

Western Asset Investment Grade Defined Opportunity Trust Inc.

Form N-CSR

January 30, 2018

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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 811-22294

Western Asset Investment Grade Defined Opportunity Trust
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: November 30

Date of reporting period: November 30, 2017

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ITEM 1. REPORT TO STOCKHOLDERS.

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

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Annual Report

November 30, 2017

WESTERN ASSET
INVESTMENT GRADE
DEFINED OPPORTUNITY
TRUST INC. (IGI)

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

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Fund objectives

The Fund's primary investment objective is to provide current income and then to liquidate and distribute substantially all of the Fund's net assets to stockholders on or about December 2, 2024. As a secondary investment objective, the Fund will seek capital appreciation. There can be no assurance the Fund will achieve its investment objectives.

The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its net assets in investment grade corporate fixed-income securities of varying maturities.

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Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset Investment Grade Defined Opportunity Trust Inc. for the twelve-month reporting period ended November 30, 2017. 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.lmcef.com. 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,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

December 29, 2017

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Investment commentary

Economic review

Economic activity in the U.S. improved during the twelve months ended November 30, 2017 (the reporting period). Looking back, the U.S. Department of Commerce reported that U.S. gross domestic product (GDP) growth was 1.8% and 1.2%, as revised, for the fourth quarter of 2016 and the first quarter of 2017, respectively. Second quarter 2017 GDP growth then accelerated to 3.1%. Finally, the U.S. Department of Commerce's final reading for third quarter 2017 GDP growth released after the reporting period ended was 3.2%. Stronger growth was attributed to a number of factors, including positive contributions from private inventory investment and upturns in state and local government spending. These positive factors were partly offset by a decrease in personal consumption expenditures, nonresidential fixed investment and exports.

Job growth in the U.S. was solid overall and supported the economy during the reporting period. When the reporting period ended on November 30, 2017, the unemployment rate was 4.1%, as reported by the U.S. Department of Labor. This equaled the lowest unemployment rate since December 2000. The percentage of longer-term unemployed declined during the reporting period. In November 2017, 23.8% of Americans looking for a job had been out of work for more than six months, versus 24.2% when the period began.

Looking back, after an extended period of maintaining the federal funds rateⁱⁱ at a historically low range between zero and 0.25%, the Federal Reserve Board (the Fedⁱ) increased the rate at its meeting on December 16, 2015. In particular, the U.S. central bank raised the federal funds rate to a range between 0.25% and 0.50%. The Fed then kept rates on hold at each meeting prior to its meeting on December 14, 2016, at which time, the Fed raised rates to a range between 0.50% and 0.75%.

The Fed's next rate hike occurred at its meeting that ended on March 15, 2017, as it raised rates to a range between 0.75% and 1.00%. At its meeting that concluded on June 14, 2017, the Fed then raised rates to a range between 1.00% and 1.25%. During its meeting that concluded on September 20, 2017, the Fed kept rates on hold, but reiterated its intention to begin reducing its balance sheet, saying, "In October, the Committee will initiate the balance sheet normalization program." Finally, at its meeting that ended on December 13, 2017, after the reporting period ended, the Fed raised rates to a range between 1.25% and 1.50%.

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

Sincerely,

Jane Trust, CFA

Chairman, President and

Chief Executive Officer

December 29, 2017

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

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- 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 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.

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

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Fund overview

Q. What is the Fund's investment strategy?

A. The Fund's primary investment objective is to provide current income and then to liquidate and distribute substantially all of the Fund's net assets to stockholders on or about December 2, 2024. As a secondary investment objective, the Fund will seek capital appreciation. There can be no assurance the Fund will achieve its investment objectives.

The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its net assets in investment grade corporate fixed-income securities of varying maturities. The Fund may invest up to 20% of its net assets in corporate fixed-income securities of below investment grade quality (commonly known as "high yield" or "junk" bonds) at the time of investment and other securities, including obligations of the U.S. government, its agencies or instrumentalities, common stocks, warrants and depositary receipts. While the Fund may invest up to 20% of its net assets in below investment grade securities, the Fund will, under normal market conditions, maintain a portfolio with an overall dollar-weighted average of investment grade credit quality. The Fund may invest up to 20% of its net assets in securities of foreign issuers located anywhere in the world, including issuers located in emerging market countries. Additionally, the Fund may invest up to 20% of its net assets in non-U.S. dollar denominated securities.

The Fund may invest in derivative instruments, such as options contracts, futures contracts, options on futures contracts, indexed securities, credit default swaps and other swap agreements, provided that the Fund's exposure to derivative instruments, as measured by the total notional amount of all such instruments, will not exceed 20% of its net assets.

In purchasing securities and other investments for the Fund, we may take full advantage of the entire range of maturities and durations¹ offered by corporate fixed-income securities and may adjust the average maturity or duration of the Fund's portfolio from time to time, depending on our assessment of the relative yields available on securities of different maturities and durations and our expectations of future changes in interest rates.

The Fund may take on leveraging risk by utilizing certain management techniques, whereby it will segregate liquid assets, enter into offsetting transactions or own positions covering its obligations. To the extent the Fund covers its commitment under such a portfolio management technique, such instrument will not be considered a senior security for the purposes of the Investment Company Act of 1940. However, as a fundamental policy, the Fund will not leverage its capital structure by issuing senior securities such as preferred shares or debt instruments.

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 management personnel, 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

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Fund overview (cont d)

Asset organization. The individuals responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are S. Kenneth Leech, Michael C. Buchanan and Ryan K. Brist.

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

A. Most spread sectors (non-Treasuries) posted positive returns, but generated mixed results versus equal-duration Treasuries over the twelve-month reporting period ended November 30, 2017. The fixed income market was impacted by a number of factors during the reporting period, including signs of generally improving economic growth, uncertainties related to future Federal Reserve Board (the Fed's) monetary policy, fiscal policy initiatives and several geopolitical issues.

Both short-term and longer-term Treasury yields moved higher during the reporting period as a whole. The yield for the two-year Treasury note began the reporting period at 1.11% and ended the period at 1.78%, the latter matching its peak for the period. The low for the period of 1.10% occurred on December 7, 2016. The yield for the ten-year Treasury began the reporting period at 2.37% and ended the period at 2.42%. The low for the period of 2.05% occurred on September 7, 2017 and the peak of 2.60% took place on both December 15 and December 16, 2016.

The global credit markets generated solid results for the reporting period. Credit spreads narrowed as corporate profits often exceeded expectations, defaults remained low and fundamentals were generally strong. In addition, demand was robust overall as investors looked to generate incremental yield in the low interest rate environment.

All told, the Bloomberg Barclays U.S. Aggregate Indexⁱⁱⁱ returned 3.21% during the reporting period. Comparatively, the Bloomberg Barclays U.S. Credit Index^{iv} returned 5.98% over the same period and the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index^v returned 9.16%.

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

A. From a sector perspective, we modestly increased the Fund's overweight to the aerospace & defense industry as new issues came to market at attractive levels post mergers and acquisitions (M&A) deals. We slightly pared our allocation to the Communications sector giving margin pressures and M&A risks. Elsewhere, the Fund's exposure to metals & mining fell somewhat due to certain holdings being tendered. However, we maintained an overweight to the Materials sector given strengthening fundamentals. Finally, within the Consumer Non-Cyclicals² sector, we reduced our allocation to food & beverage and added to our position in the Health Care sector, as we found the latter to be more attractive.

During the reporting period, we employed U.S. Treasury futures to manage the Fund's duration. These futures contracts modestly detracted from performance. However,

¹ Communications consists of the following industries: Media - Cable, Media - Non-Cable and Telecommunications.

² Consumer Non-Cyclicals consists of the following industries: Consumer Products, Food/Beverage, Health Care, Pharmaceuticals, Supermarkets and Tobacco.

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interest rate swaps, which we also used to manage the Fund’s duration, were additive for results. Currency forwards, which were utilized to manage the Fund’s currency exposure, contributed to performance. Finally, high yield index swaps, which were used to manage the Fund’s credit exposure, detracted from performance.

Performance review

For the twelve months ended November 30, 2017, Western Asset Investment Grade Defined Opportunity Trust Inc. returned 9.09% based on its net asset value (NAVⁱ) and 14.76% based on its New York Stock Exchange (NYSE) market price per share. The Fund’s unmanaged benchmark, the Bloomberg Barclays U.S. Credit Index, returned 5.98% for the same period. The Lipper Corporate Debt BBB-Rated Closed-End Funds Category Average^{vii} returned 6.80% 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 \$1.07 per share.* The performance table shows the Fund’s twelve-month total return based on its NAV and market price as of November 30, 2017. **Past performance is no guarantee of future results.**

Performance Snapshot as of November 30, 2017

<p>Price Per Share \$21.00 (NAV) \$21.85 (Market Price)</p>	<p>12-Month Total Return** 9.09% 14.76%</p>
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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. 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 at NAV.

Total return assumes 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. The largest contributor to the Fund’s relative performance during the reporting period was security selection. This was partially driven by the Fund’s holdings in the Financials sector, with overweight positions in Royal Bank of Scotland Group PLC, BNP Paribas SA and Citigroup Inc. adding the most value. They were supported by improving fundamentals, the potential benefits from deregulation and expectations for further rating upgrades. Within the Telecommunication Services sector, an underweight to Verizon Communications Inc. and the Fund’s tactical exposure (at sometimes overweight and at other times underweight) to AT&T Inc. were positive for performance. These companies were impacted from an ongoing pricing war that is pressuring margins, along with M&A concerns. In the Energy sector, a number of overweight positions were additive for results, including Williams Cos. Inc., Devon Energy Corp. and Anadarko Petroleum Corp. These holdings were supported by strengthening fundamentals, OPEC (Organization of the Petroleum Exporting

* For the tax character of distributions paid during the fiscal year ended November 30, 2017, please refer to page 41 of this report.

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Fund overview (cont d)

Countries) production cuts and rising commodity prices. Within the Consumer Non-Cyclicals sector, the Fund's underweight to large pharmaceutical companies, such as Teva Pharmaceutical Industries Ltd., was positive for performance. Teva Pharmaceutical Industries Ltd. was hurt by pricing pressures and negative investor sentiment.

Sector allocation tilts were also additive for results, with the largest contributor being the Fund's overweight to the Energy sector. This sector was one of the top performers during the reporting period, due to the aforementioned factors. Underweights to the Consumer Non-Cyclicals sector, taxable municipal securities and technology were also rewarded, as they all lagged the benchmark.

