

WESTERN ASSET INFLATION-LINKED INCOME FUND

Form N-Q

October 26, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number **811-21403**

Western Asset Inflation-Linked Income Fund

(Exact name of registrant as specified in charter)

385 East Colorado Boulevard Pasadena, CA 91101

(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: **August 31, 2018**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET INFLATION-LINKED INCOME FUND

FORM N-Q

AUGUST 31, 2018

WESTERN ASSET INFLATION-LINKED INCOME FUND

Consolidated Schedule of investments (unaudited)

August 31, 2018

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
U.S. TREASURY INFLATION PROTECTED SECURITIES - 111.2%				
U.S. Treasury Bonds, Inflation Indexed	0.125%	4/15/20	51,650,400	\$ 50,999,053 ^(a)
U.S. Treasury Bonds, Inflation Indexed	1.250%	7/15/20	11,554,600	11,702,060
U.S. Treasury Bonds, Inflation Indexed	0.125%	4/15/22	36,265,600	35,405,709 ^(a)
U.S. Treasury Bonds, Inflation Indexed	0.125%	7/15/22	25,093,362	24,609,483 ^(a)
U.S. Treasury Bonds, Inflation Indexed	0.125%	1/15/23	24,017,400	23,400,976
U.S. Treasury Bonds, Inflation Indexed	2.375%	1/15/25	10,694,640	11,780,420
U.S. Treasury Bonds, Inflation Indexed	2.000%	1/15/26	54,161,563	58,983,839 ^(a)
U.S. Treasury Bonds, Inflation Indexed	1.750%	1/15/28	24,056,600	26,124,277 ^(a)
U.S. Treasury Bonds, Inflation Indexed	3.625%	4/15/28	155,799	196,368
U.S. Treasury Bonds, Inflation Indexed	2.500%	1/15/29	7,147,711	8,345,790
U.S. Treasury Bonds, Inflation Indexed	3.875%	4/15/29	26,318,863	34,444,469 ^(a)
U.S. Treasury Bonds, Inflation Indexed	2.125%	2/15/40	3,497,580	4,354,146
U.S. Treasury Bonds, Inflation Indexed	2.125%	2/15/41	3,555,601	4,462,117
U.S. Treasury Bonds, Inflation Indexed	1.375%	2/15/44	17,732,008	19,678,950 ^(a)
U.S. Treasury Bonds, Inflation Indexed	0.750%	2/15/45	15,152,616	14,635,691
U.S. Treasury Bonds, Inflation Indexed	0.875%	2/15/47	1,409,265	1,402,604
U.S. Treasury Bonds, Inflation Indexed	1.000%	2/15/48	3,065,610	3,149,355
U.S. Treasury Notes, Inflation Indexed	0.125%	4/15/19	29,036,070	28,813,007
U.S. Treasury Notes, Inflation Indexed	0.625%	7/15/21	14,657,504	14,663,367
U.S. Treasury Notes, Inflation Indexed	0.625%	1/15/24	9,201,344	9,153,529
U.S. Treasury Notes, Inflation Indexed	0.250%	1/15/25	5,234,388	5,075,773
U.S. Treasury Notes, Inflation Indexed	0.625%	1/15/26	21,941,952	21,744,246
TOTAL U.S. TREASURY INFLATION PROTECTED SECURITIES				
(Cost - \$416,132,087)				413,125,229
CORPORATE BONDS & NOTES - 7.6%				
CONSUMER STAPLES - 0.2%				
Tobacco - 0.2%				
Alliance One International Inc., Secured Notes	9.875%	7/15/21	630,000	605,588
ENERGY - 3.6%				
Energy Equipment & Services - 0.1%				
Halliburton Co., Senior Notes	3.800%	11/15/25	200,000	200,053
Oil, Gas & Consumable Fuels - 3.5%				
Anadarko Petroleum Corp., Senior Notes	5.550%	3/15/26	110,000	118,467
Anadarko Petroleum Corp., Senior Notes	6.200%	3/15/40	1,330,000	1,506,465
Apache Corp., Senior Notes	2.625%	1/15/23	115,000	110,178
Apache Corp., Senior Notes	5.250%	2/1/42	440,000	451,568
Apache Corp., Senior Notes	4.250%	1/15/44	1,310,000	1,176,415
BP Capital Markets PLC, Senior Notes	3.119%	5/4/26	200,000	192,980
Exxon Mobil Corp., Senior Notes	3.043%	3/1/26	200,000	195,474

See Notes to Consolidated Schedule of Investments.

