

WESTERN ASSET PREMIER BOND FUND
Form N-CSRS
August 22, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act file number 811-10603

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

620 Eighth Avenue, 49th Floor, New York, NY 10018
(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

Registrant's telephone number, including area code: (888) 777-0102

Date of fiscal year end: December 31

Date of reporting period: June 30, 2017

ITEM 1. REPORT TO STOCKHOLDERS.

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

Semi-Annual Report

June 30, 2017

WESTERN ASSET

PREMIER BOND FUND (WEA)

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

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Fund objective

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

Under normal market conditions, the Fund expects to invest substantially all (but at least 80%) of its total managed assets in bonds, including corporate bonds, U.S. government and agency securities and mortgage-related securities, and at least 65% of its total managed assets in bonds that, at the time of purchase, are of investment grade quality. The Fund may invest up to 35% of its total managed assets in bonds of below investment grade quality (commonly referred to as "junk bonds") at the time of purchase. The Fund may invest in securities or instruments other than bonds (including preferred stock) and may invest up to 10% of its total managed assets in instruments denominated in currencies other than the U.S. dollar. The Fund may invest in a variety of derivative instruments for investment or risk management purposes. The Fund expects that the average effective duration of its portfolio will range between 3.5 and seven years, although this target duration may change from time to time. Trust preferred interests and capital securities are considered bonds and not preferred stock for purposes of the foregoing guidelines.

Letter from the president

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset Premier Bond Fund for the six-month reporting period ended June 30, 2017. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

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

President and Chief Executive Officer

July 28, 2017

Investment commentary

Economic review

The pace of U.S. economic activity fluctuated during the six months ended June 30, 2017 (the reporting period). Looking back, the U.S. Department of Commerce reported that fourth quarter 2016 U.S. gross domestic product (GDP) growth was a revised 1.8%. GDP growth then decelerated to a revised 1.2% during the first quarter of 2017. Finally, the U.S. Department of Commerce's initial estimate for second quarter 2017 GDP growth released after the reporting period ended was 2.6%. The acceleration in growth reflected a smaller decrease in private inventory investment, an acceleration in personal consumption expenditures and an upturn in federal government spending.

Job growth in the U.S. was solid overall and a tailwind for the economy during the reporting period. When the reporting period ended on June 30, 2017, the unemployment rate was 4.4%, as reported by the U.S. Department of Labor. The percentage of longer-term unemployed moderately declined over the period. In June 2017, 24.3% of Americans looking for a job had been out of work for more than six months, versus 24.4% when the period began.

Market review

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

A. Looking back, after an extended period of maintaining the federal funds rateⁱⁱⁱ at a historically low range between zero and 0.25%, the Fed increased the rate at its meeting on December 16, 2015. This marked the first rate hike since 2006. 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 in mid-December 2016. On December 14, 2016, the Fed raised rates to a range between 0.50% and 0.75%.

After holding rates steady at its meeting that concluded on February 1, 2017, the Fed raised rates to a range between 0.75% and 1.00% at its meeting that ended on March 15, 2017. Finally, at its meeting that concluded on June 14, 2017, the Fed raised rates to a range between 1.00% and 1.25%. The Fed also said that it planned to reduce its balance sheet, saying, "The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee currently expects to begin implementing a balance sheet normalization program this year, provided that the economy evolves broadly as anticipated."

Q. Did Treasury yields trend higher or lower during the reporting period?

A. Treasury yields moved sharply higher after the November 2016 U.S. presidential elections given expectations for improving growth and higher inflation. While they subsequently fell from their peak in mid-March 2017, all told short-term Treasury yields moved higher during the six months ended June 30, 2017. In contrast, long-term Treasury yields edged lower over the reporting period as a whole. Two-year Treasury yields began the reporting period at 1.20% and ended the period at 1.38%. Their low for the period of 1.12% occurred on February 24, 2017, and their peak of 1.40% took place on March 13 and March 14, 2017. Ten-year Treasury yields began the reporting period at 2.45% and ended the period at 2.31%. Their low of 2.14% occurred on both June 6 and June 26, 2017, and their peak of 2.62% occurred on March 13, 2017.