Elsewhere, the Fund's quality biases contributed to returns. In particular, an overweight to securities rated BBB was rewarded given the outperformance of lower rated securities during the reporting period. Finally, tactical positioning of the Fund's duration was beneficial for returns.

Q. What were the leading detractors from performance?

A. The largest detractor from the Fund's relative performance during the reporting period was its underweight to sovereign debt. In particular, having no allocation to Mexican sovereign bonds negatively impacted results. After falling sharply after the November 2016 presidential U.S. election, they rallied sharply given improving commodity prices, a weakening U.S. dollar and moderating concerns over U.S. protectionist policies.

From a security selection perspective, underweight positions in Petroleos Mexicanos (PEMEX) and not owning Oracle Corp. were headwinds for results. Mexican oil & gas issuer PEMEX performed well as fundamentals in Mexico stabilized and oil prices rallied. Computer software company Oracle Corp. generated solid results as its balance sheet remained strong with a healthy cash position and it was expected to be a potential beneficiary from U.S. tax reform.

Looking for additional information?

The Fund is traded under the symbol IGI and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XIGIX 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 (click on the name of the Fund).

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.

Thank you for your investment in Western Asset Investment Grade Defined Opportunity Trust 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

December 19, 2017

RISKS: The Fund is a non-diversified, closed-end management investment company designed primarily as a long-term investment

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and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objectives. The Fund's common stock is traded on the New York Stock Exchange. Similar to stocks, the Fund's share price will fluctuate with market conditions and, at the time of sale, may be worth more or less than the original investment. Shares of closed-end funds often trade at a discount to their net asset value. Because the Fund is non-diversified, it may be more susceptible to economic, political or regulatory events than a diversified fund. The Fund's investments are subject to a number of risks such as credit risk, inflation risk and interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund's holdings. The Fund may invest in lower-rated high-yield bonds or junk bonds, which are subject to greater liquidity and credit risk (risk of default) than higher-rated obligations. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses and have a potentially large impact on Fund performance. The Fund may invest in securities or engage in transactions that have the economic effects of leverage which can increase the risk and volatility of the Fund.

Portfolio holdings and breakdowns are as of November 30, 2017 and are subject to change and may not be representative of the portfolio managers' current or future investments. Please refer to pages 10 through 23 for a list and percentage breakdown of the Fund's holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund's top five sector holdings (as a percentage of net assets) as of November 30, 2017 were: Financials (34.7%), Energy (14.7%), Consumer Discretionary (10.7%), Utilities (7.0%) and Telecommunication Services (6.5%). The Fund's portfolio composition is subject to change at any time.

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.

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Fund overview (cont d)

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

- ⁱⁱⁱ The Bloomberg 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.

- ^{iv} The Bloomberg 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).

- ^v The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Bloomberg Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.

- ^{vi} Net asset value (NAV) is calculated by subtracting total liabilities, including liabilities associated with financial leverage (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.

- ^{vii} Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended November 30, 2017, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 7 funds in the Fund's Lipper category.

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Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of November 30, 2017 and November 30, 2016 and does not include derivatives, such as futures contracts, swap contracts and forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

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Spread duration (unaudited)

Economic exposure November 30, 2017

Total Spread Duration

IGI 7.30 years

Benchmark 7.25 years

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.

Benchmark	Bloomberg Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
IGI	Western Asset Investment Grade Defined Opportunity Trust Inc.

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Effective duration (unaudited)

Interest rate exposure November 30, 2017

Total Effective Duration

IGI 7.25 years

Benchmark 7.29 years

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.

Benchmark	Bloomberg Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
IGI	Western Asset Investment Grade Defined Opportunity Trust Inc.

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November 30, 2017

Western Asset Investment Grade Defined Opportunity Trust Inc.

	Rate	Maturity Date	Face Amount	Value
Security				
Corporate Bonds & Notes 93.7%				
Consumer Discretionary 10.7%				
<i>Automobiles</i> 2.1%				
Ford Motor Co., Senior Bonds	9.215%	9/15/21	1,140,000	\$ 1,380,951
Ford Motor Credit Co., LLC, Senior Notes	8.125%	1/15/20	640,000	713,094
General Motors Co., Senior Notes	4.875%	10/2/23	430,000	464,971
General Motors Co., Senior Notes	6.600%	4/1/36	290,000	348,415
General Motors Co., Senior Notes	5.200%	4/1/45	490,000	503,720
General Motors Co., Senior Notes	6.750%	4/1/46	1,020,000	1,265,213
<i>Total Automobiles</i>				<i>4,676,364</i>
<i>Hotels, Restaurants & Leisure</i> 0.4%				
GLP Capital LP/GLP Financing II Inc., Senior Notes	5.375%	4/15/26	280,000	302,924
McDonald's Corp., Senior Notes	4.700%	12/9/35	260,000	289,949
McDonald's Corp., Senior Notes	4.875%	12/9/45	370,000	419,185
<i>Total Hotels, Restaurants & Leisure</i>				<i>1,012,058</i>
<i>Household Durables</i> 0.4%				
Leggett & Platt Inc., Senior Notes	3.500%	11/15/27	90,000	89,366
Newell Brands Inc., Senior Notes	5.500%	4/1/46	600,000	711,025
<i>Total Household Durables</i>				<i>800,391</i>
<i>Internet & Direct Marketing Retail</i> 0.4%				
Amazon.com Inc., Senior Notes	3.875%	8/22/37	410,000	429,130 ^(a)
Amazon.com Inc., Senior Notes	4.050%	8/22/47	550,000	575,489 ^(a)
<i>Total Internet & Direct Marketing Retail</i>				<i>1,004,619</i>
<i>Media</i> 7.4%				
21st Century Fox America Inc., Senior Notes	6.650%	11/15/37	2,400,000	3,135,666
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	6.384%	10/23/35	180,000	207,747
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	6.484%	10/23/45	420,000	484,642
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	5.375%	5/1/47	560,000	567,709
Comcast Corp., Bonds	6.400%	5/15/38	2,500,000	3,332,479
Comcast Corp., Senior Notes	5.700%	7/1/19	1,500,000	1,583,609
DISH DBS Corp., Senior Notes	7.875%	9/1/19	690,000	740,170
Time Warner Cable LLC, Debentures	7.300%	7/1/38	330,000	407,943
Time Warner Cable LLC, Senior Bonds	6.550%	5/1/37	370,000	425,157
Time Warner Cable LLC, Senior Notes	8.750%	2/14/19	1,390,000	1,494,620
Time Warner Cable LLC, Senior Notes	6.750%	6/15/39	20,000	23,440
Time Warner Cable LLC, Senior Notes	5.500%	9/1/41	200,000	205,842

See Notes to Financial Statements.

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		Maturity	Face	Value
Security	Rate	Date	Amount	
<i>Media continued</i>				
Time Warner Entertainment Co., LP, Senior Notes	8.375%	7/15/33	370,000	\$ 503,973
Time Warner Inc., Senior Notes	4.900%	6/15/42	250,000	258,337
UBM PLC, Notes	5.750%	11/3/20	740,000	769,901 ^(a)
Viacom Inc., Senior Debentures	5.250%	4/1/44	80,000	75,999
Viacom Inc., Senior Notes	4.375%	3/15/43	110,000	92,299
Viacom Inc., Senior Notes	4.875%	6/15/43	40,000	36,642
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	2,000,000	2,082,500 ^(a)
WPP Finance 2010, Senior Notes	5.625%	11/15/43	260,000	298,217
<i>Total Media</i>				<i>16,726,892</i>
<i>Multiline Retail 0.0%</i>				
Nordstrom Inc., Senior Notes	5.000%	1/15/44	40,000	37,896
Total Consumer Discretionary				24,258,220
<i>Consumer Staples 2.3%</i>				
<i>Beverages 0.1%</i>				
Constellation Brands Inc., Senior Notes	4.250%	5/1/23	100,000	106,231
<i>Food & Staples Retailing 0.3%</i>				
CVS Health Corp., Senior Notes	5.125%	7/20/45	540,000	596,003
Kroger Co., Senior Notes	4.650%	1/15/48	140,000	140,483
<i>Total Food & Staples Retailing</i>				<i>736,486</i>
<i>Food Products 0.3%</i>				
Kraft Heinz Foods Co., Senior Notes	5.000%	7/15/35	70,000	76,344
Kraft Heinz Foods Co., Senior Notes	5.000%	6/4/42	220,000	232,244
Kraft Heinz Foods Co., Senior Notes	5.200%	7/15/45	420,000	455,993
<i>Total Food Products</i>				<i>764,581</i>
<i>Tobacco 1.6%</i>				
Altria Group Inc., Senior Notes	9.250%	8/6/19	1,000,000	1,115,606
Altria Group Inc., Senior Notes	3.875%	9/16/46	80,000	78,164
BAT Capital Corp., Senior Notes	4.390%	8/15/37	440,000	456,069 ^(a)
BAT Capital Corp., Senior Notes	4.540%	8/15/47	460,000	477,483 ^(a)
Reynolds American Inc., Senior Notes	8.125%	5/1/40	470,000	694,906
Reynolds American Inc., Senior Notes	7.000%	8/4/41	510,000	685,311
Reynolds American Inc., Senior Notes	5.850%	8/15/45	100,000	122,350
<i>Total Tobacco</i>				<i>3,629,889</i>
Total Consumer Staples				5,237,187
<i>Energy 14.7%</i>				
<i>Energy Equipment & Services 0.9%</i>				
ENSCO International Inc., Senior Bonds	7.200%	11/15/27	200,000	180,500
Ensco PLC, Senior Notes	5.200%	3/15/25	790,000	651,750

See Notes to Financial Statements.

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November 30, 2017

Western Asset Investment Grade Defined Opportunity Trust Inc.

