

Western Asset Mortgage Defined Opportunity Fund Inc.
Form N-Q
November 21, 2016

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: (888)777-0102

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

Date of reporting period: **September 30, 2016**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

FORM N-Q

SEPTEMBER 30, 2016

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

September 30, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED SECURITIES - 87.9%				
ABFS Mortgage Loan Trust, 2002-3 M1	5.902%	9/15/33	1,148,780	\$ 928,382 ^(a)
Accredited Mortgage Loan Trust, 2003-3 A1	5.210%	1/25/34	968,890	951,961 ^(a)
Ace Securities Corp., 2005-RM1 M4	1.545%	3/25/35	3,120,123	2,403,026 ^(b)
Adjustable Rate Mortgage Trust, 2005-05 1A1	2.883%	9/25/35	244,524	187,492 ^{(a)(b)}
Adjustable Rate Mortgage Trust, 2005-07 2A21	2.963%	10/25/35	821,900	742,914 ^{(a)(b)}
Adjustable Rate Mortgage Trust, 2005-10 1A21	3.216%	1/25/36	285,748	247,583 ^{(a)(b)}
Adjustable Rate Mortgage Trust, 2005-12 5A1	1.025%	3/25/36	368,387	212,109 ^{(a)(b)}
AFC Home Equity Loan Trust, 2003-3 1A	1.275%	10/25/30	1,534,045	1,353,996 ^{(a)(b)(c)}
American Home Mortgage Assets, 2005-2 2A1A	3.040%	1/25/36	1,333,132	931,942 ^{(a)(b)}
American Home Mortgage Assets, 2006-4 1A12	0.734%	10/25/46	2,351,686	1,578,456 ^{(a)(b)}
American Home Mortgage Investment Trust, 2005-SD1 1A1	0.975%	9/25/35	254,257	201,676 ^{(a)(b)(c)}
American Home Mortgage Investment Trust, 2007-2 2A	1.325%	3/25/47	12,866,883	1,297,458 ^(b)
American Home Mortgage Investment Trust, 2007-A 4A	1.424%	7/25/46	2,238,059	841,129 ^{(a)(b)(c)}
Argent Securities Inc., 2006-M2 A2C	0.675%	9/25/36	2,411,584	987,361 ^(b)
Argent Securities Inc., 2006-M2 A2D	0.765%	9/25/36	636,488	263,108 ^(b)
Argent Securities Inc., 2006-M3 A2C	0.685%	10/25/36	3,891,092	1,802,836 ^(b)
Banc of America Alternative Loan Trust, 2005-9 1CB5, IO	4.575%	10/25/35	4,925,027	969,342 ^{(a)(b)(d)}
Banc of America Funding Corp., 2004-B 6A1	2.063%	12/20/34	454,909	317,923 ^{(a)(b)}
