

WESTERN ASSET PREMIER BOND FUND
Form N-CSRS
August 28, 2013

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 811-10603

Western Asset Premier Bond Fund
(Exact name of registrant as specified in charter)

620 Eighth Avenue, 49th Floor, New York, NY
(Address of principal executive offices)

10018
(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: June 30, 2013

ITEM 1. REPORT TO STOCKHOLDERS.

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

Semi-Annual Report | June 30, 2013

WESTERN ASSET PREMIER BOND FUND

(WEA)

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

Fund objective

The Fund's investment objective is to provide current income and capital appreciation.

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Letter from the president

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset Premier Bond Fund for the six-month reporting period ended June 30, 2013. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

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I am pleased to introduce myself as the new President and Chief Executive Officer of the Fund, succeeding R. Jay Gerken, as he embarks upon his retirement. Jay has most recently served as President of the Fund and other funds in the Legg Mason complex. On behalf of all our shareholders and the Fund's Board of Trustees, I would like to thank Jay for his vision and guidance, and wish him all the best.

I am honored to have been appointed to my new role with the Fund. During my 23 year career in the financial industry, I have seen it evolve and expand. Despite these changes, keeping an unwavering focus on our shareholders and their needs remains paramount. This was a consistent focus of Jay's, and I look forward to following his lead in the years to come.

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.lmcef.com. Here you can gain immediate access to market and investment information, including:

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II Western Asset Premier Bond Fund

- 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,

Kenneth D. Fuller
President and Chief Executive Officer

July 26, 2013

Western Asset Premier Bond Fund III

Investment commentary

Economic review

The U.S. economy continued to grow over the six months ended June 30, 2013 (the reporting period), but the pace was far from robust. Looking back, U.S. gross domestic product (GDP) growth, as reported by the U.S. Department of Commerce, was an anemic 0.1% during the fourth quarter of 2012. This weakness was partially driven by moderating private inventory investment and federal government spending. Economic growth then improved, as first quarter 2013 GDP growth was 1.1%. Accelerating growth was due, in part, to strengthening consumer spending, which rose 2.3% during the first quarter, versus a 1.7% increase during the previous quarter. According to the U.S. Department of Commerce's initial reading for second quarter 2013 GDP growth, released after the reporting period ended, was 1.7%. This increase was partially driven by increases in non-residential fixed investment and exports, along with a smaller decline in federal government spending versus the previous quarter.

While there was some improvement in the U.S. job market, unemployment remained elevated throughout the reporting period. When the period began, unemployment, as reported by the U.S. Department of Labor, was 7.9%. Unemployment then fell to 7.7% in February, 7.6% in March and 7.5% in April. It then edged up to 7.6% in May and was unchanged in June. In an encouraging sign, an average of almost 202,000 jobs were created per month during the first half of 2013. In contrast, the monthly average was roughly 183,000 in 2012. In addition, the percentage of longer-term unemployed has declined, as roughly 36.7% of the 11.8 million Americans looking for work in June 2013 have been out of work for more than six months, versus 38.1% in January 2013.

Meanwhile, the housing market brightened, as sales generally improved and home prices continued to rebound. According to the National Association of Realtors (NAR), existing-home sales dipped 1.2% on a seasonally adjusted basis in June 2013 versus the previous month and were 1.52% higher than in June 2012. In addition, the NAR reported that the median existing-home price for all housing types was \$214,200 in June 2013, up 13.5% from June 2012. This marked the sixteenth consecutive month that home prices rose compared to the same period a year earlier. While the inventory of homes available for sale rose 1.9% in June 2013 to a 5.2 month supply at the current sales pace, it was 7.6% lower than in June 2012.

While manufacturing activity was weak in many international developed countries, it was generally positive in the U.S. Based on the Institute for Supply Management's Purchasing Managers' Index (PMI)ⁱⁱ, the U.S. manufacturing sector expanded during the first four months of the reporting period. Manufacturing then experienced a setback, falling from 50.7 in April 2013 to 49.0 in May (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). However, manufacturing then moved back into expansion territory in June, as the PMI increased to 50.9. During June, 12 of the 18 industries within the PMI expanded, versus 10 expanding the prior month.

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IV Western Asset Premier Bond Fund

Market review

Q. How did the Federal Reserve Board (Fed)iii respond to the economic environment?

A. The Fed 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%. At its meeting in December 2012, prior to the beginning of the reporting period, the Fed announced that it would continue purchasing \$40 billion per month of agency mortgage-backed securities (MBS), as well as initially purchasing \$45 billion a month of longer-term Treasuries. The Fed also said that it would keep the federal funds rate on hold ...as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee s 2.0% longer-run goal, and longer-term inflation expectations continue to be well anchored. At its meeting that ended on June 19, 2013, the Fed did not make any material changes to its official policy statement. However, in a press conference following the meeting, Fed Chairman Bernanke said ...the Committee currently anticipates that it would be appropriate to moderate the monthly pace of purchases later this year; and if the subsequent data remain broadly aligned with our current expectations for the economy, we would continue to reduce the pace of purchases in measured steps through the first half of next year, ending purchases around midyear. This initially triggered a sharp sell-off in both the stock and bond markets. While the stock market subsequently rallied and reached a new record high on July 12, thebond market did not rebound as sharply. As a result, Treasury yields remained sharply higher than they were prior to Chairman Bernanke s press conference. At its meeting that ended on July 31, 2013, after the reporting period ended, the Fed did not institute any policy changes and left its \$85 billion a month asset purchase program intact.