Security	Rate	Maturity	Face Amount	Value
		Date		
<i>Energy Equipment & Services continued</i>				
Halliburton Co., Senior Notes	5.000%	11/15/45	930,000	\$ 1,018,628
Pride International Inc., Senior Notes	7.875%	8/15/40	150,000	121,125
<i>Total Energy Equipment & Services</i>				<i>1,972,003</i>
<i>Oil, Gas & Consumable Fuels 13.8%</i>				
Anadarko Petroleum Corp., Senior Notes	4.850%	3/15/21	750,000	792,857
Anadarko Petroleum Corp., Senior Notes	5.550%	3/15/26	750,000	836,405
Apache Corp., Senior Notes	6.000%	1/15/37	150,000	175,659
Apache Corp., Senior Notes	5.100%	9/1/40	280,000	296,251
Apache Corp., Senior Notes	5.250%	2/1/42	160,000	170,694
Apache Corp., Senior Notes	4.750%	4/15/43	670,000	681,070
Cenovus Energy Inc., Senior Notes	4.250%	4/15/27	100,000	99,118 ^(a)
Cenovus Energy Inc., Senior Notes	5.250%	6/15/37	140,000	142,361 ^(a)
ConocoPhillips, Notes	6.500%	2/1/39	1,500,000	2,035,523
Devon Energy Corp., Senior Notes	5.850%	12/15/25	560,000	650,725
Devon Energy Corp., Senior Notes	5.600%	7/15/41	20,000	23,077
Devon Energy Corp., Senior Notes	5.000%	6/15/45	430,000	465,537
Devon Financing Co., LLC, Debentures	7.875%	9/30/31	1,080,000	1,462,864
Ecopetrol SA, Senior Notes	5.875%	5/28/45	1,554,000	1,573,425
Energy Transfer Equity LP, Senior Notes	7.500%	10/15/20	420,000	468,300
EOG Resources Inc., Senior Notes	6.875%	10/1/18	800,000	831,414
Hess Corp., Notes	8.125%	2/15/19	1,400,000	1,490,012
Hess Corp., Notes	7.875%	10/1/29	440,000	546,389
Hess Corp., Senior Bonds	6.000%	1/15/40	520,000	562,771
Kerr-McGee Corp., Notes	6.950%	7/1/24	1,320,000	1,560,507
Kerr-McGee Corp., Notes	7.875%	9/15/31	710,000	939,475
Kinder Morgan Energy Partners LP, Senior Notes	5.950%	2/15/18	800,000	806,454
Kinder Morgan Inc., Medium-Term Notes	7.800%	8/1/31	900,000	1,154,601
LUKOIL International Finance BV, Senior Notes	4.563%	4/24/23	940,000	980,033 ^(a)
MEG Energy Corp., Senior Notes	6.375%	1/30/23	280,000	257,950 ^(a)
MEG Energy Corp., Senior Notes	7.000%	3/31/24	620,000	561,100 ^(a)
NGPL PipeCo LLC, Senior Bonds	4.875%	8/15/27	60,000	62,515 ^(a)
NGPL PipeCo LLC, Senior Notes	4.375%	8/15/22	60,000	61,725 ^(a)
Noble Energy Inc., Senior Notes	6.000%	3/1/41	660,000	771,872
Noble Energy Inc., Senior Notes	5.250%	11/15/43	240,000	259,434
Noble Energy Inc., Senior Notes	4.950%	8/15/47	600,000	624,759
Occidental Petroleum Corp., Senior Notes	4.400%	4/15/46	30,000	32,279
Petrobras Global Finance BV, Senior Notes	7.375%	1/17/27	530,000	585,120
Petroleos Mexicanos, Senior Bonds	6.625%	6/15/35	1,000,000	1,082,150

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Table of Contents**Western Asset Investment Grade Defined Opportunity Trust Inc.**

		Maturity	Face	Value
Security	Rate	Date	Amount	
<i>Oil, Gas & Consumable Fuels continued</i>				
Petroleos Mexicanos, Senior Notes	6.875%	8/4/26	730,000	\$ 834,755
Petroleos Mexicanos, Senior Notes	6.375%	1/23/45	80,000	81,800
Sunoco Logistics Partners Operations LP, Senior Notes	3.900%	7/15/26	630,000	619,015
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	7.850%	2/1/26	760,000	975,004
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	5.400%	8/15/41	10,000	11,271
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	4.450%	8/1/42	860,000	884,447
Valero Energy Corp., Senior Notes	9.375%	3/15/19	700,000	762,651
Western Gas Partners LP, Senior Notes	4.650%	7/1/26	1,060,000	1,102,189
Williams Cos. Inc., Senior Notes	7.875%	9/1/21	952,000	1,113,840
Williams Cos. Inc., Senior Notes	4.550%	6/24/24	1,130,000	1,176,613
Williams Cos. Inc., Senior Notes	7.750%	6/15/31	62,000	75,950
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	148,000	194,620
Williams Partners LP, Senior Notes	5.250%	3/15/20	460,000	487,920
<i>Total Oil, Gas & Consumable Fuels</i>				<i>31,364,501</i>
Total Energy				33,336,504
Financials 33.3%				
<i>Banks 17.3%</i>				
Banco Mercantil De Norte, Junior Subordinated Notes (7.625% to 1/6/28 then 10 year Treasury Constant Maturity Rate + 5.353%)	7.625%	1/10/28	400,000	437,500 (a)(b)(c)
Bank of America Corp., Junior Subordinated Bonds (6.100% to 3/17/25 then 3 mo. USD LIBOR + 3.898%)	6.100%	3/17/25	590,000	654,900 (b)(c)
Bank of America Corp., Junior Subordinated Notes (6.250% to 9/5/24 then 3 mo. USD LIBOR + 3.705%)	6.250%	9/5/24	880,000	975,700 (b)(c)
Bank of America Corp., Junior Subordinated Notes (6.500% to 10/23/24 then 3 mo. USD LIBOR + 4.174%)	6.500%	10/23/24	400,000	455,540 (b)(c)
Bank of America Corp., Notes	6.875%	4/25/18	990,000	1,009,392
Bank of America Corp., Senior Notes	7.625%	6/1/19	2,760,000	2,971,684
Bank of America Corp., Senior Notes	5.875%	2/7/42	1,340,000	1,727,665
Bank of America Corp., Subordinated Notes	7.750%	5/14/38	670,000	992,969
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	430,000	490,490
Barclays PLC, Subordinated Notes	4.836%	5/9/28	380,000	395,279
BNP Paribas SA, Junior Subordinated Notes (7.625% to 3/30/21 then USD 5 year Swap Rate + 6.314%)	7.625%	3/30/21	240,000	265,800 (a)(b)(c)
BNP Paribas SA, Junior Subordinated Notes (7.375% to 8/19/25 then USD 5 year Swap Rate + 5.150%)	7.375%	8/19/25	1,870,000	2,169,200 (a)(b)(c)
Citigroup Inc., Junior Subordinated Bonds (6.300% to 5/15/24 then 3 mo. USD LIBOR + 3.423%)	6.300%	5/15/24	1,350,000	1,461,713 (b)(c)
Citigroup Inc., Junior Subordinated Bonds (6.250% to 8/18/26 then 3 mo. USD LIBOR + 4.517%)	6.250%	8/15/26	1,100,000	1,232,000 (b)(c)

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November 30, 2017

Western Asset Investment Grade Defined Opportunity Trust Inc.

Security	Rate	Maturity		Value
		Date	Face Amount	
<i>Banks continued</i>				
Citigroup Inc., Senior Notes	8.125%	7/15/39	752,000	\$ 1,177,239
Citigroup Inc., Subordinated Notes	4.600%	3/9/26	490,000	521,103
Citigroup Inc., Subordinated Notes	4.125%	7/25/28	2,290,000	2,352,622
Citigroup Inc., Subordinated Notes	6.675%	9/13/43	630,000	860,599
Cooperatieve Rabobank U.A., Subordinated Notes	5.750%	12/1/43	750,000	954,781
Credit Agricole SA, Junior Subordinated Notes (8.375% to 10/13/19 then 3 mo. USD LIBOR + 6.982%)	8.375%	10/13/19	500,000	552,500 (a)(b)(c)
Credit Agricole SA, Junior Subordinated Notes (8.125% to 12/23/25 then USD 5 year Swap Rate + 6.185%)	8.125%	12/23/25	1,370,000	1,648,554 (a)(b)(c)
HSBC Holdings PLC, Junior Subordinated Bonds (6.375% to 9/17/24 then USD 5 year ICE Swap Rate + 3.705%)	6.375%	9/17/24	800,000	860,400 (b)(c)
Intesa Sanpaolo SpA, Subordinated Notes	5.710%	1/15/26	1,470,000	1,559,855 (a)
JPMorgan Chase & Co., Junior Subordinated Bonds (6.000% to 8/1/23 then 3 mo. USD LIBOR + 3.300%)	6.000%	8/1/23	700,000	760,375 (b)(c)
JPMorgan Chase & Co., Senior Notes	6.400%	5/15/38	1,500,000	2,028,451
JPMorgan Chase & Co., Subordinated Notes	5.625%	8/16/43	760,000	931,175
Lloyds Banking Group PLC, Junior Subordinated Bonds (7.500% to 6/27/24 then USD 5 year Swap Rate + 4.760%)	7.500%	6/27/24	620,000	703,700 (b)(c)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds (7.648% to 9/30/31 then 3 mo. USD LIBOR + 2.500%)	7.648%	9/30/31	710,000	919,450 (b)(c)
Royal Bank of Scotland Group PLC, Junior Subordinated Notes (8.625% to 8/15/21 then USD 5 year Swap Rate + 7.598%)	8.625%	8/15/21	950,000	1,073,500 (b)(c)
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	840,000	928,113
Royal Bank of Scotland NV, Subordinated Bonds	7.750%	5/15/23	820,000	970,397
Standard Chartered PLC, Subordinated Notes	5.700%	3/26/44	410,000	486,857 (a)
Wachovia Capital Trust III, Junior Subordinated Bonds (the greater of 3 mo. USD LIBOR + 0.930% or 5.570%)	5.570%	1/2/18	410,000	413,331 (b)(c)
Wachovia Corp., Senior Notes	5.750%	2/1/18	3,180,000	3,200,765
Wells Fargo & Co., Junior Subordinated Bonds (5.875% to 6/15/25 then 3 mo. USD LIBOR + 3.990%)	5.875%	6/15/25	140,000	155,575 (b)(c)
Wells Fargo & Co., Subordinated Notes	4.300%	7/22/27	300,000	316,372
Wells Fargo & Co., Subordinated Notes	4.400%	6/14/46	420,000	436,568
Wells Fargo & Co., Subordinated Notes	4.750%	12/7/46	310,000	340,075
<i>Total Banks</i>				<i>39,392,189</i>
<i>Capital Markets 7.5%</i>				
Bear Stearns Cos. LLC, Senior Notes	7.250%	2/1/18	1,570,000	1,583,540
CME Group Inc., Senior Notes	5.300%	9/15/43	750,000	946,357
Goldman Sachs Group Inc., Senior Notes	5.950%	1/18/18	4,250,000	4,271,766
Goldman Sachs Group Inc., Senior Notes	7.500%	2/15/19	500,000	530,850
Goldman Sachs Group Inc., Senior Notes	6.250%	2/1/41	2,550,000	3,396,864