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

A. The spread sectors posted mixed results during the reporting period. Performance fluctuated with investor sentiment given signs of generally modest global growth, questions regarding future Fed monetary policy, the aforementioned U.S. elections and several geopolitical issues. The broad U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Index^{iv}, returned 2.27% during the six months ended June 30, 2017. Within the U.S. bond market, lower rated corporate bonds generated the best returns during the reporting period.

Q. How did the high-yield bond market perform over the during the reporting period?

A. The U.S. high-yield bond market, as measured by the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index^v, gained 4.92% for the six months ended June 30, 2017. The high-yield market began the reporting period on a positive

Investment commentary (cont d)

note, as it rallied sharply over the first two months of the period. This was driven by robust demand from investors looking to generate incremental yield in the low interest rate environment. After moving slightly lower in March 2017 given falling oil prices and overall weak demand, the high-yield market again rallied from April through June 2017.

Performance review

For the six months ended June 30, 2017, Western Asset Premier Bond Fund returned 7.20% based on its net asset value (NAV^{vi}) and 11.51% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Bloomberg Barclays U.S. Corporate High Yield Index^{vii} and the Bloomberg Barclays U.S. Credit Index^{viii}, returned 4.93% and 3.68%, respectively, for the same period. The Lipper Corporate BBB-Rated Debt (Leveraged) Closed-End Funds Category Average^{ix} returned 4.73% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.45 per share. As of June 30, 2017, the Fund estimates that all of the distributions were sourced from net investment income.* The performance table shows the Fund's six-month total return based on its NAV and market price as of June 30, 2017. **Past performance is no guarantee of future results.**

Performance Snapshot as of June 30, 2017 (unaudited)

Price Per Share	6-Month Total Return**
\$14.42 (NAV)	7.20% ¹
\$13.98 (Market Price)	11.51%

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

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

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

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

Looking for additional information?

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

*This estimate is not for tax purposes. The Fund will issue a Form 1099 with final composition of the distributions for tax purposes after year-end. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder's investment. For more information about a distribution's composition, please refer to the Fund's distribution press release or, if applicable, the Section 19 notice located in the press release section of our website, www.lmcef.com (click on the name of the Fund).

¹ Effective June 1, 2017, the Fund changed its security pricing methodology to use the mean value of the bid and ask prices (of underlying fund holdings) to calculate the NAV. The Fund had a one-time increase to the NAV, which was due to this change in pricing methodology.

most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XWEAX on most financial websites. *Barron's* and the *Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as www.lmcef.com. (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 Premier Bond Fund. 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,

Jane Trust, CFA

President and Chief Executive Officer

July 28, 2017

***RISKS:** The Fund is a diversified closed-end management investment company designed primarily as a long-term investment 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 objective. 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. Diversification does not assure against market loss. The Fund's investments are subject to a number of risks, such as credit and inflation risks. As interest rates rise, bond prices fall, reducing the value of a fixed-income investment's price. The Fund may invest in high-yield bonds (commonly referred to as "junk" bonds), which are rated below investment grade and carry more risk than higher-rated securities. To the extent that the Fund invests in asset-backed, mortgage-backed or mortgage related securities, its exposure to prepayment and extension risks may be greater than if it invested in other fixed-income securities. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss. The Fund may invest in foreign securities, including emerging markets, which involve additional risks. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance.*

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

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

Investment commentary (cont d)

- ⁱ Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ⁱⁱ The 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 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.
- ^{iv} 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.
- ^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 and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- ^{vii} The Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed-rate, non-investment grade debt, including corporate and non-corporate sectors. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging market countries are included. Original issue zero coupon bonds, step-up coupon structures and 144A securities are also included.
- ^{viii} 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).
- ^{ix} Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended June 30, 2017, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 7 funds in the Fund's Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the Fund's portfolio as of June 30, 2017 and December 31, 2016 and does not include derivatives such as forward foreign currency contracts. The Fund's portfolio is actively managed. As a result, the composition of its portfolio holdings and sectors is subject to change at any time.