Q. Did Treasury yields trend higher or lower during the six months ended June 30, 2013?

A. Both short- and long-term Treasury yields moved sharply higher during the reporting period. When the period began, the yield on the two-year Treasury was 0.25%. It fell as low as 0.20% in late April/early May 2013 and was as high as 0.43% on June 25, 2013, before ending the period at 0.36%. The yield on the ten-year Treasury began the period at 1.78%. Ten-year Treasuries reached a low of 1.66% in early May 2013 and peaked at 2.60% on June 25, 2013, before edging down to 2.52% at the end of the period.

Q. What factors impacted the spread sectors (non-Treasuries) during the reporting period?

A. Most spread sectors performed poorly during the reporting period. Spread sector demand was often solid during the first four months of the period as investors looked to generate incremental yield in the low interest rate environment. Even so, there were several periods of volatility given a number of macro issues, including the European sovereign debt crisis, mixed economic data and concerns related to the U.S. fiscal cliff and sequestration. The spread sectors then weakened over the last two months of the period amid sharply rising interest rates given the Fed s plan to begin tapering its asset purchase program sooner than previously anticipated. The majority of spread

Investment commentary (cont d)

sectors generated negative absolute returns and performed largely in line with equal-duration v Treasuries during the reporting period as a whole. For the six months ended June 30, 2013, the Barclays U.S. Aggregate Index vi fell 2.44%.

Q. How did the high-yield market perform over the six months ended June 30, 2013?

A. The U.S. high-yield bond market was one of the few spread sectors to generate a positive return during the reporting period. The asset class, as measured by the Barclays U.S. Corporate High Yield 2% Issuer Cap Index vii, posted positive returns during the first four months of the period. Risk appetite was often solid during that time as investors were drawn to higher yielding securities. However, the high-yield market gave back a large portion of previous gains in May and June. All told, the high-yield market gained 1.42% for the six months ended June 30, 2013.

Performance review

For the six months ended June 30, 2013, Western Asset Premier Bond Fund returned 3.20% based on its net asset value (NAV) viii and -1.80% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Barclays U.S. Corporate High Yield Index ix and the Barclays U.S. Credit Index x, returned 1.42% and -3.60%, respectively, for the same period. The Lipper Corporate Debt Closed-End Funds BBB-Rated Category Average xi returned -0.87% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.60 per share, which may have included a return of capital. The performance table shows the Fund's six-month total return based on its NAV and market price as of June 30, 2013. **Past performance is no guarantee of future results.**

Performance Snapshot as of June 30, 2013 (unaudited)

		6-Month Total Return*
Price Per Share		
\$14.72 (NAV)		3.20%
\$14.67 (Market Price)		-1.80%

All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

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*** Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

Total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV.

Total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Looking for additional information?

The Fund is traded under the symbol **WEA** and its closing market price is available in most newspapers under the

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VI Western Asset Premier Bond Fund

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NYSE listings. The daily NAV is available on-line under the symbol XWEAX 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.lmcef.com.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

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

Sincerely,

Kenneth D. Fuller

President and Chief Executive Officer

August 1, 2013

RISKS: *Bonds are subject to a variety of risks, including interest rate, credit and inflation risks. As interest rates rise, bond prices fall, reducing the value of a fixed-income investment's price. The Fund may invest in high-yield bonds, which are rated below investment grade and carry more risk than higher-rated securities. To the extent that the Fund invests in asset-backed, mortgage-backed or mortgage related securities, its exposure to prepayment and extension risks may be greater than investments in other fixed-income securities. 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 invest, to a limited extent, in foreign securities, including emerging markets, which involve additional risks. 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.*

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.

Investment commentary (cont d)

- 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.
- v 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.
- vi The Barclays 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.
- vii The Barclays U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- viii 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 net assets) 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.
- ix The Barclays U.S. Corporate High Yield Index covers the universe of fixed-rate, non-investment grade debt, including corporate and non-corporate sectors. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging market countries are included. Original issue zero coupon bonds, step-up coupon structures and 144-A securities are also included.
- x The Barclays U.S. Credit Index is an index composed of corporate and non-corporate debt issues that are investment grade (rated Baa3/BBB- or higher).
- xi Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended June 30, 2013, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 10 funds in the Fund's Lipper category.

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VIII Western Asset Premier Bond Fund

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the Fund's portfolio as of June 30, 2013 and December 31, 2012 and does not include derivatives such as forward foreign currency contracts and swap contracts. The Fund's portfolio is actively managed. As a result, the composition of its portfolio holdings and sectors is subject to change at any time.

Represents less than 0.1%.

Spread duration (unaudited)

Economic Exposure June 30, 2013

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
Benchmark I	Barclays U.S. Corporate High Yield Index
Benchmark II	Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage-Backed Securities
WEA	Western Asset Premier Bond Fund

Effective duration (unaudited)

Interest Rate Exposure June 30, 2013

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.