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Table of Contents**Western Asset Investment Grade Defined Opportunity Trust Inc.**

		Maturity		
Security	Rate	Date	Face Amount	Value
<i>Capital Markets continued</i>				
Goldman Sachs Group Inc., Subordinated Notes	5.150%	5/22/45	70,000	\$ 79,567
KKR Group Finance Co. III LLC, Senior Bonds	5.125%	6/1/44	1,300,000	1,409,459 ^(a)
Morgan Stanley, Medium-Term Notes	6.625%	4/1/18	1,750,000	1,776,634
Morgan Stanley, Senior Notes	5.500%	1/26/20	1,950,000	2,074,081
Morgan Stanley, Senior Notes	6.375%	7/24/42	140,000	191,466
Raymond James Financial Inc., Senior Notes	4.950%	7/15/46	300,000	331,166
UBS AG Stamford CT, Subordinated Notes	7.625%	8/17/22	330,000	388,212
<i>Total Capital Markets</i>				<i>16,979,962</i>
<i>Consumer Finance 1.7%</i>				
HSBC Finance Corp., Senior Notes	6.676%	1/15/21	1,620,000	1,809,381
Navient Corp., Senior Notes	7.250%	1/25/22	1,430,000	1,546,188
Navient Corp., Senior Notes	6.125%	3/25/24	480,000	488,400
<i>Total Consumer Finance</i>				<i>3,843,969</i>
<i>Diversified Financial Services 1.7%</i>				
Blackstone Holdings Finance Co., LLC, Senior Notes	4.450%	7/15/45	310,000	324,711 ^(a)
Carlyle Holdings II Finance LLC, Senior Secured Notes	5.625%	3/30/43	360,000	402,716 ^(a)
DAE Funding LLC, Senior Notes	4.500%	8/1/22	240,000	239,400 ^(a)
DAE Funding LLC, Senior Notes	5.000%	8/1/24	240,000	240,600 ^(a)
ILFC E-Capital Trust I, Junior Subordinated Notes ((Highest of 3 mo. USD LIBOR, 10 year Constant Maturity and 30 year Constant Maturity) + 1.550%)	4.360%	12/21/65	800,000	770,000 ^{(a)(b)}
International Lease Finance Corp., Senior Notes	6.250%	5/15/19	220,000	231,614
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	330,000	380,242
International Lease Finance Corp., Senior Secured Notes	7.125%	9/1/18	1,200,000	1,243,641 ^(a)
<i>Total Diversified Financial Services</i>				<i>3,832,924</i>
<i>Insurance 4.7%</i>				
American International Group Inc., Senior Notes	6.400%	12/15/20	1,000,000	1,113,388
BrightHouse Financial Inc., Senior Notes	3.700%	6/22/27	870,000	847,449 ^(a)
Delphi Financial Group Inc., Senior Notes	7.875%	1/31/20	290,000	321,668
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	330,000	335,363 ^(a)
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	330,000	419,925 ^(a)
Liberty Mutual Insurance Co., Subordinated Notes	7.875%	10/15/26	840,000	1,088,712 ^(a)
Massachusetts Mutual Life Insurance Co., Subordinated Notes	4.900%	4/1/77	420,000	469,492 ^(a)
MetLife Inc., Junior Subordinated Debentures	6.400%	12/15/36	1,000,000	1,147,380
MetLife Inc., Senior Notes	6.817%	8/15/18	1,300,000	1,345,119
Nationwide Mutual Insurance Co., Notes	9.375%	8/15/39	520,000	866,690 ^(a)
Teachers Insurance & Annuity Association of America, Notes	6.850%	12/16/39	1,050,000	1,468,147 ^(a)
Teachers Insurance & Annuity Association of America, Subordinated Notes	4.900%	9/15/44	660,000	749,249 ^(a)

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November 30, 2017

Western Asset Investment Grade Defined Opportunity Trust Inc.

		Maturity	Face	Value
Security	Rate	Date	Amount	
<i>Insurance continued</i>				
Travelers Cos. Inc., Senior Notes	6.250%	6/15/37	400,000	\$ 537,665
<i>Total Insurance</i>				10,710,247
<i>Thriffs & Mortgage Finance 0.4%</i>				
Quicken Loans Inc., Senior Notes	5.750%	5/1/25	770,000	813,312 (a)
Total Financials				75,572,603
Health Care 5.9%				
<i>Biotechnology 0.7%</i>				
AbbVie Inc., Senior Subordinated Notes	4.700%	5/14/45	290,000	316,717
Celgene Corp., Senior Notes	5.000%	8/15/45	400,000	441,941
Gilead Sciences Inc., Senior Notes	5.650%	12/1/41	100,000	124,708
Gilead Sciences Inc., Senior Notes	4.500%	2/1/45	500,000	539,230
Gilead Sciences Inc., Senior Notes	4.750%	3/1/46	100,000	112,346
<i>Total Biotechnology</i>				1,534,942
<i>Health Care Equipment & Supplies 1.2%</i>				
Abbott Laboratories, Senior Notes	4.900%	11/30/46	1,040,000	1,162,333
Becton, Dickinson & Co., Senior Notes	4.685%	12/15/44	1,110,000	1,173,576
Becton, Dickinson & Co., Senior Notes	4.669%	6/6/47	450,000	474,920
<i>Total Health Care Equipment & Supplies</i>				2,810,829
<i>Health Care Providers & Services 2.6%</i>				
Anthem Inc., Senior Notes	4.375%	12/1/47	630,000	650,385
BioScrip Inc., First Lien Notes (1 mo. USD LIBOR + 7.000%)	8.224%	6/30/22	801,000	802,842 (b)(d)(e)(f)
Cardinal Health Inc., Senior Notes	3.410%	6/15/27	430,000	421,489
Catholic Health Initiatives, Secured Bonds	4.350%	11/1/42	60,000	56,097
HCA Inc., Senior Secured Notes	5.500%	6/15/47	900,000	913,500
Humana Inc., Senior Notes	7.200%	6/15/18	1,000,000	1,027,624
Humana Inc., Senior Notes	4.800%	3/15/47	420,000	461,975
Magellan Health Inc., Senior Notes	4.400%	9/22/24	650,000	656,966
UnitedHealth Group Inc., Senior Notes	2.950%	10/15/27	550,000	544,089
UnitedHealth Group Inc., Senior Notes	4.750%	7/15/45	220,000	253,252
<i>Total Health Care Providers & Services</i>				5,788,219
<i>Pharmaceuticals 1.4%</i>				
Actavis Funding SCS, Senior Notes	4.550%	3/15/35	790,000	815,384
Pfizer Inc., Senior Notes	7.200%	3/15/39	560,000	844,617
Teva Pharmaceutical Finance Netherlands III BV, Senior Notes	4.100%	10/1/46	120,000	91,895
Wyeth LLC, Notes	5.950%	4/1/37	1,100,000	1,460,980
Zoetis Inc., Senior Notes	4.700%	2/1/43	40,000	43,852
<i>Total Pharmaceuticals</i>				3,256,728
Total Health Care				13,390,718

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Table of Contents**Western Asset Investment Grade Defined Opportunity Trust Inc.**

	Rate	Maturity Date	Face Amount	Value
Security				
Industrials 5.1%				
<i>Aerospace & Defense 1.5%</i>				
Hexcel Corp., Senior Notes	3.950%	2/15/27	1,000,000	\$ 1,017,949
Huntington Ingalls Industries Inc., Senior Notes	3.483%	12/1/27	320,000	319,757 ^{(a)(g)}
Lockheed Martin Corp., Senior Notes	4.500%	5/15/36	50,000	54,624
Lockheed Martin Corp., Senior Notes	4.700%	5/15/46	200,000	227,653
Northrop Grumman Systems Corp., Senior Notes	7.875%	3/1/26	1,390,000	1,822,917
<i>Total Aerospace & Defense</i>				<i>3,442,900</i>
<i>Air Freight & Logistics 0.4%</i>				
United Parcel Service Inc., Senior Notes	6.200%	1/15/38	700,000	948,026
<i>Airlines 0.9%</i>				
American Airlines, Pass-Through Trust, Senior Secured Bonds	5.600%	7/15/20	382,020	398,543 ^(a)
Continental Airlines Inc., Pass-Through Certificates, Secured Notes	6.250%	4/11/20	157,735	166,276
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.545%	2/2/19	105,833	109,802
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	7.250%	11/10/19	510,378	554,913
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	99,232	113,124
Delta Air Lines Inc., Pass-Through Certificates, Senior Secured Notes	7.750%	12/17/19	283,897	307,432
US Airways, Pass-Through Trust, Senior Secured Bonds	5.900%	10/1/24	443,383	499,914
<i>Total Airlines</i>				<i>2,150,004</i>
<i>Commercial Services & Supplies 0.4%</i>				
Republic Services Inc., Senior Notes	5.500%	9/15/19	220,000	232,246
Waste Management Inc., Senior Notes	7.750%	5/15/32	500,000	714,273
<i>Total Commercial Services & Supplies</i>				<i>946,519</i>
<i>Construction & Engineering 0.1%</i>				
Valmont Industries Inc., Senior Notes	6.625%	4/20/20	180,000	196,163
<i>Industrial Conglomerates 1.3%</i>				
General Electric Co., Junior Subordinated Bonds (5.000% to 1/21/21 then 3 mo. USD LIBOR + 3.330%)	5.000%	1/21/21	1,307,000	1,357,646 ^{(b)(c)}
General Electric Co., Senior Notes	6.875%	1/10/39	1,018,000	1,445,196
General Electric Co., Subordinated Notes	5.300%	2/11/21	130,000	140,356
<i>Total Industrial Conglomerates</i>				<i>2,943,198</i>
<i>Machinery 0.2%</i>				
Caterpillar Inc., Senior Notes	4.750%	5/15/64	360,000	414,266
<i>Road & Rail 0.3%</i>				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	100,000	100,500 ^(a)

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Western Asset Investment Grade Defined Opportunity Trust Inc.