Banc of America Funding Corp., 2004-C 3A1	3.052%	12/20/34	644,410	595,695 ^{(a)(b)}
Banc of America Funding Corp., 2006-D 2A1	4.685%	5/20/36	64,524	58,278 ^{(a)(b)}
Banc of America Funding Corp., 2006-D 6A1	3.128%	5/20/36	1,306,659	1,148,143 ^{(a)(b)}
Banc of America Funding Corp., 2006-F 1A1	3.098%	7/20/36	421,521	410,984 ^{(a)(b)}
Banc of America Funding Corp., 2006-H 3A1	3.157%	9/20/46	119,017	95,770 ^{(a)(b)}
Banc of America Funding Corp., 2014-R5 1A2	2.532%	9/26/45	3,750,000	2,566,122 ^{(a)(b)(c)}
Banc of America Funding Corp., 2015-R2 9A2	0.802%	3/27/36	4,727,013	2,689,407 ^{(a)(b)(c)}
Banc of America Funding Corp., 2015-R3 2A2	0.654%	2/27/37	2,456,907	1,395,540 ^(c)
Banc of America Funding Corp., 2015-R4 4A3	15.972%	1/1/30	7,636,148	4,144,756 ^{(b)(c)}
Bayview Financial Acquisition Trust, 2007-A 2A	0.874%	5/28/37	1,414,943	1,052,377 ^{(a)(b)}
Bayview Financial Asset Trust, 2007-SR1A M1	1.325%	3/25/37	3,447,905	3,111,800 ^{(a)(b)(c)}
Bayview Financial Asset Trust, 2007-SR1A M2	1.425%	3/25/37	4,197,688	3,665,186 ^{(a)(b)(c)}
Bayview Financial Asset Trust, 2007-SR1A M3	1.675%	3/25/37	1,901,821	1,680,734 ^{(a)(b)(c)}
Bayview Financial Asset Trust, 2007-SR1A M4	2.025%	3/25/37	820,930	660,594 ^{(a)(b)(c)}
BCAP LLC Trust, 2010-RR6 1212	5.500%	2/26/35	674,973	657,572 ^{(a)(c)}
Bear Stearns Alt-A Trust, 2005-9 25A1	2.968%	11/25/35	434,975	376,475 ^{(a)(b)}
Bear Stearns Alt-A Trust, 2006-2 23A1	3.381%	3/25/36	1,601,041	1,224,483 ^{(a)(b)}
Bear Stearns Asset-Backed Securities Trust, 2003-SD2 1A	4.072%	6/25/43	74,317	72,502 ^{(a)(b)}
Bear Stearns Asset-Backed Securities Trust, 2004-BO1 M9B	4.525%	10/25/34	481,729	473,977 ^{(a)(b)}
Bear Stearns Asset-Backed Securities Trust, 2005-CL1 A1	1.025%	9/25/34	114,931	105,752 ^{(a)(b)}
Bear Stearns Mortgage Funding Trust, 2007-AR5 2A1	0.705%	6/25/37	2,005,418	1,689,377 ^{(a)(b)}
Centex Home Equity Loan Trust, 2004-D MV1	1.145%	9/25/34	1,127,216	1,037,811 ^{(a)(b)}
Chase Mortgage Finance Corp., 2006-S3 2A1	5.500%	11/25/21	236,562	193,668 ^(a)
Chaseflex Trust, 2005-2 3A3, IO	4.975%	6/25/35	12,650,775	2,448,291 ^{(b)(d)}