ABS	Asset-Backed Securities
Benchmark I	Barclays U.S. Corporate High Yield Index
Benchmark II	Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage-Backed Securities
WEA	Western Asset Premier Bond Fund

Schedule of investments (unaudited)

June 30, 2013

Western Asset Premier Bond Fund

	Rate	Maturity Date	Face Amount	Value
Security				
Corporate Bonds & Notes 63.1%				
Consumer Discretionary 11.2%				
<i>Automobiles 2.0%</i>				
DaimlerChrysler NA Holding Corp., Notes	8.500%	1/18/31	1,000,000	\$ 1,414,883
Ford Motor Credit Co., LLC, Senior Notes	12.000%	5/15/15	1,030,000	1,214,552
Ford Motor Credit Co., LLC, Senior Notes	8.000%	12/15/16	680,000	796,373
Total Automobiles				3,425,808
<i>Diversified Consumer Services 0.4%</i>				
Service Corp. International, Senior Notes	7.625%	10/1/18	5,000	5,700
Service Corp. International, Senior Notes	7.500%	4/1/27	60,000	65,550
ServiceMaster Co., Senior Notes	7.000%	8/15/20	650,000	616,688
Total Diversified Consumer Services				687,938
<i>Hotels, Restaurants & Leisure 2.0%</i>				
Caesars Operating Escrow LLC/Caesars Escrow Corp., Senior Secured Notes	9.000%	2/15/20	160,000	152,800(a)
CCM Merger Inc., Senior Notes	9.125%	5/1/19	570,000	595,650(a)
El Pollo Loco Inc., Secured Notes	17.000%	1/1/18	906,080	960,454(a)(b)
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	720,000	745,200(a)
Mohegan Tribal Gaming Authority, Secured Notes	11.500%	11/1/17	170,000	187,850(a)
Mohegan Tribal Gaming Authority, Senior Secured Notes	10.500%	12/15/16	860,000	840,650(a)
Total Hotels, Restaurants & Leisure				3,482,604
<i>Household Durables 0.2%</i>				
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	390,000	424,125(a)
Media 6.4%				
Comcast Corp., Notes	5.900%	3/15/16	400,000	450,312
Comcast Corp., Notes	7.050%	3/15/33	1,000,000	1,248,096
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	1,000,000	1,077,500
DISH DBS Corp., Senior Notes	7.875%	9/1/19	385,000	431,200
Good Sam Enterprises LLC, Secured Notes	11.500%	12/1/16	250,000	266,250
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	1,500,000	1,560,000(a)
News America Inc., Notes	8.875%	4/26/23	400,000	521,995
Time Warner Cable Inc., Debentures	7.300%	7/1/38	2,000,000	2,173,618
Time Warner Inc., Senior Debentures	7.700%	5/1/32	980,000	1,245,996
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	1,820,000EUR	2,274,242(a)
Total Media				11,249,209
<i>Specialty Retail 0.2%</i>				
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	270,000	273,375(a)
Total Consumer Discretionary				19,543,059
Consumer Staples 3.2%				
<i>Food & Staples Retailing 1.6%</i>				
CVS Corp., Pass-Through Trust, Secured Bonds	5.789%	1/10/26	497,060	563,542(a)
CVS Pass-Through Trust, Secured Notes	5.880%	1/10/28	492,166	550,331

See Notes to Financial Statements.

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4 Western Asset Premier Bond Fund 2013 Semi-Annual Report

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Food & Staples Retailing continued				
CVS Pass-Through Trust, Secured Notes	6.036%	12/10/28	486,854	\$ 549,148
CVS Pass-Through Trust, Secured Notes	6.943%	1/10/30	462,881	545,032
CVS Pass-Through Trust, Secured Notes	7.507%	1/10/32	446,636	550,414(a)
Total Food & Staples Retailing				2,758,467
Food Products 1.1%				
Ahold Lease USA Inc., Pass-Through Certificates	8.620%	1/2/25	686,921	849,313
Chiquita Brands International Inc./Chiquita Brands LLC, Senior Secured Notes	7.875%	2/1/21	390,000	408,525(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	500,000	526,250(a)
Wells Enterprises Inc., Senior Secured Notes	6.750%	2/1/20	220,000	230,450(a)
Total Food Products				2,014,538
Household Products 0.1%				
Harbinger Group Inc., Senior Secured Notes	7.875%	7/15/19	120,000	122,700(a)
Tobacco 0.4%				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	660,000	674,850
Total Consumer Staples				5,570,555
Energy 6.3%				
Energy Equipment & Services 1.0%				
Basic Energy Services Inc., Senior Notes	7.750%	10/15/22	30,000	29,625
CGG, Senior Notes	6.500%	6/1/21	750,000	757,500
Gulfmark Offshore Inc., Senior Notes	6.375%	3/15/22	410,000	406,925
Hercules Offshore Inc., Senior Notes	8.750%	7/15/21	410,000	410,000(a)
Hercules Offshore Inc., Senior Secured Notes	10.500%	10/15/17	155,000	165,463(a)
Total Energy Equipment & Services				1,769,513
Oil, Gas & Consumable Fuels 5.3%				
Anadarko Finance Co., Senior Notes	7.500%	5/1/31	570,000	710,615
Arch Coal Inc., Senior Notes	7.000%	6/15/19	750,000	624,375
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	170,000	170,425(a)
Burlington Resources Finance Co., Senior Notes	7.400%	12/1/31	450,000	599,445
Chesapeake Energy Corp., Senior Notes	7.250%	12/15/18	170,000	189,550
Chesapeake Energy Corp., Senior Notes	6.125%	2/15/21	440,000	462,000
Colorado Interstate Gas Co., Senior Notes	6.800%	11/15/15	150,000	169,193
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	440,000	460,900
Devon Energy Corp., Debentures	7.950%	4/15/32	310,000	405,741
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	190,000	200,675
EXCO Resources Inc., Senior Notes	7.500%	9/15/18	490,000	458,150
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	670,000	668,325
Hess Corp., Notes	7.875%	10/1/29	350,000	437,314
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	740,000	751,100(a)