		Maturity	Face	Value
	Rate	Date	Amount	
Security				
<i>Road & Rail continued</i>				
Union Pacific Corp., Senior Notes	4.375%	11/15/65	530,000	\$ 565,857
<i>Total Road & Rail</i>				666,357
Total Industrials				11,707,433
Information Technology 3.3%				
<i>Communications Equipment 0.8%</i>				
Harris Corp., Senior Notes	5.550%	10/1/21	885,000	967,279
Harris Corp., Senior Notes	4.854%	4/27/35	430,000	476,692
Harris Corp., Senior Notes	5.054%	4/27/45	340,000	390,742
<i>Total Communications Equipment</i>				1,834,713
<i>Semiconductors & Semiconductor Equipment 0.2%</i>				
Intel Corp., Senior Notes	4.900%	7/29/45	220,000	264,901
QUALCOMM Inc., Senior Notes	4.300%	5/20/47	70,000	67,455
<i>Total Semiconductors & Semiconductor Equipment</i>				332,356
<i>Software 1.5%</i>				
Microsoft Corp., Senior Notes	3.750%	2/12/45	670,000	686,837
Microsoft Corp., Senior Notes	4.250%	2/6/47	2,540,000	2,824,602
<i>Total Software</i>				3,511,439
<i>Technology Hardware, Storage & Peripherals 0.8%</i>				
Dell International LLC/EMC Corp., Senior Secured Notes	4.420%	6/15/21	1,010,000	1,055,359 (a)
Seagate HDD Cayman, Senior Notes	4.250%	3/1/22	660,000	661,276 (a)
<i>Total Technology Hardware, Storage & Peripherals</i>				1,716,635
Total Information Technology				7,395,143
Materials 4.3%				
<i>Chemicals 0.1%</i>				
Ecolab Inc., Senior Notes	5.500%	12/8/41	130,000	161,063
<i>Containers & Packaging 0.4%</i>				
Suzano Austria GmbH, Senior Notes	5.750%	7/14/26	880,000	956,560 (a)
<i>Metals & Mining 3.8%</i>				
Alcoa Nederland Holding BV, Senior Notes	6.750%	9/30/24	400,000	442,120 (a)
Arconic Inc., Senior Notes	5.870%	2/23/22	1,200,000	1,305,120
Barrick Gold Corp., Senior Notes	5.250%	4/1/42	1,200,000	1,381,166
BHP Billiton Finance USA Ltd., Subordinated Notes (USD 5 year Swap Rate + 5.093%)	6.750%	10/19/75	780,000	913,497 (a)(b)
Freeport-McMoRan Inc., Senior Notes	2.375%	3/15/18	140,000	140,175
Freeport-McMoRan Inc., Senior Notes	6.500%	11/15/20	32,000	32,642
Freeport-McMoRan Inc., Senior Notes	3.550%	3/1/22	100,000	98,875
Freeport-McMoRan Inc., Senior Notes	6.875%	2/15/23	950,000	1,041,485

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		Maturity	Face	Value
	Rate	Date	Amount	
Security				
<i>Metals & Mining continued</i>				
Northwest Acquisitions ULC/Dominion Finco Inc., Secured Notes	7.125%	11/1/22	600,000	\$ 621,000 ^(a)
Vale Overseas Ltd., Senior Notes	4.375%	1/11/22	2,100,000	2,185,995
Yamana Gold Inc., Senior Notes	4.950%	7/15/24	140,000	145,623
Yamana Gold Inc., Senior Notes	4.625%	12/15/27	330,000	328,973 ^(a)
<i>Total Metals & Mining</i>				<i>8,636,671</i>
<i>Paper & Forest Products 0.0%</i>				
Fibria Overseas Finance Ltd., Senior Notes	5.250%	5/12/24	50,000	53,807
Total Materials				9,808,101
Real Estate 0.6%				
<i>Equity Real Estate Investment Trusts (REITs) 0.3%</i>				
MPT Operating Partnership LP/MPT Finance Corp., Senior Notes	5.000%	10/15/27	400,000	418,000
Uniti Group Inc./CSL Capital LLC, Senior Secured Notes	6.000%	4/15/23	90,000	89,100 ^(a)
Washington Prime Group LP, Senior Notes	5.950%	8/15/24	340,000	340,200
<i>Total Equity Real Estate Investment Trusts (REITs)</i>				<i>847,300</i>
<i>Real Estate Management & Development 0.3%</i>				
Security Capital Group Inc., Senior Notes	7.700%	6/15/28	460,000	622,511
Total Real Estate				1,469,811
Telecommunication Services 6.5%				
<i>Diversified Telecommunication Services 5.7%</i>				
AT&T Inc., Global Notes	5.600%	5/15/18	1,500,000	1,525,320
AT&T Inc., Senior Notes	4.500%	5/15/35	370,000	361,865
AT&T Inc., Senior Notes	4.900%	8/14/37	370,000	369,966
AT&T Inc., Senior Notes	4.800%	6/15/44	290,000	282,670
AT&T Inc., Senior Notes	5.450%	3/1/47	360,000	381,635
AT&T Inc., Senior Notes	4.500%	3/9/48	642,000	590,320
British Telecommunications PLC, Bonds	9.125%	12/15/30	2,000,000	2,971,988
Embarq Corp., Notes	7.995%	6/1/36	1,500,000	1,432,500
Koninklijke KPN NV, Senior Notes	8.375%	10/1/30	330,000	454,373
Telefonica Emisiones SAU, Senior Notes	7.045%	6/20/36	140,000	185,254
Verizon Communications Inc., Senior Bonds	5.500%	3/16/47	1,130,000	1,267,586
Verizon Communications Inc., Senior Notes	5.150%	9/15/23	2,460,000	2,724,602
Verizon Communications Inc., Senior Notes	5.012%	8/21/54	398,000	403,890
<i>Total Diversified Telecommunication Services</i>				<i>12,951,969</i>
<i>Wireless Telecommunication Services 0.8%</i>				
Sprint Communications Inc., Senior Notes	9.000%	11/15/18	360,000	380,700 ^(a)
Sprint Corp., Senior Notes	7.250%	9/15/21	680,000	725,900
Sprint Corp., Senior Notes	7.875%	9/15/23	120,000	129,600

See Notes to Financial Statements.

Table of Contents**Schedule of investments (cont d)**

November 30, 2017

Western Asset Investment Grade Defined Opportunity Trust Inc.

		Maturity	Face	Value
Security	Rate	Date	Amount	
<i>Wireless Telecommunication Services continued</i>				
Telefonica Europe BV, Senior Notes	8.250%	9/15/30	390,000	\$ 548,676
<i>Total Wireless Telecommunication Services</i>				<i>1,784,876</i>
Total Telecommunication Services				14,736,845
Utilities 7.0%				
<i>Electric Utilities 5.6%</i>				
Berkshire Hathaway Energy Co., Bonds	6.125%	4/1/36	1,000,000	1,309,518
Berkshire Hathaway Energy Co., Senior Notes	5.750%	4/1/18	1,000,000	1,012,479
CenterPoint Energy Houston Electric LLC, Senior Secured Bonds	4.500%	4/1/44	530,000	607,972
Commonwealth Edison Co., First Mortgage Bonds	5.800%	3/15/18	600,000	606,917
Commonwealth Edison Co., First Mortgage Bonds	6.450%	1/15/38	600,000	823,178
FirstEnergy Corp., Notes	7.375%	11/15/31	3,040,000	4,062,133
FirstEnergy Corp., Senior Notes	3.900%	7/15/27	480,000	490,740
NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds	9.681%	7/2/26	1,800,000	1,232,460
Pacific Gas & Electric Co., Senior Notes	8.250%	10/15/18	600,000	631,540
Pacific Gas & Electric Co., Senior Notes	3.300%	12/1/27	1,000,000	995,675 ^(a)
Virginia Electric and Power Co., Senior Notes	8.875%	11/15/38	500,000	849,769
<i>Total Electric Utilities</i>				<i>12,622,381</i>
<i>Gas Utilities 0.9%</i>				
Southern Natural Gas Co., LLC, Senior Notes	8.000%	3/1/32	1,500,000	2,036,736
<i>Independent Power and Renewable Electricity Producers 0.5%</i>				
AES Corp., Senior Notes	8.000%	6/1/20	1,100,000	1,251,250
Total Utilities				15,910,367
Total Corporate Bonds & Notes (Cost \$190,666,377)				212,822,932
Municipal Bonds 0.4%				
<i>Florida 0.1%</i>				
Sumter Landing, FL, Community Development District Recreational Revenue, Taxable Community Development District	4.172%	10/1/47	260,000	278,738
<i>Illinois 0.3%</i>				
Illinois State, GO, Build America Bonds-Taxable	6.725%	4/1/35	530,000	587,012
Total Municipal Bonds (Cost \$860,941)				865,750
Sovereign Bonds 3.0%				
<i>Argentina 2.0%</i>				
Provincia de Buenos Aires, Senior Notes	9.125%	3/16/24	1,930,000	2,248,450 ^(a)
Provincia de Cordoba, Senior Notes	7.450%	9/1/24	1,200,000	1,314,444 ^(a)
Republic of Argentina, Bonds	22.750%	3/5/18	6,230,000 ^{ARS}	356,652

See Notes to Financial Statements.