Spread duration (unaudited)

Economic exposure June 30, 2017

Total Spread Duration

WEA 5.73 years
 Benchmark 3.79 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.

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

Effective duration (unaudited)

Interest rate exposure June 30, 2017

Total Effective Duration

WEA 5.66 years

Benchmark 3.78 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.

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

Schedule of investments (unaudited)

June 30, 2017

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes 109.9%				
Consumer Discretionary 18.6%				
<i>Auto Components 1.6%</i>				
Adient Global Holdings Ltd., Senior Notes	4.875%	8/15/26	1,410,000	\$ 1,420,575 ^(a)
IHO Verwaltungs GmbH, Senior Secured Bonds (4.750% Cash or 5.500% PIK)	4.750%	9/15/26	550,000	557,563 ^{(a)(b)}
ZF North America Capital Inc., Senior Notes	4.750%	4/29/25	680,000	719,950 ^(a)
<i>Total Auto Components</i>				<i>2,698,088</i>
<i>Automobiles 2.4%</i>				
Daimler Finance NA LLC, Notes	8.500%	1/18/31	1,000,000	1,504,712
General Motors Co., Senior Notes	4.875%	10/2/23	1,500,000	1,609,680
General Motors Co., Senior Notes	6.600%	4/1/36	140,000	162,659
General Motors Co., Senior Notes	6.250%	10/2/43	750,000	835,880
<i>Total Automobiles</i>				<i>4,112,931</i>
<i>Hotels, Restaurants & Leisure 4.0%</i>				
Brinker International Inc., Senior Notes	5.000%	10/1/24	4,345,000	4,334,137 ^(a)
Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., Senior Notes	4.625%	4/1/25	750,000	775,312 ^(a)
Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., Senior Notes	4.875%	4/1/27	350,000	367,063 ^(a)
Marstons Issuer PLC, Secured Bonds	5.641%	7/15/35	260,000 ^{GBP}	310,071 ^{(c)(d)}
Scientific Games International Inc., Senior Secured Notes	7.000%	1/1/22	480,000	512,400 ^(a)
Silversea Cruise Finance Ltd., Senior Secured Notes	7.250%	2/1/25	498,000	533,483 ^(a)
<i>Total Hotels, Restaurants & Leisure</i>				<i>6,832,466</i>
<i>Household Durables 0.1%</i>				
Century Communities Inc., Senior Notes	5.875%	7/15/25	240,000	239,400 ^(a)
<i>Media 9.4%</i>				
21st Century Fox America Inc., Senior Debentures	8.875%	4/26/23	400,000	514,017
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	4.464%	7/23/22	500,000	533,318
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	4.908%	7/23/25	1,270,000	1,374,239
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	6.384%	10/23/35	420,000	499,246
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	6.484%	10/23/45	2,130,000	2,565,468
Comcast Corp., Notes	7.050%	3/15/33	1,000,000	1,368,951
DISH DBS Corp., Senior Notes	7.750%	7/1/26	650,000	771,875
SFR Group SA, Senior Secured Notes	7.375%	5/1/26	2,020,000	2,199,275 ^(a)
Time Warner Cable LLC, Debentures	7.300%	7/1/38	720,000	923,006