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED SECURITIES - (continued)				
Chevy Chase Mortgage Funding Corp., 2006-2A A1	0.655%	4/25/47	221,645	\$ 174,309 ^{(a)(b)(c)}
Citicorp Mortgage Securities Inc., 2007-8 B1	5.942%	9/25/37	4,017,305	2,257,412 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2004-HYB3 1A	3.088%	9/25/34	129,126	128,329 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2004-UST1 A2	1.850%	8/25/34	66,149	64,295 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2005-05	3.075%	8/25/35	275,596	233,588 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2005-10 1A1A	3.082%	12/25/35	271,962	242,789 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2006-AR5 2A1A	3.004%	7/25/36	367,590	232,524 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2007-06 1A1A	2.605%	3/25/37	380,362	286,812 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2008-3 A3	6.100%	4/25/37	7,975,269	2,990,263 ^(c)
Connecticut Avenue Securities, 2013-C01 M2	5.775%	10/25/23	1,260,000	1,398,220 ^{(a)(b)}
Connecticut Avenue Securities, 2016-C02 1B	12.775%	9/25/28	2,355,000	2,934,530 ^{(a)(b)(c)}
Connecticut Avenue Securities, 2016-C04 1B	10.774%	1/25/29	2,510,000	2,741,166 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2003-20CB M	5.582%	10/25/33	2,779,275	1,982,327 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2005-07CB 1A3, IO	6.075%	4/25/35	319,112	4,756 ^{(b)(d)}
Countrywide Alternative Loan Trust, 2005-11CB 3A3, IO	4.475%	6/25/35	3,047,898	444,448 ^{(b)(d)}
Countrywide Alternative Loan Trust, 2005-14 3A1	2.307%	5/25/35	323,494	211,952 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2005-36 4A1	2.817%	8/25/35	685,782	613,611 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2005-50CB 1A1	5.500%	11/25/35	395,081	383,343 ^(a)
Countrywide Alternative Loan Trust, 2005-J10 1A1	1.025%	10/25/35	180,351	135,181 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2006-HY10 1A1	2.537%	5/25/36	627,664	455,030 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2006-J8 A5	6.000%	2/25/37	142,681	100,668 ^(a)
Countrywide Alternative Loan Trust, 2007-23CB A4, IO	5.975%	9/25/37	9,066,470	2,652,751 ^{(b)(d)}
Countrywide Alternative Loan Trust, 2007-23CB A8	26.299%	9/25/37	856,729	1,388,752 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2007-3T1 2A1	6.000%	3/25/27	362,077	349,694 ^(a)
Countrywide Alternative Loan Trust, 2007-OA8 1A1	0.705%	6/25/47	2,164,159	1,695,671 ^{(a)(b)}
Countrywide Asset-Backed Certificates, 2006-S7 A3	5.712%	11/25/35	293,337	291,800 ^{(a)(b)}
Countrywide Asset-Backed Certificates, 2006-S9 A3	5.728%	8/25/36	106,184	106,380 ^{(a)(b)}
Countrywide Asset-Backed Certificates, 2006-SD3 A1	0.855%	7/25/36	1,025,036	853,520 ^{(a)(b)(c)}
Countrywide Asset-Backed Certificates, 2007-8 M1	0.795%	11/25/37	9,000,000	515,850 ^(b)
Countrywide Asset-Backed Certificates, 2007-SE1 1A1	1.075%	5/25/47	917,690	621,758 ^{(b)(c)}
Countrywide Home Equity Loan Trust, 2004-B 1A	0.744%	2/15/29	1,141,844	1,028,736 ^{(a)(b)}
Countrywide Home Equity Loan Trust, 2004-L 2A	0.804%	2/15/34	67,215	60,243 ^{(a)(b)}
Countrywide Home Equity Loan Trust, 2005-E 2A	0.744%	11/15/35	131,062	117,219 ^{(a)(b)}
Countrywide Home Loans, 2004-16 1A3A	1.285%	9/25/34	1,026,347	927,347 ^{(a)(b)}
Countrywide Home Loans, 2005-11 6A1	1.125%	3/25/35	59,837	53,925 ^{(a)(b)}
Countrywide Home Loans, 2005-18 A7	18.081%	10/25/35	31,104	43,141 ^{(a)(b)}
Countrywide Home Loans, 2005-HYB9 1A1	3.170%	2/20/36	226,950	175,932 ^{(a)(b)}
Countrywide Home Loans Mortgage Pass-Through Trust, 2005-02 2A1	1.165%	3/25/35	126,523	104,923 ^{(a)(b)}
Countrywide Home Loans Mortgage Pass-Through Trust, 2005-09 1A1	1.124%	5/25/35	147,036	118,156 ^{(a)(b)}
Countrywide Home Loans Mortgage Pass-Through Trust, 2005-11 3A3	2.431%	4/25/35	721,715	496,435 ^{(a)(b)}
Countrywide Home Loans Mortgage Pass-Through Trust, 2005-HY10 1A1	3.137%	2/20/36	266,428	224,133 ^{(a)(b)}
Countrywide Home Loans Mortgage Pass-Through Trust, 2005-HYB6 1A1	2.883%	10/20/35	1,008,220	806,998 ^{(a)(b)}