Table of Contents**Western Asset Investment Grade Defined Opportunity Trust Inc.**

	Rate	Maturity Date	Face Amount	Value
Security				
<i>Argentina continued</i>				
Republic of Argentina, Bonds (Argentina Central Bank 7 Day Repo Reference Rate)	26.250%	6/21/20	8,960,000 ^{ARS}	\$ 553,110 ^(b)
Republic of Argentina, Bonds	18.200%	10/3/21	650,000 ^{ARS}	38,564
<i>Total Argentina</i>				4,511,220
<i>Colombia 0.2%</i>				
Republic of Colombia, Senior Bonds	5.625%	2/26/44	431,000	490,478
<i>Ecuador 0.5%</i>				
Republic of Ecuador, Senior Bonds	10.750%	3/28/22	980,000	1,134,350 ^(a)
<i>United Arab Emirates 0.3%</i>				
Abu Dhabi Government International Bond, Senior Notes	4.125%	10/11/47	680,000	677,292 ^(a)
Total Sovereign Bonds (Cost \$6,351,604)				6,813,340
<i>U.S. Government & Agency Obligations 0.4%</i>				
<i>U.S. Government Obligations 0.4%</i>				
U.S. Treasury Bonds	2.750%	8/15/47	360,000	353,953
U.S. Treasury Notes	2.250%	11/15/27	640,000	630,662
Total U.S. Government & Agency Obligations (Cost \$987,660)				984,615
			Shares	
Preferred Stocks 1.4%				
Financials 1.4%				
<i>Capital Markets 0.2%</i>				
Carlyle Group LP	5.875%		16,975	425,903
<i>Consumer Finance 1.0%</i>				
GMAC Capital Trust I (3 mo. USD LIBOR + 5.785%)	7.201%		85,800	2,241,096 ^(b)
<i>Diversified Financial Services 0.1%</i>				
Citigroup Capital XIII (3 mo. USD LIBOR + 6.370%)	7.750%		13,450	368,799 ^(b)
<i>Insurance 0.1%</i>				
Delphi Financial Group Inc. (3 mo. USD LIBOR + 3.190%)	4.606%		9,325	189,880 ^(b)
Total Preferred Stocks (Cost \$3,070,324)				3,225,678
Total Investments Before Short-Term Investments (Cost \$201,936,906)				224,712,315
Short-Term Investments 0.1%				
State Street Institutional U.S. Government Money Market Fund, Premier Class (Cost \$160,482)	1.013%		160,482	160,482
Total Investments 99.0% (Cost \$202,097,388)				224,872,797
Other Assets in Excess of Liabilities 1.0%				2,236,388
Total Net Assets 100.0%				\$ 227,109,185

Face amount denominated in U.S. dollars, unless otherwise noted.

See Notes to Financial Statements.

Table of Contents**Schedule of investments (cont d)**

November 30, 2017

Western Asset Investment Grade Defined Opportunity Trust Inc.

- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.
- (b) Variable rate security. Interest rate disclosed is as of the most recent information available. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.
- (c) Security has no maturity date. The date shown represents the next call date.
- (d) Restricted security (See Note 5).
- (e) Security is valued using significant unobservable inputs (See Note 1).
- (f) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
- (g) Securities traded on a when-issued or delayed delivery basis.

Abbreviations used in this schedule:

GO General Obligation
LIBOR London Interbank Offered Rate
ARS Argentine Peso

At November 30, 2017, the Fund had the following open futures contracts:

	Number of Contracts	Expiration Date	Notional Amount	Market Value	Unrealized Appreciation (Depreciation)
Contracts to Buy:					
U.S. Treasury 5-Year Notes	63	3/18	\$ 7,352,922	\$ 7,329,656	\$ (23,266)
U.S. Treasury Ultra Long-Term Bonds	30	3/18	5,003,531	4,946,250	(57,281)
					(80,547)
Contracts to Sell:					
U.S. Treasury 10-Year Notes	11	3/18	1,371,252	1,364,516	6,736
U.S. Treasury Long-Term Bonds	99	3/18	15,162,345	15,020,156	142,189
					148,925

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Net unrealized appreciation on open futures contracts

\$ 68,378

At November 30, 2017, the Fund had the following open swap contracts:

CENTRALLY CLEARED INTEREST RATE SWAPS					
Notional Amount	Termination Date	Payments Made by the Fund	Payments Received by the Fund	Upfront Premiums Paid (Received)	Unrealized Appreciation
\$2,192,000	2/15/41	2.442% semi-annually	3-Month LIBOR quarterly	\$(9,199)	\$84,907

See Notes to Financial Statements.

Table of Contents**Western Asset Investment Grade Defined Opportunity Trust Inc.****OTC CREDIT DEFAULT SWAPS ON CORPORATE ISSUES BUY PROTECTION**

Swap Counterparty (Reference Entity)	Notional Amount ²	Termination Date	Implied Credit Spread at November 30, 2017 ³	Periodic Payments Made by the Fund	Market Value	Upfront Premiums Paid (Received)	Unrealized Depreciation
Goldman Sachs Group Inc. (PPG Industries Inc., 6.650%, due 3/15/18)	\$ 856,423	3/20/19	0.18%	1.000% quarterly	\$ (9,130)	\$ (5,910)	\$ (3,220)

CENTRALLY CLEARED CREDIT DEFAULT SWAPS ON CREDIT INDICES BUY PROTECTION

Reference Entity	Notional Amount ²	Termination Date	Periodic Payments Made by the Fund	Market Value ⁴	Upfront Premiums Paid (Received)	Unrealized Depreciation
Markit CDX.NA.HY.29 Index	\$ 6,060,000	12/20/22	5.000% quarterly	\$ (476,134)	\$ (436,400)	\$ (39,734)

¹ If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or the underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or the underlying securities comprising the referenced index.

² The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

³ Implied credit spreads, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end, serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. A credit spread identified as "Defaulted" indicates a credit event has occurred for the referenced entity or obligation.

⁴ The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative had the notional amount of the swap agreement been closed/sold as of the period end. Decreasing market values (sell protection) or increasing market values (buy protection) when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

Percentage shown is an annual percentage rate.

See Notes to Financial Statements.

Table of Contents**Statement of assets and liabilities**

November 30, 2017

Assets:	
Investments, at value (Cost \$202,097,388)	\$ 224,872,797
Foreign currency, at value (Cost \$78,258)	78,611
Interest and dividends receivable	3,253,947
Receivable for securities sold	1,108,161
Deposits with brokers for centrally cleared swap contracts	280,607
Deposits with brokers for open futures contracts	252,015
Receivable from broker variation margin on open futures contracts	20,203
Receivable from broker variation margin on centrally cleared swaps	2,548
Prepaid expenses	5,934
Total Assets	229,874,823
Liabilities:	
Payable for securities purchased	1,631,130
Distributions payable	919,427
Investment management fee payable	121,731
OTC swaps, at value (premiums received \$5,910)	9,130
Directors' fees payable	4,101
Payable for open OTC swap contracts	1,713
Accrued expenses	78,406
Total Liabilities	2,765,638
Total Net Assets	\$ 227,109,185
Net Assets:	
Par value (\$0.001 par value; 10,816,792 shares issued and outstanding; 100,000,000 shares authorized)	\$ 10,817
Paid-in capital in excess of par value	205,969,753
Undistributed net investment income	5,153
Accumulated net realized loss on investments, futures contracts, swap contracts, forward foreign currency contracts and foreign currency transactions	(1,762,986)
Net unrealized appreciation on investments, futures contracts, swap contracts and foreign currencies	22,886,448
Total Net Assets	\$ 227,109,185
Shares Outstanding	10,816,792
Net Asset Value	\$21.00

See Notes to Financial Statements.

Table of Contents**Statement of operations**

For the Year Ended November 30, 2017

Investment Income:	
Interest	\$ 12,257,037
Dividends	203,994
Total Investment Income	12,461,031
Expenses:	
Investment management fee (Note 2)	1,460,438
Directors' fees	58,311
Audit and tax fees	54,435
Legal fees	36,350
Transfer agent fees	33,952
Shareholder reports	32,890
Fund accounting fees	22,623
Excise tax (Note 1)	18,912
Stock exchange listing fees	14,729
Custody fees	3,882
Insurance	3,863
Interest expense	27
Miscellaneous expenses	17,159
Total Expenses	1,757,571
Net Investment Income	10,703,460
Realized and Unrealized Gain (Loss) on Investments, Futures Contracts, Swap Contracts, Forward Foreign Currency Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):	
Net Realized Gain (Loss) From:	
Investment transactions	1,441,141
Futures contracts	(220,042)
Swap contracts	(566,914)
Forward foreign currency contracts	51,067
Foreign currency transactions	(3,141)
Net Realized Gain	702,111
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	7,958,049
Futures contracts	61,454
Swap contracts	68,022
Forward foreign currency contracts	21,682
Foreign currencies	1,691
Change in Net Unrealized Appreciation (Depreciation)	8,110,898
Net Gain on Investments, Futures Contracts, Swap Contracts, Forward Foreign Currency Contracts and Foreign Currency Transactions	8,813,009
Increase in Net Assets From Operations	\$ 19,516,469

See Notes to Financial Statements.

Table of Contents**Statements of changes in net assets**

For the Years Ended November 30,	2017	2016
Operations:		
Net investment income	\$ 10,703,460	\$ 10,625,427
Net realized gain	702,111	202,596
Change in net unrealized appreciation (depreciation)	8,110,898	1,819,016
<i>Increase in Net Assets From Operations</i>	<i>19,516,469</i>	<i>12,647,039</i>
Distributions to Shareholders From (Note 1):		
Net investment income	(10,990,992)	(12,580,691)
Net realized gains	(522,056)	(371,328)
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(11,513,048)</i>	<i>(12,952,019)</i>
Fund Share Transactions:		
Reinvestment of distributions (11,963 and 21,746 shares issued, respectively)	246,321	438,920
<i>Increase in Net Assets From Fund Share Transactions</i>	<i>246,321</i>	<i>438,920</i>
<i>Increase in Net Assets</i>	<i>8,249,742</i>	<i>133,940</i>
Net Assets:		
Beginning of year	218,859,443	218,725,503
End of year*	\$ 227,109,185	\$ 218,859,443
*Includes undistributed net investment income of:	\$5,153	\$26,290

See Notes to Financial Statements.

Table of Contents**Financial highlights****For a share of capital stock outstanding throughout each year ended November 30:**

	2017 ¹	2016 ¹	2015 ¹	2014 ¹	2013 ¹
Net asset value, beginning of year	\$20.26	\$20.28	\$21.62	\$21.53	\$22.67
Income (loss) from operations:					
Net investment income	0.99	0.98	0.98	1.02	1.03
Net realized and unrealized gain (loss)	0.82	0.20	(1.12)	0.58	(0.90)
<i>Total income (loss) from operations</i>	<i>1.81</i>	<i>1.18</i>	<i>(0.14)</i>	<i>1.60</i>	<i>0.13</i>
Less distributions from:					
Net investment income	(1.02)	(1.17)	(1.20)	(1.14)	(0.94)
Net realized gains	(0.05)	(0.03)		(0.37)	(0.33)
<i>Total distributions</i>	<i>(1.07)</i>	<i>(1.20)</i>	<i>(1.20)</i>	<i>(1.51)</i>	<i>(1.27)</i>
Net asset value, end of year	\$21.00	\$20.26	\$20.28	\$21.62	\$21.53
Market price, end of year	\$21.85	\$20.05	\$20.77	\$20.87	\$19.59
<i>Total return, based on NAV^{2,3}</i>	<i>9.09%</i>	<i>5.97%</i>	<i>(0.69)%</i>	<i>7.70%</i>	<i>0.63%</i>
<i>Total return, based on Market Price⁴</i>	<i>14.76%</i>	<i>2.43%</i>	<i>5.49%</i>	<i>14.69%</i>	<i>(12.18)%</i>
Net assets, end of year (000s)	\$227,109	\$218,859	\$218,726	\$232,706	\$231,736
Ratios to average net assets:					
Gross expenses	0.78%	0.79%	0.83%	0.80%	0.84%
Net expenses	0.78	0.79	0.83	0.80	0.84
Net investment income	4.76	4.82	4.67	4.69	4.69
Portfolio turnover rate	40%	41%	43%	38%	68%

¹ Per share amounts have been calculated using the average shares method.

² Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results.

³ The total return calculation assumes that distributions are reinvested at NAV. Past performance is no guarantee of future results.

⁴ The total return calculation assumes that distributions are reinvested in accordance with the Fund's dividend reinvestment plan. Past performance is no guarantee of future results.

See Notes to Financial Statements.

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Notes to financial statements

1. Organization and significant accounting policies

Western Asset Investment Grade Defined Opportunity Trust Inc. (the Fund) was incorporated in Maryland on April 24, 2009 and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's primary investment objective is to provide current income and then to liquidate and distribute substantially all of the Fund's net assets to stockholders on or about December 2, 2024. As a secondary investment objective, the Fund will seek capital appreciation. There can be no assurance the Fund will achieve its investment objectives. The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its net assets in investment grade corporate fixed-income securities of varying maturities.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

(a) Investment valuation. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the

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security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (the "Valuation Committee"). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

Level 1 – quoted prices in active markets for identical investments

Table of Contents**Notes to financial statements (cont d)**

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)
The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets and liabilities carried at fair value:

ASSETS				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Long-term investments :				
Corporate bonds & notes:				
Health care		\$ 12,587,876	\$ 802,842	\$ 13,390,718
Other corporate bonds & notes		199,432,214		199,432,214
Municipal bonds		865,750		865,750
Sovereign bonds		6,813,340		6,813,340
U.S. Government & agency obligations		984,615		984,615
Preferred stocks	\$ 3,035,798	189,880		3,225,678
Total long-term investments	3,035,798	220,873,675	802,842	224,712,315
Short-term investments	160,482			160,482
Total investments	3,196,280	220,873,675	802,842	224,872,797
Other financial instruments:				
Futures contracts	148,925			148,925
Centrally cleared interest rate swaps		84,907		84,907
Total other financial instruments	148,925	84,907		233,832
Total	\$ 3,345,205	\$ 220,958,582	\$ 802,842	\$ 225,106,629
LIABILITIES				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other financial instruments:				
Futures contracts	\$ 80,547			\$ 80,547
Centrally cleared credit default swaps on credit indices buy protection		\$ 39,734		39,734
OTC credit default swaps on corporate issues buy protection		9,130		9,130
Total	\$ 80,547	\$ 48,864		\$ 129,411

See Schedule of Investments for additional detailed categorizations.

Value includes any premium paid or received with respect to swap contracts.

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(b) Futures contracts. The Fund uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against, changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the initial margin and subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. The daily changes in contract value are recorded as unrealized gains or losses in the Statement of Operations and the Fund recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

(c) Forward foreign currency contracts. The Fund enters into a forward foreign currency contract to hedge against, or manage exposure to, foreign issuers or markets. The Fund may also enter into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked-to-market daily and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery or offset by entering into another forward foreign currency contract, the Fund recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it is closed.

Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in cash without the delivery of foreign currency.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected on the Statement of Assets and Liabilities. The Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(d) Swap agreements. The Fund invests in swaps for the purpose of managing its exposure to interest rate, credit or market risk, or for other purposes, including to increase the Fund's return. The use of swaps involves risks that are different from those associated with other portfolio transactions. Swap agreements are privately negotiated in the over-the-counter market and may be entered into as a bilateral contract (OTC Swaps) or

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Notes to financial statements (cont d)

centrally cleared (Centrally Cleared Swaps). Unlike Centrally Cleared Swaps, the Fund has credit exposure to the counterparties of OTC Swaps.

In a Centrally Cleared Swap, immediately following execution of the swap, the swap agreement is submitted to a clearinghouse or central counterparty (the CCP) and the CCP becomes the ultimate counterparty of the swap agreement. The Fund is required to interface with the CCP through a broker, acting in an agency capacity. All payments are settled with the CCP through the broker. Upon entering into a Centrally Cleared Swap, the Fund is required to deposit initial margin with the broker in the form of cash or securities.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of Centrally Cleared Swaps, if any, is recorded as a receivable or payable for variation margin on the Statement of Assets and Liabilities. Gains or losses are realized upon termination of the swap agreement. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities posted as collateral for swap contracts are identified in the Schedule of Investments and restricted cash, if any, is identified on the Statement of Assets and Liabilities. Risks may exceed amounts recorded in the Statement of Assets and Liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms, and the possible lack of liquidity with respect to the swap agreements.

OTC swap payments received or made at the beginning of the measurement period are reflected as a premium or deposit, respectively, on the Statement of Assets and Liabilities. These upfront payments are amortized over the life of the swap and are recognized as realized gain or loss in the Statement of Operations. Net periodic payments received or paid by the Fund are recognized as a realized gain or loss in the Statement of Operations.

The Fund's maximum exposure in the event of a defined credit event on a credit default swap to sell protection is the notional amount. As of November 30, 2017, the Fund did not hold any credit default swaps to sell protection.

For average notional amounts of swaps held during the year ended November 30, 2017, see Note 4.

Credit default swaps

The Fund enters into credit default swap (CDS) contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate or sovereign issuers, on a specified obligation, or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising a credit index. The Fund may use a CDS to provide protection against defaults of the issuers (i.e., to reduce risk where the Fund has exposure to an issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally

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receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund is subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the Schedule of Investments and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

The Fund's maximum risk of loss from counterparty risk, as the protection buyer, is the fair value of the contract (this risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty). As the protection seller, the Fund's maximum risk is the notional amount of the contract. Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller to the protection buyer upon the occurrence of a defined credit event.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

Interest rate swaps

The Fund enters into interest rate swap contracts to manage its exposure to interest rate risk. Interest rate swaps are agreements between two parties to exchange cash flows

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Notes to financial statements (cont d)

based on a notional principal amount. The Fund may elect to pay a fixed rate and receive a floating rate, or receive a fixed rate and pay a floating rate, on a notional principal amount. Interest rate swaps are marked-to-market daily based upon quotations from market makers and the change, if any, is recorded as an unrealized gain or loss in the Statement of Operations. When a swap contract is terminated early, the Fund records a realized gain or loss equal to the difference between the original cost and the settlement amount of the closing transaction.

The risks of interest rate swaps include changes in market conditions that will affect the value of the contract or changes in the present value of the future cash flow streams and the possible inability of the counterparty to fulfill its obligations under the agreement. The Fund's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract's remaining life, to the extent that amount is positive. This risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty.

(e) Loan participations. The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement related to the loan, or any rights of off-set against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any off-set between the lender and the borrower.

(f) Securities traded on a when-issued and delayed delivery basis. The Fund may trade securities on a when-issued or delayed delivery basis. In when-issued and delayed delivery transactions, the securities are purchased or sold by the Fund with payment and delivery taking place in the future in order to secure what is considered to be an advantageous price and yield to the Fund at the time of entering into the transaction.

Purchasing such securities involves risk of loss if the value of the securities declines prior to settlement. These securities are subject to market fluctuations and their current value is determined in the same manner as for other securities.

(g) Credit and market risk. The Fund invests in high-yield instruments that are subject to certain credit and market risks. The yields of high-yield obligations reflect, among other things, perceived credit and market risks. The Fund's investments in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading.

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(h) Foreign investment risks. The Fund's investments in foreign securities may involve risks not present in domestic investments. Since securities may be denominated in foreign currencies, may require settlement in foreign currencies or pay interest or dividends in foreign currencies, changes in the relationship of these foreign currencies to the U.S. dollar can significantly affect the value of the investments and earnings of the Fund. Foreign investments may also subject the Fund to foreign government exchange restrictions, expropriation, taxation or other political, social or economic developments, all of which affect the market and/or credit risk of the investments.

(i) Counterparty risk and credit-risk-related contingent features of derivative instruments. The Fund may invest in certain securities or engage in other transactions, where the Fund is exposed to counterparty credit risk in addition to broader market risks. The Fund may invest in securities of issuers, which may also be considered counterparties as trading partners in other transactions. This may increase the risk of loss in the event of default or bankruptcy by the counterparty or if the counterparty otherwise fails to meet its contractual obligations. The Fund's subadviser attempts to mitigate counterparty risk by (i) periodically assessing the creditworthiness of its trading partners, (ii) monitoring and/or limiting the amount of its net exposure to each individual counterparty based on its assessment and (iii) requiring collateral from the counterparty for certain transactions. Market events and changes in overall economic conditions may impact the assessment of such counterparty risk by the subadviser. In addition, declines in the values of underlying collateral received may expose the Fund to increased risk of loss.

With exchange traded and centrally cleared derivatives, there is less counterparty risk to the Fund since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default of the clearing broker or clearinghouse.

The Fund has entered into master agreements, such as an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement, with certain of its derivative counterparties that govern over-the-counter derivatives and provide for general obligations, representations, agreements, collateral posting terms, netting provisions in the event of default or termination and credit related contingent features. The credit related contingent features include, but are not limited to, a percentage decrease in the Fund's net assets or NAV over a specified period of time. If these credit related contingent features were triggered, the derivatives counterparty could terminate the positions and demand payment or require additional collateral.

Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. However, absent an event of default by the counterparty or a termination of the agreement, the terms of the ISDA

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Notes to financial statements (cont d)

Master Agreements do not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the Fund and the applicable counterparty. The enforceability of the right to offset may vary by jurisdiction.