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Media continued</i>				
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	1,820,000 ^{EUR}	\$ 2,172,151 ^(a)
Viacom Inc., Senior Notes	3.450%	10/4/26	1,200,000	1,158,354
Viacom Inc., Senior Notes	4.375%	3/15/43	820,000	731,574
Virgin Media Secured Finance PLC, Senior Secured Notes	5.500%	8/15/26	820,000	861,000 ^(a)
Ziggo Secured Finance BV, Senior Secured Notes	5.500%	1/15/27	520,000	532,350 ^(a)
<i>Total Media</i>				<i>16,204,824</i>
<i>Specialty Retail 1.1%</i>				
American Greetings Corp., Senior Notes	7.875%	2/15/25	730,000	792,962 ^(a)
Hertz Corp., Senior Notes	5.875%	10/15/20	640,000	622,400
PetSmart Inc., Senior Notes	8.875%	6/1/25	60,000	55,566 ^(a)
PetSmart Inc., Senior Secured Notes	5.875%	6/1/25	470,000	455,313 ^(a)
<i>Total Specialty Retail</i>				<i>1,926,241</i>
Total Consumer Discretionary				32,013,950
<i>Consumer Staples 4.8%</i>				
<i>Beverages 1.0%</i>				
Anheuser-Busch InBev Finance Inc., Senior Notes	4.700%	2/1/36	540,000	596,197
Anheuser-Busch InBev Finance Inc., Senior Notes	4.900%	2/1/46	990,000	1,121,825
<i>Total Beverages</i>				<i>1,718,022</i>
<i>Food & Staples Retailing 1.9%</i>				
CVS Pass-Through Trust, Secured Bonds	5.789%	1/10/26	371,263	405,701 ^(a)
CVS Pass-Through Trust, Secured Notes	5.880%	1/10/28	395,789	444,109
CVS Pass-Through Trust, Secured Notes	6.036%	12/10/28	399,854	451,688
CVS Pass-Through Trust, Secured Notes	6.943%	1/10/30	394,180	468,853
CVS Pass-Through Trust, Secured Notes	7.507%	1/10/32	393,849	487,376 ^(a)
Kroger Co., Senior Notes	6.400%	8/15/17	1,090,000	1,095,515
<i>Total Food & Staples Retailing</i>				<i>3,353,242</i>
<i>Food Products 1.5%</i>				
Kraft Heinz Foods Co., Senior Notes	3.000%	6/1/26	440,000	421,916
Lamb Weston Holdings Inc., Senior Notes	4.625%	11/1/24	670,000	693,450 ^(a)
Lamb Weston Holdings Inc., Senior Notes	4.875%	11/1/26	430,000	447,737 ^(a)
WM Wrigley Jr. Co., Senior Notes	2.000%	10/20/17	1,000,000	1,001,838 ^(a)
<i>Total Food Products</i>				<i>2,564,941</i>
<i>Household Products 0.2%</i>				
Central Garden & Pet Co., Senior Notes	6.125%	11/15/23	250,000	267,500
<i>Tobacco 0.2%</i>				
Reynolds American Inc., Senior Notes	5.850%	8/15/45	260,000	319,643
Total Consumer Staples				8,223,348