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****September 30, 2016**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED SECURITIES - (continued)				
Countrywide Home Loans Mortgage Pass-Through Trust, 2005-R1 1AF1	0.885%	3/25/35	453,621	\$ 404,685 ^{(a)(b)(c)}
Countrywide Home Loans Mortgage Pass-Through Trust, 2005-R2 2A3	8.000%	6/25/35	101,402	105,406 ^{(a)(c)}
Countrywide Home Loans Mortgage Pass-Through Trust, 2006-3 2A1	0.775%	3/25/36	571,970	446,350 ^{(a)(b)}
Credit Suisse First Boston Mortgage Securities Corp., 2005-10 03A3	5.500%	11/25/35	498,652	444,885 ^(a)
Credit Suisse Mortgage Capital Certificates, 2009-15R 2A2	3.690%	10/26/36	4,748,792	3,543,248 ^{(a)(b)(c)}
Credit Suisse Mortgage Trust, 2010-18R 6A5	3.194%	9/28/36	2,133,000	1,750,299 ^{(b)(c)}
Credit Suisse Mortgage Trust, 2014-11R 9A2	0.664%	10/27/36	4,453,765	2,629,222 ^{(b)(c)}
Credit-Based Asset Servicing and Securitization LLC, 2003-RP1 M1	2.075%	3/25/33	2,061,297	1,967,706 ^{(a)(b)(c)}
Credit-Based Asset Servicing and Securitization LLC, 2006-SL1 A3	0.744%	9/25/36	4,404,590	863,530 ^{(b)(c)}
Deutsche Mortgage Securities Inc., 2006-PR1 2PO, PO	0.000%	4/15/36	57,680	43,714 ^{(a)(c)(d)}
Deutsche Mortgage Securities Inc., 2006-PR1 4AS1, IO	8.707%	4/15/36	414,233	112,013 ^{(b)(c)(d)}
Deutsche Mortgage Securities Inc., 2006-PR1 4AS2, IO	15.058%	4/15/36	395,119	181,609 ^{(b)(c)(d)}
Deutsche Mortgage Securities Inc., 2006-PR1 5AS1, IO	10.201%	4/15/36	101,409	47,534 ^{(b)(c)(d)}
Deutsche Mortgage Securities Inc., 2006-PR1 5AS3, IO	7.029%	4/15/36	372,700	130,212 ^{(b)(c)(d)}
Downey Savings & Loan Association Mortgage Loan Trust, 2005-AR1 2A1B	0.851%	2/19/45	1,294,430	748,512 ^{(a)(b)}
Downey Savings & Loan Association Mortgage Loan Trust, 2005-AR2 2A1A	0.741%	3/19/45	374,132	333,195 ^{(a)(b)}
EMC Mortgage Loan Trust, 2002-AA A1	1.465%	5/25/39	80,900	77,698 ^{(a)(b)(c)}
EMC Mortgage Loan Trust, 2006-A A1	0.974%	12/25/42	736,668	711,573 ^{(a)(b)(c)}
Federal National Mortgage Association (FNMA), 2012-134, IO	5.625%	12/25/42	5,305,093	1,242,271 ^(b)
First Horizon Alternative Mortgage Securities Trust, 2005-AA6 3A1	2.602%	8/25/35	1,132,898	974,677 ^{(a)(b)}
First Horizon Alternative Mortgage Securities Trust, 2006-FA6 2A1, PAC-11	6.250%	11/25/36	163,736	126,392 ^(a)
First Horizon Alternative Mortgage Securities Trust, 2006-FA8 1A8	0.895%	2/25/37	350,509	171,258 ^{(a)(b)}
First Horizon Mortgage Pass-Through Trust, 2005-AR4 2A1	2.775%	10/25/35	574,333	479,816 ^{(a)(b)}
First Republic Mortgage Loan Trust, 2000-FRB2 A1	1.024%	11/15/30	239,522	215,518 ^{(a)(b)}
Government National Mortgage Association (GNMA), 2013-010 AI, IO	3.500%	1/20/43	2,841,980	414,748
GS Mortgage Securities Corp. II, 2000-1A A	1.232%	3/20/23	76,521	75,681 ^{(a)(b)(c)}
GSAA Home Equity Trust, 2005-11 2A2	0.845%	10/25/35	4,288,511	2,974,144 ^{(a)(b)}
GSAA Home Equity Trust, 2005-R1 1A2, IO	4.476%	4/25/35	3,511,350	448,189 ^{(b)(c)(d)}
GSAMP Trust, 2004-SEA2 M2	1.775%	3/25/34	4,012,144	2,814,575 ^(b)