WESTERN ASSET INFLATION-LINKED INCOME FUND

Consolidated Schedule of investments (unaudited) (cont d)

August 31, 2018

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Oil, Gas & Consumable Fuels - (continued)				
KazTransGas JSC, Senior Notes	4.375%	9/26/27	2,000,000	\$ 1,907,010 ^(b)
MEG Energy Corp., Senior Notes	7.000%	3/31/24	80,000	73,000 ^(b)
Noble Energy Inc., Senior Notes	3.900%	11/15/24	200,000	198,432
Noble Energy Inc., Senior Notes	4.950%	8/15/47	1,590,000	1,560,274
Oasis Petroleum Inc., Senior Notes	6.875%	1/15/23	450,000	460,125
Occidental Petroleum Corp., Senior Notes	3.000%	2/15/27	810,000	776,051
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	7.850%	2/1/26	200,000	246,399
Whiting Petroleum Corp., Senior Notes	6.250%	4/1/23	2,000,000	2,065,000
Williams Cos. Inc., Senior Notes	5.750%	6/24/44	1,340,000	1,447,200
YPF Sociedad Anonima, Senior Notes	8.500%	7/28/25	800,000	715,000 ^(c)
<i>Total Oil, Gas & Consumable Fuels</i>				13,200,038
TOTAL ENERGY				13,400,091
FINANCIALS - 1.0%				
Banks - 0.7%				
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	2,440,000	2,650,474
Diversified Financial Services - 0.3%				
ILFC E-Capital Trust II, Senior Notes ((Highest of 3 mo. USD LIBOR, 10 year U.S. Treasury Constant Maturity Rate and 30 year U.S. Treasury Constant Maturity Rate) + 1.800%)	4.820%	12/21/65	1,010,000	924,150 ^{(b)(d)}
TOTAL FINANCIALS				3,574,624
HEALTH CARE - 1.4%				
Health Care Equipment & Supplies - 0.4%				
DJO Finance LLC/DJO Finance Corp., Secured Notes	8.125%	6/15/21	1,520,000	1,577,456 ^(b)
Pharmaceuticals - 1.0%				
Bausch Health Cos. Inc., Senior Notes	6.125%	4/15/25	2,380,000	2,222,325 ^(b)
Bausch Health Cos. Inc., Senior Notes	9.250%	4/1/26	1,280,000	1,360,998 ^(b)
<i>Total Pharmaceuticals</i>				3,583,323
TOTAL HEALTH CARE				5,160,779
MATERIALS - 1.4%				
Metals & Mining - 1.4%				
Alcoa Nederland Holding BV, Senior Notes	6.125%	5/15/28	720,000	745,200 ^(b)
Anglo American Capital PLC, Senior Notes	4.000%	9/11/27	800,000	739,056 ^(b)
ArcelorMittal, Senior Notes	6.125%	6/1/25	350,000	381,722
Barrick Gold Corp., Senior Notes	5.250%	4/1/42	200,000	208,001
Glencore Funding LLC, Senior Notes	4.000%	3/27/27	200,000	188,232 ^(b)

See Notes to Consolidated Schedule of Investments.

WESTERN ASSET INFLATION-LINKED INCOME FUND

Consolidated Schedule of investments (unaudited) (cont d)

August 31, 2018

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Metals & Mining - (continued)				
Glencore Funding LLC, Senior Notes	3.875%	10/27/27	800,000	\$ 746,988 ^(b)
Southern Copper Corp., Senior Notes	5.250%	 		