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2017

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Energy 20.4%				
<i>Energy Equipment & Services 0.4%</i>				
Ensco PLC, Senior Notes	4.700%	3/15/21	100,000	\$ 97,750
Pride International Inc., Senior Notes	7.875%	8/15/40	400,000	339,000
Transocean Inc., Senior Notes	9.000%	7/15/23	190,000	198,075 (a)
<i>Total Energy Equipment & Services Oil, Gas & Consumable Fuels 20.0%</i>				634,825
Anadarko Finance Co., Senior Notes	7.500%	5/1/31	570,000	713,922
Anadarko Petroleum Corp., Senior Notes	4.850%	3/15/21	500,000	534,112
Anadarko Petroleum Corp., Senior Notes	4.500%	7/15/44	1,000,000	919,846
Apache Corp., Senior Notes	4.250%	1/15/44	250,000	235,073
Berry Petroleum Co. Escrow			130,000	0 *(e)(f)(g)
BP Capital Markets PLC, Senior Notes	3.723%	11/28/28	410,000	421,175
Burlington Resources Finance Co., Senior Notes	7.400%	12/1/31	450,000	609,903
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Secured Notes	11.500%	1/15/21	550,000	638,000 (a)
Carrizo Oil & Gas Inc., Senior Notes	8.250%	7/15/25	230,000	235,750 (h)
Cheniere Corpus Christi Holdings LLC, Senior Secured Notes	5.125%	6/30/27	520,000	533,650 (a)
Chesapeake Energy Corp., Senior Notes	5.375%	6/15/21	320,000	300,800
Chesapeake Energy Corp., Senior Notes	8.000%	1/15/25	230,000	228,563 (a)
Continental Resources Inc., Senior Notes	4.500%	4/15/23	500,000	478,750
Continental Resources Inc., Senior Notes	3.800%	6/1/24	120,000	110,474
Continental Resources Inc., Senior Notes	4.900%	6/1/44	500,000	420,000
Covey Park Energy LLC/Covey Park Finance Corp., Senior Notes	7.500%	5/15/25	330,000	330,825 (a)
Devon Energy Corp., Debentures	7.950%	4/15/32	310,000	405,161
Devon Energy Corp., Senior Notes	3.250%	5/15/22	500,000	497,475
Ecopetrol SA, Senior Bonds	4.125%	1/16/25	510,000	501,075
Ecopetrol SA, Senior Notes	5.875%	9/18/23	45,000	49,320
Ecopetrol SA, Senior Notes	5.375%	6/26/26	750,000	781,875
Ecopetrol SA, Senior Notes	5.875%	5/28/45	1,510,000	1,393,730
Enterprise Products Operating LLC, Senior Notes	4.050%	2/15/22	880,000	929,165
Enterprise Products Operating LLC, Senior Notes	5.100%	2/15/45	1,000,000	1,102,296
EOG Resources Inc., Senior Notes	3.150%	4/1/25	2,250,000	2,216,504
Exterran Energy Solutions LP/EES Finance Corp., Senior Notes	8.125%	5/1/25	320,000	327,200 (a)
KazMunayGas National Co. JSC, Senior Notes	4.750%	4/19/27	770,000	756,891 (a)
Kinder Morgan Inc., Medium-Term Notes	7.750%	1/15/32	190,000	239,462
Kinder Morgan Inc., Senior Bonds	5.550%	6/1/45	1,500,000	1,595,320
Magnum Hunter Resources Corp. Escrow			960,000	0 *(e)(f)(g)

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
MEG Energy Corp., Senior Notes	6.375%	1/30/23	480,000	\$ 373,200 ^(a)
MEG Energy Corp., Senior Notes	7.000%	3/31/24	210,000	164,325 ^(a)
NGL Energy Partners LP/NGL Energy Finance Corp., Senior Notes	7.500%	11/1/23	500,000	495,625 ^(a)
NGPL PipeCo LLC, Senior Secured Notes	7.768%	12/15/37	490,000	585,550 ^(a)
Noble Energy Inc., Senior Notes	5.250%	11/15/43	1,000,000	1,039,830
Oasis Petroleum Inc., Senior Notes	7.250%	2/1/19	370,000	369,075
Oasis Petroleum Inc., Senior Notes	6.500%	11/1/21	520,000	507,000
Oasis Petroleum Inc., Senior Notes	6.875%	1/15/23	340,000	330,650
Occidental Petroleum Corp., Senior Notes	3.500%	6/15/25	350,000	357,815
Petrobras Global Finance BV, Senior Notes	4.375%	5/20/23	310,000	293,105
Petrobras Global Finance BV, Senior Notes	6.750%	1/27/41	920,000	866,226
Reliance Holdings USA Inc., Senior Notes	5.400%	2/14/22	1,000,000	1,096,498 ^(a)
Reliance Holdings USA Inc., Senior Notes	5.400%	2/14/22	250,000	274,124 ^(c)
Rockies Express Pipeline LLC, Senior Notes	7.500%	7/15/38	350,000	396,375 ^(a)
Sabine Pass Liquefaction LLC, Senior Secured Notes	5.750%	5/15/24	440,000	490,626
Sabine Pass Liquefaction LLC, Senior Secured Notes	5.000%	3/15/27	1,850,000	1,970,729
Sanchez Energy Corp., Senior Notes	6.125%	1/15/23	380,000	305,900
Shelf Drilling Holdings Ltd., Secured Notes	9.500%	11/2/20	90,000	87,750 ^(a)
Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes	5.125%	2/1/25	460,000	475,525 ^(a)
Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes	5.375%	2/1/27	490,000	509,600 ^(a)
Tesoro Logistics LP/Tesoro Logistics Finance Corp., Senior Notes	6.125%	10/15/21	1,000,000	1,042,500
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	7.850%	2/1/26	1,000,000	1,288,619
Transportadora de Gas del Peru SA, Senior Notes	4.250%	4/30/28	1,000,000	1,042,500 ^(a)
Whiting Petroleum Corp., Senior Notes	5.000%	3/15/19	480,000	479,400
Whiting Petroleum Corp., Senior Notes	6.250%	4/1/23	200,000	184,500
Williams Cos. Inc., Debentures	7.500%	1/15/31	443,000	527,170
Williams Cos. Inc., Senior Notes	4.550%	6/24/24	60,000	61,950
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	39,000	50,213
WPX Energy Inc., Senior Notes	7.500%	8/1/20	160,000	168,800
WPX Energy Inc., Senior Notes	8.250%	8/1/23	210,000	228,900
YPF Sociedad Anonima, Senior Notes	8.500%	3/23/21	720,000	802,649 ^(a)
<i>Total Oil, Gas & Consumable Fuels</i>				34,373,046
Total Energy				35,007,871