Collateral requirements differ by type of derivative. Collateral or margin requirements are set by the broker or exchange clearinghouse for exchange traded derivatives while collateral terms are contract specific for over-the-counter traded derivatives. Cash collateral that has been pledged to cover obligations of the Fund under derivative contracts, if any, will be reported separately in the Statement of Assets and Liabilities. Securities pledged as collateral, if any, for the same purpose are noted in the Schedule of Investments.

As of November 30, 2017, the Fund held OTC credit default swaps with credit related contingent features which had a liability position of \$9,130. If a contingent feature in the master agreements would have been triggered, the Fund would have been required to pay this amount to its derivatives counterparties.

(j) Foreign currency translation. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from fluctuations in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, other than investments in securities, on the date of valuation, resulting from changes in exchange rates.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

(k) Security transactions and investment income. Security transactions are accounted for on a trade date basis. Interest income (including interest income from payment-in-kind securities), adjusted for amortization of premium and accretion of discount,

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is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date for dividends received in cash and/or securities. Foreign dividend income is recorded on the ex-dividend date or as soon as practicable after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Fund may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

(l) Distributions to shareholders. Distributions from net investment income of the Fund, if any, are declared quarterly and paid on a monthly basis. Distributions of net realized gains, if any, are declared at least annually. Distributions to shareholders of the Fund are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

(m) Compensating balance arrangements. The Fund has an arrangement with its custodian bank whereby a portion of the custodian's fees is paid indirectly by credits earned on the Fund's cash on deposit with the bank.

(n) Federal and other taxes. It is the Fund's policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986 (the Code), as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute its taxable income and net realized gains, if any, to shareholders in accordance with timing requirements imposed by the Code. Therefore, no federal or state income tax provision is required in the Fund's financial statements. However, due to the timing of when distributions are made by the Fund, the Fund may be subject to an excise tax of 4% of the amount by which 98% of the Fund's annual taxable income and 98.2% of net realized gains exceed the distributions from such taxable income and realized gains for the calendar year. The Fund paid \$10,431 of federal excise taxes attributable to calendar year 2016 in March 2017. The Fund anticipates being subject to an excise tax for calendar year 2017 of approximately \$21,000.

Management has analyzed the Fund's tax positions taken on income tax returns for all open tax years and has concluded that as of November 30, 2017, no provision for income tax is required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

(o) Reclassification. GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These

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reclassifications have no effect on net assets or net asset value per share. During the current year, the following reclassifications have been made:

	Undistributed Net Investment Income	Accumulated Net Realized Loss	Paid-in Capital
(a)	\$ 18,912		\$ (18,912)
(b)	247,483	\$ (247,483)	

(a) Reclassifications are due to a non-deductible excise tax accrued by the Fund.

(b) Reclassifications are due to foreign currency transactions treated as ordinary income for tax purposes, differences between book and tax amortization of premium on fixed income securities, book/tax differences in the treatment of swap contracts and book/tax differences in the treatment of partnership investments.

2. Investment management agreement and other transactions with affiliates

Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund's investment manager. Western Asset Management Company (Western Asset), Western Asset Management Company Pte. Ltd. (Western Singapore), Western Asset Management Company Ltd (Western Japan) and Western Asset Management Company Limited (Western Asset Limited) are the Fund's subadvisers. LMPFA, Western Asset, Western Singapore, Western Japan and Western Asset Limited are wholly-owned subsidiaries of Legg Mason, Inc. (Legg Mason).

LMPFA provides administrative and certain oversight services to the Fund. The Fund pays LMPFA an investment management fee, calculated daily and paid monthly, at an annual rate of 0.65% of the Fund's average daily net assets.

LMPFA delegates to Western Asset the day-to-day portfolio management of the Fund. Western Singapore, Western Japan and Western Asset Limited provide certain subadvisory services to the Fund relating to currency transactions and investment in non-U.S. dollar denominated debt securities. For its services, LMPFA pays Western Asset monthly 70% of the net management fee it receives from the Fund. In turn, Western Asset pays Western Singapore, Western Japan and Western Asset Limited a fee for their services at no additional expense to the Fund. Each of Western Singapore, Western Japan and Western Asset Limited receives a fee from Western Asset, payable monthly, in an amount equal to 70% of the Fund's fee paid to LMPFA by the Fund related to the Fund's assets that Western Asset allocates to Western Singapore, Western Japan and Western Asset Limited, respectively, to manage.

All officers and one Director of the Fund are employees of Legg Mason or its affiliates and do not receive compensation from the Fund.

3. Investments

During the year ended November 30, 2017, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) and U.S. Government & Agency Obligations were as follows:

	Investments	U.S. Government & Agency Obligations
Purchases	\$ 70,033,222	\$ 19,587,693
Sales	68,918,278	19,140,835

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At November 30, 2017, the aggregate cost of investments and the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

	Cost/ Premiums Paid (Received)	Gross Unrealized Appreciation	Gross Unrealized Deprecation	Net Unrealized Appreciation
Securities	\$ 204,361,584	\$ 22,644,595	\$ (2,133,382)	\$ 20,511,213
Futures contracts		148,925	(80,547)	68,378
Swap contracts	(451,509)	84,907	(42,954)	41,953

4. Derivative instruments and hedging activities

Below is a table, grouped by derivative type, that provides information about the fair value and the location of derivatives within the Statement of Assets and Liabilities at November 30, 2017.

ASSET DERIVATIVES¹

	Interest Rate Risk
Futures contracts ²	\$ 148,925
Centrally cleared swap contracts ³	84,907
Total	\$ 233,832

LIABILITY DERIVATIVES¹

	Interest Rate Risk	Credit Risk	Total
Futures contracts ²	\$ 80,547		\$ 80,547
OTC swap contracts ⁴		\$ 9,130	9,130
Centrally cleared swap contracts ³		39,734	39,734
Total	\$ 80,547	\$ 48,864	\$ 129,411

¹ Generally, the balance sheet location for asset derivatives is receivables/net unrealized appreciation (depreciation) and for liability derivatives is payables/net unrealized appreciation (depreciation).

² Includes cumulative appreciation (depreciation) of futures contracts as reported in the Schedule of Investments. Only variation margin is reported within the receivables and/or payables on the Statement of Assets and Liabilities.

³ Includes cumulative appreciation (depreciation) of centrally cleared swap contracts as reported in the Schedule of Investments. Only variation margin is reported within the receivables and/or payables on the Statement of Assets and Liabilities.

⁴ Values include premiums paid (received) on swap contracts which are shown separately in the Statement of Assets and Liabilities. The following tables provide information about the effect of derivatives and hedging activities on the Fund's Statement of Operations for the year ended November 30, 2017. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the period. The second table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the period.

Table of Contents**Notes to financial statements (cont d)****AMOUNT OF REALIZED GAIN (LOSS) ON DERIVATIVES RECOGNIZED**

	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Total
Futures contracts	\$ (220,042)			\$ (220,042)
Swap contracts	(27,936)		\$ (538,978)	(566,914)
Forward foreign currency contracts		\$ 51,067		51,067
Total	\$ (247,978)	\$ 51,067	\$ (538,978)	\$ (735,889)

CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON DERIVATIVES RECOGNIZED

	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Total
Futures contracts	\$ 61,454			\$ 61,454
Swap contracts	49,760		\$ 18,262	68,022
Forward foreign currency contracts		\$ 21,682		21,682
Total	\$ 111,214	\$ 21,682	\$ 18,262	\$ 151,158

During the year ended November 30, 2017, the volume of derivative activity for the Fund was as follows:

	Average Market Value
Futures contracts (to buy)	\$ 15,344,258
Futures contracts (to sell)	15,700,710
Forward foreign currency contracts (to buy)	1,342,489
Forward foreign currency contracts (to sell)	1,576,476
	Average Notional Balance
Interest rate swap contracts	\$ 2,192,000
Credit default swap contracts (to buy protection)	7,298,623

At November 30, 2017, there were no open positions held in this derivative. The following table presents the Fund's OTC derivative assets and liabilities by counterparty net of amounts available for offset under an ISDA Master Agreement and net of the related collateral pledged (received) by the Fund as of November 30, 2017.

Counterparty	Gross Assets Subject to Master Agreements	Gross Liabilities Subject to Master Agreements ¹	Net Assets (Liabilities) Subject to Master Agreements	Collateral Pledged (Received)	Net Amount ²
Goldman Sachs Group Inc.		\$ (9,130)	\$ (9,130)		\$ (9,130)

¹ Absent an event of default or early termination, derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

² Represents the net amount receivable (payable) from (to) the counterparty in the event of default.

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The following Fund investment is restricted as to resale.

Security	Face Amount	Acquisition Date	Cost	Value at 11/30/2017	Value Per Unit	Percent of Net Assets
BioScrip Inc., First Lien Notes, 8.224%, due 6/30/22	\$ 801,000	6/17	\$ 793,537	\$ 802,842 ^(a)	\$ 100.23	0.35%

^(a) Security is valued in good faith in accordance with procedures approved by the Board of Directors.

6. Distributions subsequent to November 30, 2017

The following distributions have been declared by the Fund's Board of Directors and are payable subsequent to the period end of this report:

Record Date	Payable Date	Amount
11/24/2017	12/01/2017	\$ 0.0850
12/22/2017	12/29/2017	\$ 0.0850*
01/19/2018	02/01/2018	\$ 0.0850
02/16/2018	03/01/2018	\$ 0.0850

* Distribution comprised of \$0.02918 from income and \$0.05582 from long-term capital gains.

7. Stock repurchase program

On November 16, 2015, the Fund announced that the Fund's Board of Directors (the Board) had authorized the Fund to repurchase in the open market up to approximately 10% of the Fund's outstanding common stock when the Fund's shares are trading at a discount to net asset value. The Board has directed management of the Fund to repurchase shares of common stock at such times and in such amounts as management reasonably believes may enhance stockholder value. The Fund is under no obligation to purchase shares at any specific discount levels or in any specific amounts. During the year ended November 30, 2017, the Fund did not repurchase any shares.

8. Income tax information and distributions to shareholders

The tax character of distributions paid during the fiscal years ended November 30, was as follows:

	2017	2016
Distributions paid from:		
Ordinary income	\$ 10,990,992	\$ 12,580,691
Net long-term capital gains	522,056	371,328
Total distributions paid	\$ 11,513,048	\$ 12,952,019

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Notes to financial statements (cont d)

As of November 30 2017, the components of accumulated earnings (losses) on a tax basis were as follows: