,546	98,306(b)(c)
Bear Stearns Asset Backed Securities Trust, 2005-CL1 A1	0.794%	9/25/34	249,287	185,889(b)
Chase Mortgage Finance Corp., 2005-A2 1A5	2.728%	1/25/36	3,730,400	2,598,933(b)(c)
Chase Mortgage Finance Corp., 2006-S3 2A1	5.500%	11/25/21	807,018	748,428
Chevy Chase Mortgage Funding Corp., 2006-2A A1	0.424%	4/25/47	382,450	207,472(a)(b)
Citibank N.A., 1987-B 1	9.000%	1/25/17	99,010	100,874
Citigroup Mortgage Loan Trust Inc., 2005-10 1A1A	2.871%	12/25/35	549,038	236,090(b)
Citigroup Mortgage Loan Trust Inc., 2006-AR5 2A1A	2.666%	7/25/36	1,039,725	446,010(b)
Citigroup Mortgage Loan Trust Inc., 2007-6 1A1A	2.319%	5/25/37	763,356	356,379(b)
Citigroup Mortgage Loan Trust Inc., 2007-AR8 1A1A	5.246%	8/25/47	782,570	498,613(b)
Countrywide Alternative Loan Trust, 2005-14 3A1	2.955%	5/25/35	689,061	340,671(b)
Countrywide Alternative Loan Trust, 2005-3CB 1A6, IO	6.856%	3/25/35	1,688,226	248,208(b)
Countrywide Alternative Loan Trust, 2005-7CB 1A3, IO	6.306%	4/25/35	5,091,955	675,293(b)
Countrywide Alternative Loan Trust, 2005-J08 2A1	5.000%	6/25/20	322,835	313,075
Countrywide Alternative Loan Trust, 2005-J10 1A1	0.794%	10/25/35	486,192	309,768(b)
Countrywide Alternative Loan Trust, 2006-HY10 1A1	5.228%	5/25/36	1,437,683	720,889(b)
Countrywide Alternative Loan Trust, 2006-J8 A5	6.000%	2/25/37	268,788	163,886
Countrywide Alternative Loan Trust, 2007-3T1 2A1	6.000%	3/25/27	1,991,296	