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2017

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Financials 25.4%				
<i>Banks 15.7%</i>				
Banco Mercantil De Norte, Junior Subordinated Notes	6.875%	7/6/22	200,000	\$ 206,588 ^{(a)(d)(h)(i)}
Bank of America Corp., Senior Notes	5.000%	5/13/21	1,100,000	1,201,299
Bank of America Corp., Subordinated Notes	4.250%	10/22/26	1,700,000	1,753,973
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	610,000	764,647 ^(a)
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	2,750,000	3,150,469
Barclays PLC, Subordinated Notes	4.836%	5/9/28	290,000	296,811
BNP Paribas SA, Junior Subordinated Notes	7.375%	8/19/25	510,000	568,013 ^{(a)(d)(i)}
BPCE SA, Subordinated Notes	5.150%	7/21/24	1,000,000	1,069,949 ^(a)
Capital One N.A., Senior Notes	1.500%	3/22/18	1,810,000	1,806,990
CIT Group Inc., Senior Notes	5.000%	8/15/22	250,000	270,000
Citigroup Inc., Subordinated Notes	3.500%	5/15/23	500,000	507,958
Citigroup Inc., Subordinated Notes	5.500%	9/13/25	200,000	222,775
Citigroup Inc., Subordinated Notes	4.450%	9/29/27	500,000	520,650
Citigroup Inc., Subordinated Notes	6.625%	6/15/32	1,000,000	1,253,336
Cooperatieve Rabobank U.A., Subordinated Notes	4.625%	12/1/23	500,000	539,567
Credit Agricole SA, Junior Subordinated Notes	8.125%	12/23/25	1,080,000	1,258,443 ^{(a)(d)(i)}
HBOS PLC, Subordinated Notes	6.750%	5/21/18	700,000	728,247 ^(a)
Intesa Sanpaolo SpA, Subordinated Notes	5.710%	1/15/26	490,000	518,233 ^(a)
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	3,300,000	3,561,921 ^{(d)(i)}
JPMorgan Chase & Co., Subordinated Notes	4.950%	6/1/45	500,000	559,103
Lloyds Banking Group PLC, Senior Notes	3.100%	7/6/21	400,000	406,686
Lloyds Banking Group PLC, Subordinated Notes	4.500%	11/4/24	1,000,000	1,042,978
Royal Bank of Scotland Group PLC, Junior Subordinated Notes	8.625%	8/15/21	450,000	491,625 ^{(d)(i)}
Royal Bank of Scotland Group PLC, Subordinated Notes	6.000%	12/19/23	150,000	165,443
Royal Bank of Scotland Group PLC, Subordinated Notes	5.125%	5/28/24	1,330,000	1,399,153
Royal Bank of Scotland NV, Subordinated Bonds	7.750%	5/15/23	140,000	165,211
Santander UK Group Holdings PLC, Subordinated Notes	5.625%	9/15/45	1,000,000	1,132,915 ^(a)
Santander UK PLC, Subordinated Notes	5.000%	11/7/23	510,000	548,463 ^(a)
Standard Chartered PLC, Subordinated Notes	5.700%	3/26/44	300,000	342,050 ^(a)
Wells Fargo & Co., Subordinated Notes	4.300%	7/22/27	500,000	524,351
<i>Total Banks</i>				<i>26,977,847</i>
<i>Capital Markets 4.3%</i>				
Credit Suisse Group Funding Guernsey Ltd., Senior Notes	4.875%	5/15/45	1,500,000	1,657,530
Goldman Sachs Group Inc., Senior Notes	6.150%	4/1/18	1,000,000	1,032,278
Goldman Sachs Group Inc., Senior Notes	5.250%	7/27/21	800,000	877,323
Goldman Sachs Group Inc., Senior Notes	3.500%	11/16/26	500,000	497,939