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2013

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Oil, Gas & Consumable Fuels continued				
Petrobras International Finance Co., Senior Notes	5.375%	1/27/21	960,000	\$ 964,506
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	125,000	137,569
Regency Energy Partners LP/Regency Energy Finance Corp., Senior Notes	6.500%	7/15/21	750,000	783,750
Reliance Holdings USA Inc., Senior Notes	5.400%	2/14/22	250,000	253,972(a)
Summit Midstream Holdings LLC/Summit Mindstream Finance Corp., Senior Notes	7.500%	7/1/21	230,000	233,450(a)
Williams Cos. Inc., Debentures	7.500%	1/15/31	413,000	470,517
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	39,000	49,471
Total Oil, Gas & Consumable Fuels				9,201,043
Total Energy				10,970,556
Financials 13.7%				
Capital Markets 1.1%				
Goldman Sachs Group Inc., Senior Notes	5.250%	7/27/21	800,000	855,919
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,000,000	1,024,364
Total Capital Markets				1,880,283
Commercial Banks 4.2%				
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	610,000	773,596(a)
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	1,500,000	1,471,875
BBVA US Senior SAU, Senior Notes	4.664%	10/9/15	230,000	236,928
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	1,610,000	1,704,588(a)(c)(d)
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	300,000	300,674(a)
M&T Bank Corp., Junior Subordinated Notes	6.875%	6/15/16	760,000	790,880(a)(d)
Royal Bank of Scotland Group PLC, Subordinated Notes	5.050%	1/8/15	230,000	230,575
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,394,608
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	140,000	147,087
Santander US Debt SA Unipersonal, Senior Notes	3.724%	1/20/15	300,000	302,808(a)
Total Commercial Banks				7,353,619
Consumer Finance 1.2%				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	350,000	406,437
HSBC Finance Corp., Notes	4.750%	7/15/13	1,670,000	1,672,206
Total Consumer Finance				2,078,643
Diversified Financial Services 6.0%				
Bank of America Corp., Senior Notes	5.000%	5/13/21	1,100,000	1,172,889
Citigroup Inc., Subordinated Notes	6.625%	6/15/32	1,000,000	1,033,704
General Electric Capital Corp., Notes	5.300%	2/11/21	450,000	493,637
General Electric Capital Corp., Subordinated Debentures	6.375%	11/15/67	500,000	520,000(c)
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	1,380,000	1,536,975
International Lease Finance Corp., Senior Notes	5.875%	8/15/22	750,000	743,438
International Lease Finance Corp., Senior Secured Notes	7.125%	9/1/18	400,000	442,000(a)

See Notes to Financial Statements.

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Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Diversified Financial Services continued				
JPMorgan Chase & Co., Junior Subordinated Bonds	5.150%	5/1/23	1,910,000	\$ 1,819,275(c)(d)
JPMorgan Chase & Co., Subordinated Notes	5.125%	9/15/14	1,300,000	1,363,913
Nationstar Mortgage LLC/Nationstar Capital Corp., Senior Notes	7.875%	10/1/20	350,000	371,000
UFJ Finance Aruba AEC, Subordinated Notes	6.750%	7/15/13	500,000	501,011
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	535,000(a)(c)
Total Diversified Financial Services				10,532,842
Insurance 1.2%				
ING Capital Funding Trust III, Junior Subordinated Bonds	3.884%	9/30/13	100,000	96,000(c)(d)
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	200,000	234,500(a)
Metlife Inc., Junior Subordinated Notes	10.750%	8/1/39	500,000	772,500
XL Capital Ltd.	5.250%	9/15/14	1,000,000	1,049,294
Total Insurance				2,152,294
Total Financials 23,997,681				
Health Care 1.8%				
Health Care Equipment & Supplies 0.3%				
Biomet Inc., Senior Notes	6.500%	8/1/20	70,000	72,144
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	610,000	538,325
Total Health Care Equipment & Supplies				610,469
Health Care Providers & Services 1.5%				
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	520,000	520,000(a)
HCA Holdings Inc., Senior Notes	6.250%	2/15/21	200,000	204,000
HCA Inc., Debentures	7.500%	11/15/95	185,000	172,050
HCA Inc., Notes	6.375%	1/15/15	430,000	450,425
HCA Inc., Notes	7.690%	6/15/25	90,000	97,200
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	230,000	232,156
Physiotherapy Associates Holdings Inc., Senior Notes	11.875%	5/1/19	190,000	104,500(a)(e)
Radnet Management Inc., Senior Notes	10.375%	4/1/18	530,000	567,100
Vanguard Health Holdings Co., II LLC, Senior Notes	8.000%	2/1/18	215,000	227,900
Total Health Care Providers & Services				2,575,331
Total Health Care 3,185,800				
Industrials 11.5%				
Aerospace & Defense 0.6%				
Boeing Co., Notes	6.125%	2/15/33	600,000	719,365
GenCorp Inc., Secured Notes	7.125%	3/15/21	250,000	258,750(a)
Total Aerospace & Defense				978,115
Airlines 8.2%				
Air 2 US, Notes	8.027%	10/1/19	1,783,192	1,916,931(a)
America West Airlines Inc., Pass-Through Certificates, Ambac Assurance Corp.	8.057%	7/2/20	1,915,008	2,125,659

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2013

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Airlines continued				
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	231,000	\$ 231,578 ^(a)
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	141,216	154,279
Northwest Airlines Corp., Pass-Through Certificates	7.575%	3/1/19	407,488	470,649
United Airlines Inc., Pass-Through Certificates	6.900%	1/2/18	688,204	722,614
United Airlines Inc., Pass-Through Certificates	6.820%	5/1/18	896,947	927,219
United Airlines Inc., Pass-Through Certificates	6.545%	2/2/19	919,448	1,022,886
United Airlines Inc., Pass-Through Certificates	8.048%	11/1/20	496,174	555,715
United Airlines Inc., Pass-Through Certificates	6.703%	6/15/21	669,050	712,539
United Airlines Inc., Pass-Through Certificates, Secured Notes	6.250%	4/11/20	1,000,000	1,027,500
US Airways, Pass-Through Trust, Pass-Through Certificates	6.850%	1/30/18	2,346,868	2,417,274
US Airways, Pass-Through Trust, Secured Notes	7.125%	10/22/23	1,821,038	2,057,772
Total Airlines				14,342,615
Commercial Services & Supplies 0.7%				
Altegrity Inc., Senior Subordinated Notes	10.500%	11/1/15	134,000	119,930 ^(a)
ARC Document Solutions Inc., Senior Notes	10.500%	12/15/16	490,000	488,775
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	590,000	635,725 ^(a)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	72,000	77,580 ^(a)
Total Commercial Services & Supplies				1,322,010
Construction & Engineering 0.1%				
OAS Investments GmbH, Senior Notes	8.250%	10/19/19	200,000	197,000 ^(a)
Electrical Equipment 0.2%				
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	340,000	345,100 ^(a)
Machinery 0.4%				
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	710,000	738,400 ^(a)
Marine 1.0%				
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	1,691,000	1,682,545
Trading Companies & Distributors 0.3%				
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	590,000	615,075
Total Industrials				20,220,860
Information Technology 0.9%				
Computers & Peripherals 0.3%				
Hewlett-Packard Co., Senior Notes	4.650%	12/9/21	500,000	500,046

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
IT Services 0.4%				
Electronic Data Systems Corp., Notes	7.450%	10/15/29	500,000	\$ 564,707
First Data Corp., Senior Secured Notes	6.750%	11/1/20	150,000	152,625 ^(a)
Total IT Services				717,332
Semiconductors & Semiconductor Equipment 0.0%				
Freescall Semiconductor Inc., Senior Subordinated Notes	10.125%	12/15/16	28,000	28,735
Software 0.2%				
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	340,000	346,800 ^(a)
Total Information Technology				1,592,913
Materials 5.4%				
Chemicals 0.1%				
Braskem Finance Ltd., Senior Notes	5.375%	5/2/22	230,000	219,075 ^(a)
Construction Materials 0.3%				
Cemex SAB de CV, Senior Secured Notes	9.000%	1/11/18	560,000	588,000 ^(a)
Containers & Packaging 2.4%				
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	415,000	440,419 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	7.000%	11/15/20	1,210,000	1,166,137 ^(a)
Pactiv LLC, Senior Notes	7.950%	12/15/25	50,000	44,500
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes	9.875%	8/15/19	2,300,000	2,461,000
Total Containers & Packaging				4,112,056
Metals & Mining 1.7%				
ArcelorMittal, Senior Notes	6.000%	3/1/21	460,000	457,700
Barrick Gold Corp., Notes	4.100%	5/1/23	100,000	83,545 ^(a)
Cliffs Natural Resources Inc., Senior Notes	3.950%	1/15/18	10,000	9,554
Cliffs Natural Resources Inc., Senior Notes	4.800%	10/1/20	30,000	27,042
Cliffs Natural Resources Inc., Senior Notes	4.875%	4/1/21	920,000	833,800
Molycorp Inc., Senior Secured Notes	10.000%	6/1/20	490,000	475,300
Prince Mineral Holding Corp., Senior Secured Notes	11.500%	12/15/19	260,000	278,200 ^(a)
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	200,000	204,000 ^(a)
Vedanta Resources PLC, Senior Bonds	8.250%	6/7/21	580,000	584,350 ^(a)
Total Metals & Mining				2,953,491
Paper & Forest Products 0.9%				
Appleton Papers Inc., Senior Secured Notes	11.250%	12/15/15	235,000	260,850
Fibria Overseas Finance Ltd., Senior Notes	6.750%	3/3/21	540,000	578,610 ^(a)
Weyerhaeuser Co., Debentures	7.375%	3/15/32	560,000	672,263
Total Paper & Forest Products				1,511,723
Total Materials				9,384,345

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2013

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Telecommunication Services 6.1%				
<i>Diversified Telecommunication Services</i>				
<i>5.2%</i>				
AT&T Inc., Senior Notes	5.350%	9/1/40	170,000	\$ 172,013
Cincinnati Bell Telephone Co., Senior Debentures	6.300%	12/1/28	25,000	23,500
Deutsche Telekom International Finance BV, Senior Bonds	5.250%	7/22/13	600,000	601,413
France Telecom SA, Notes	8.500%	3/1/31	600,000	815,153
Koninklijke KPN NV, Senior Subordinated Notes	7.000%	3/28/73	200,000	188,873(a)(c)
Qwest Corp., Senior Notes	7.500%	10/1/14	150,000	161,454
Qwest Corp., Senior Notes	6.750%	12/1/21	2,000,000	2,226,458
Telefonica Emisiones SAU, Senior Notes	5.134%	4/27/20	2,000,000	2,050,198
Wind Acquisition Finance SA, Senior Notes	11.750%	7/15/17	1,500,000	1,560,000(a)
Wind Acquisition Finance SA, Senior Secured Notes	7.250%	2/15/18	490,000	488,775(a)
Windstream Corp., Senior Notes	6.375%	8/1/23	800,000	748,000
Total Diversified Telecommunication Services				9,035,837
<i>Wireless Telecommunication Services</i>				
<i>0.9%</i>				
Softbank Corp., Senior Notes	4.500%	4/15/20	1,000,000	963,750(a)
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	750,000	720,000
Total Wireless Telecommunication Services				1,683,750
Total Telecommunication Services				10,719,587
Utilities 3.0%				
<i>Electric Utilities 0.7%</i>				
Centrais Eletricas Brasileiras SA, Senior Notes	5.750%	10/27/21	210,000	203,175(a)
FirstEnergy Corp., Notes	7.375%	11/15/31	1,020,000	1,075,688
Total Electric Utilities				1,278,863
<i>Gas Utilities 0.0%</i>				
Southern Natural Gas Co., Senior Notes	8.000%	3/1/32	20,000	26,528
Independent Power Producers & Energy Traders 2.3%				
AES Corp., Senior Notes	8.000%	6/1/20	100,000	114,000
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	630,000	677,250(a)
Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Secured Notes	12.250%	3/1/22	820,000	906,100(a)
Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Senior Secured Notes	10.000%	12/1/20	885,000	969,075
First Wind Holdings Inc., Senior Secured Notes	10.250%	6/1/18	436,000	457,800(a)

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Foresight Energy LLC/Foresight Energy Corp., Senior Notes	9.625%	8/15/17	750,000	787,500 ^(a)
Total Independent Power Producers & Energy Traders				3,911,725
Total Utilities				5,217,116
Total Corporate Bonds & Notes (Cost \$106,212,162)				110,402,472

See Notes to Financial Statements.

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10 Western Asset Premier Bond Fund 2013 Semi-Annual Report

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Asset-Backed Securities 26.7%				
AAA Trust, 2005-1A 1A3B	0.604%	2/27/35	473,631	\$ 347,675(a)(c)
ABFS Mortgage Loan Trust, 2002-3 M1	5.902%	9/15/33	1,017,252	804,654
ACE Securities Corp., 2005-WF1 M1	0.613%	5/25/35	470,000	452,150(c)
Ameriquest Mortgage Securities Inc., 2004-R1 A1B	0.993%	2/25/34	506,203	457,675(c)
Ameriquest Mortgage Securities Inc., 2004-R9 M1	1.123%	10/25/34	312,222	306,766(c)
Amortizing Residential Collateral Trust, 2004-1 A5	1.193%	10/25/34	212,590	208,267(c)
Argent Securities Inc., 2003-W3 M1	1.318%	9/25/33	122,752	117,913(c)
Associates Manufactured Housing Pass Through Certificates, 1997-CLB2	8.900%	6/15/28	2,311,038	2,339,926(f)
Associates Manufactured Housing Pass-Through Certificates, 1997-1 B1	7.600%	6/15/28	270,085	290,232(c)
Associates Manufactured Housing Pass-Through Certificates, 1997-2 B1	7.150%	3/15/28	1,227,247	1,460,712(c)
Bank of America Manufactured Housing Contract Trust, 1997-2M	6.900%	4/10/28	86,185	96,447(c)
Bayview Financial Asset Trust, 2004-SSRA A1	0.793%	12/25/39	259,190	244,675(a)(c)
Bayview Financial Asset Trust, 2007-SR1A M1	0.993%	3/25/37	1,135,526	845,967(a)(c)
Bayview Financial Asset Trust, 2007-SR1A M3	1.343%	3/25/37	430,717	267,044(a)(c)
Bayview Financial Asset Trust, 2007-SR1A M4	1.693%	3/25/37	117,468	66,957(a)(c)
Bear Stearns Asset Backed Securities Trust, 2006-SD3 1P0, STRIPS, PO	0.000%	8/25/36	658,155	431,288
Centex Home Equity Loan Trust, 2003-B AF4	3.735%	2/25/32	349,152	343,461
Citigroup Mortgage Loan Trust Inc., 2006-SHL1 A1	0.393%	11/25/45	126,180	119,926(a)(c)
Contimortgage Home Equity Trust, 1997-4 B1F	7.330%	10/15/28	260,404	274,595
Countrywide Asset-Backed Certificates, 2004-3 3A3	0.953%	8/25/34	138,840	136,692(c)
Countrywide Asset-Backed Certificates, 2006-3 3A1	0.313%	6/25/36	494,831	464,260(c)
Countrywide Asset-Backed Certificates, 2007-13 2A1	1.093%	10/25/47	1,021,938	859,376(c)
Countrywide Asset-Backed Certificates, 2007-SEA2 1A1	1.193%	8/25/47	47,232	35,751(a)(c)
Credit-Based Asset Servicing and Securitization LLC, 2005-CB4 M1	0.613%	7/25/35	2,000,000	1,661,426(c)
Credit-Based Asset Servicing and Securitization LLC, 2005-RP1 M1	0.813%	1/25/35	632,471	611,415(a)(c)
CS First Boston Mortgage Securities Corp., 2004-CF2 2A1	0.663%	5/25/44	14,614	14,406(a)(c)
Education Funding Capital Trust, 2004-1 B1	1.950%	6/15/43	1,200,000	1,092,000(c)(f)
EMC Mortgage Loan Trust, 2003-B A1	0.743%	11/25/41	48,103	46,344(a)(c)
Firstfed Corp. Manufactured Housing Contract, 1996-1 B	8.060%	10/15/22	1,060,739	969,087(a)
GMAC Mortgage Corp. Loan Trust, 2004-VF1 A1	0.943%	2/25/31	249,933	235,697(a)(c)
Green Tree Financial Corp., 1992-2 B	9.150%	1/15/18	23,294	3,982
Green Tree Financial Corp., 1993-1 B	8.450%	4/15/18	39,581	27,148
Green Tree Home Improvement Loan Trust, 1996-D HIB2	8.000%	9/15/27	23,579	18,197

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2013

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Asset-Backed Securities continued				
Greenpoint Manufactured Housing, 1999-2 A2	2.959%	3/18/29	425,000	\$ 377,779(c)
Greenpoint Manufactured Housing, 1999-3 2A2	3.591%	6/19/29	125,000	115,781(c)
Greenpoint Manufactured Housing, 1999-4 A2	3.699%	2/20/30	125,000	107,363(c)
Greenpoint Manufactured Housing, 1999-5 A5	7.820%	12/15/29	554,052	578,542(c)
Greenpoint Manufactured Housing, 2001-2 IA2	3.699%	2/20/32	400,000	355,845(c)
Greenpoint Manufactured Housing, 2001-2 IIA2	3.693%	3/13/32	650,000	566,030(c)
GSAA Home Equity Trust, 2004-8 A3A	0.933%	9/25/34	187,063	182,534(c)
GSAA Home Equity Trust, 2006-19 A3A	0.433%	12/25/36	683,253	407,948(c)
GSAMP Trust, 2003-SEA2 A1	4.422%	7/25/33	1,639,590	1,606,536
GSRPM Mortgage Loan Trust, 2006-1 A1	0.493%	3/25/35	118,199	112,744(a)(c)
GSRPM Mortgage Loan Trust, 2006-2 A2	0.493%	9/25/36	213,222	196,291(a)(c)
Indymac Manufactured Housing Contract, 1997-1 A5	6.970%	2/25/28	156,822	155,444
Keycorp Student Loan Trust, 2003-A 1A2	0.536%	10/25/32	925,995	907,535(c)
Lehman XS Trust, 2007-1 WF1	5.409%	1/25/37	773,207	454,925(c)
Long Beach Mortgage Loan Trust, 2004-4 M1	1.093%	10/25/34	1,620,000	1,491,116(c)
Morgan Stanley ABS Capital I, 2003-SD1 A1	1.193%	3/25/33	19,765	18,323(c)
Morgan Stanley Capital Inc., 2003-NC9 M	1.318%	9/25/33	1,500,467	1,334,190(c)
Morgan Stanley Capital Inc., 2004-HE7 M1	1.093%	8/25/34	1,539,471	1,414,814(c)
New Century Home Equity Loan Trust, 2004-2 A2	0.933%	8/25/34	475,320	436,151(c)
New Century Home Equity Loan Trust, 2004-3 M1	1.123%	11/25/34	1,480,740	1,333,858(c)
Oakwood Mortgage Investors Inc., 2002-B A3	6.060%	3/15/25	211,364	218,607(c)
Option One Mortgage Loan Trust, 2003-2 A2	0.793%	4/25/33	335,187	307,679(c)
Origen Manufactured Housing, 2006-A A2	2.410%	10/15/37	2,554,764	2,119,288(c)
Origen Manufactured Housing, 2007-A A2	2.591%	4/15/37	2,968,961	2,478,079(c)
PAMCO CLO, 1997-1A B	7.910%	8/6/13	738,191	212,230(g)
Park Place Securities Inc., 2004-WCW1 M2	0.873%	9/25/34	1,701,866	1,673,757(c)
Park Place Securities Inc., 2004-WHQ2 M2	0.823%	2/25/35	666,489	664,718(c)
Pegasus Aviation Lease Securitization, 2000-1 A2	8.370%	3/25/30	1,600,000	576,000(a)
Pennsylvania Higher Education Assistance Agency, 2003-1 B1	2.430%	7/25/42	3,000,000	2,970,000(c)
People's Choice Home Loan Securities Trust, 2004-1 A3	1.233%	6/25/34	400,842	368,507(c)
RAAC Series, 2007-RP1 M1	0.743%	5/25/46	210,000	98,891(a)(c)
Renaissance Home Equity Loan Trust, 2004-2 AF4	5.392%	7/25/34	430,008	446,601
Renaissance Home Equity Loan Trust, 2005-2 AF5	5.201%	8/25/35	750,000	592,829
Renaissance Home Equity Loan Trust, 2005-3 AV3	0.573%	11/25/35	617,601	553,621(c)
Residential Asset Mortgage Products Inc., 2004-RZ1 AII	0.673%	3/25/34	360,918	328,779(c)
Residential Asset Securities Corp., 2001-KS3 AII	0.653%	9/25/31	245,102	229,765(c)
Residential Asset Securities Corp., 2002-KS2 AI6	6.228%	4/25/32	317,688	326,346(c)
Residential Asset Securities Corp., 2003-KS8 AI6	4.830%	10/25/33	340,959	338,514(c)
Settlement Fee Finance LLC, 2004-1A A	9.100%	7/25/34	728,283	767,174(a)(f)