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Capital Markets continued</i>				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,000,000	\$ 1,300,413
UBS Group Funding Switzerland AG, Senior Notes	4.253%	3/23/28	1,850,000	1,936,600 ^(a)
<i>Total Capital Markets</i>				<i>7,302,083</i>
<i>Consumer Finance 0.5%</i>				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	282,000	321,480
FirstCash Inc., Senior Notes	5.375%	6/1/24	480,000	502,800 ^(a)
<i>Total Consumer Finance</i>				<i>824,280</i>
<i>Diversified Financial Services 4.3%</i>				
AerCap Ireland Capital DAC/AerCap Global Aviation Trust, Senior Bonds	4.625%	7/1/22	230,000	246,773
Ahold Lease USA Inc., Pass-Through Certificates	8.620%	1/2/25	686,921	832,548
CPUK Finance Ltd., Senior Secured Notes	7.239%	2/28/24	1,000,000 GBP	1,688,173 ^(c)
GE Capital International Funding Co., Unlimited Co., Senior Notes	2.342%	11/15/20	373,000	376,163
GE Capital International Funding Co., Unlimited Co., Senior Notes	3.373%	11/15/25	500,000	517,543
International Lease Finance Corp., Senior Notes	6.250%	5/15/19	80,000	85,845
International Lease Finance Corp., Senior Notes	5.875%	8/15/22	1,200,000	1,357,753
International Lease Finance Corp., Senior Secured Notes	7.125%	9/1/18	400,000	423,457 ^(a)
Park Aerospace Holdings Ltd., Senior Notes	5.250%	8/15/22	650,000	681,896 ^(a)
Park Aerospace Holdings Ltd., Senior Notes	5.500%	2/15/24	1,180,000	1,235,460 ^(a)
<i>Total Diversified Financial Services</i>				<i>7,445,611</i>
<i>Insurance 0.6%</i>				
Genworth Holdings Inc., Senior Notes	4.900%	8/15/23	330,000	275,550
Metlife Inc., Junior Subordinated Notes	10.750%	8/1/39	500,000	833,750
<i>Total Insurance</i>				<i>1,109,300</i>
Total Financials				
Health Care 4.4%				43,659,121
<i>Biotechnology 0.4%</i>				
Celgene Corp., Senior Notes	5.000%	8/15/45	250,000	282,604
Gilead Sciences Inc., Senior Notes	4.750%	3/1/46	390,000	429,178
<i>Total Biotechnology</i>				<i>711,782</i>
<i>Health Care Providers & Services 2.9%</i>				
Centene Corp., Senior Notes	5.625%	2/15/21	280,000	292,600
Centene Corp., Senior Notes	6.125%	2/15/24	220,000	238,410
Centene Corp., Senior Notes	4.750%	1/15/25	1,060,000	1,091,800
CHS/Community Health Systems Inc., Senior Secured Notes	6.250%	3/31/23	340,000	352,274
DaVita Inc., Senior Notes	5.750%	8/15/22	270,000	277,762

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2017

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Health Care Providers & Services continued</i>				
DaVita Inc., Senior Notes	5.125%	7/15/24	220,000	\$ 223,713
DaVita Inc., Senior Notes	5.000%	5/1/25	830,000	834,150
HCA Inc., Senior Secured Bonds	4.500%	2/15/27	1,000,000	1,031,250
HCA Inc., Senior Secured Notes	5.250%	6/15/26	280,000	302,680
Humana Inc., Senior Notes	3.950%	3/15/27	290,000	302,821
Total Health Care Providers & Services				4,947,460
<i>Pharmaceuticals 1.1%</i>				
Actavis Funding SCS, Senior Notes	4.750%	3/15/45	191,000	206,988
Valeant Pharmaceuticals International Inc., Senior Notes	6.375%	10/15/20	630,000	613,462 ^(a)
Valeant Pharmaceuticals International Inc., Senior Notes	6.125%	4/15/25	980,000	833,000 ^(a)
Valeant Pharmaceuticals International Inc., Senior Secured Notes	7.000%	3/15/24	290,000	305,588 ^(a)
Total Pharmaceuticals				1,959,038
Total Health Care				7,618,280
<i>Industrials 9.5%</i>				
<i>Aerospace & Defense 1.0%</i>				
Boeing Co., Notes	6.125%	2/15/33	600,000	786,407
CBC Ammo LLC/CBC FinCo Inc., Senior Notes	7.250%	11/15/21	370,000	374,625 ^(a)
Hexcel Corp., Senior Notes	3.950%	2/15/27	500,000	513,009
Total Aerospace & Defense				1,674,041
<i>Airlines 2.9%</i>				
Air 2 U.S., Notes	8.027%	10/1/19	377,625	393,910 ^(a)
America West Airlines Inc., Pass-Through Certificates, Ambac Assurance Corp.	8.057%	7/2/20	899,287	1,033,730
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.900%	1/2/18	34,932	35,592
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.820%	5/1/18	102,596	104,904
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.545%	2/2/19	492,314	514,468
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	8.048%	11/1/20	216,312	240,106
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.703%	6/15/21	118,250	127,710
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	89,316	101,597
Northwest Airlines Corp., Pass-Through Certificates	7.575%	3/1/19	149,045	155,752
U.S. Airways, Pass-Through Certificates, Senior Secured Bonds	6.850%	1/30/18	357,397	366,332
U.S. Airways, Pass-Through Certificates, Senior Secured Bonds	7.125%	10/22/23	1,319,876	1,524,985
United Airlines Inc., Pass-Through Certificates, Secured Notes	4.750%	4/11/22	285,387	296,445
Total Airlines				4,895,531

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Building Products 0.3%</i>				
Standard Industries Inc., Senior Notes	5.125%	2/15/21	230,000	\$ 239,487 ^(a)
Standard Industries Inc., Senior Notes	5.500%	2/15/23	330,000	348,975 ^(a)
<i>Total Building Products</i>				<i>588,462</i>
<i>Commercial Services & Supplies 0.9%</i>				
Covanta Holding Corp., Senior Notes	5.875%	7/1/25	500,000	486,250
United Rentals North America Inc., Senior Notes	5.500%	5/15/27	440,000	454,300
West Corp., Senior Notes	5.375%	7/15/22	670,000	678,375 ^(a)
<i>Total Commercial Services & Supplies</i>				<i>1,618,925</i>