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Asset-Backed Securities continued				
SLM Student Loan Trust, 2001-4 B	0.776%	1/25/21	1,000,000	\$ 987,151(c)
Structured Asset Securities Corp., 2002-AL1 A3	3.450%	2/25/32	561,047	553,371
Structured Asset Securities Corp., 2003-AL1 A	3.357%	4/25/31	81,551	79,473(a)
Structured Asset Securities Corp., 2005-4XS 2A1A	1.948%	3/25/35	437,692	415,964(c)
Structured Asset Securities Corp., 2006-GEL3 A2	0.423%	7/25/36	1,089,086	1,072,269(a)(c)
Structured Asset Securities Corp., 2007-BC1 A2	0.243%	2/25/37	9,315	9,307(c)
Vanderbilt Mortgage Finance, 2000-B IB2	9.250%	7/7/30	572,092	592,385(c)
Total Asset-Backed Securities (Cost \$41,003,592)				46,787,165
Collateralized Mortgage Obligations 18.7%				
American Home Mortgage Investment Trust, 2007-A 4A	0.643%	7/25/46	728,924	161,709(a)(c)
Banc of America Funding Corp., 2004-B 6A1	2.557%	12/20/34	413,474	271,589(c)
BCAP LLC Trust, 2009-RR12 2A2	0.553%	3/26/35	1,844,014	822,001(a)(c)
Bear Stearns Adjustable Rate Mortgage Trust, 2004-1 23A1	5.405%	4/25/34	115,404	112,157(c)
Bear Stearns Alt-A Trust, 2004-03 A1	0.833%	4/25/34	360,360	348,576(c)
Bear Stearns Alt-A Trust, 2004-08 1A	0.893%	9/25/34	189,390	179,447(c)
Bear Stearns Alt-A Trust, 2005-10 21A1	2.827%	1/25/36	916,467	627,583(c)
Bear Stearns Asset Backed Securities Trust, 2002-AC1 B4	7.000%	1/25/32	678,148	234,171(a)
Bella Vista Mortgage Trust, 2004-2 A1	0.563%	2/25/35	1,640,084	1,116,707(c)
BlackRock Capital Finance LP, 1997-R2 B5	4.823%	12/25/35	34,034	1,446(a)(c)(f)
Chevy Chase Mortgage Funding Corp., 2004-3A A1	0.443%	8/25/35	1,148,598	986,892(a)(c)
Chevy Chase Mortgage Funding Corp., 2004-4A A1	0.423%	10/25/35	1,682,258	1,415,837(a)(c)
Chevy Chase Mortgage Funding Corp., 2005-4A A1	0.393%	10/25/36	1,443,143	1,145,591(a)(c)
Countrywide Home Loans, 2004-R2 1AF1	0.613%	11/25/34	324,770	280,835(a)(c)
Countrywide Home Loans, 2005-7 1A1	0.733%	3/25/35	1,215,246	