

WESTERN ASSET/CLAYMORE INFLATION-LINKED SECURITIES & INCOME FUND  
Form N-CSR  
January 30, 2017  
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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 811-21403**

**Western Asset/Claymore Inflation-Linked Securities & 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: November 30, 2016**

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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, 2016

WESTERN

ASSET/CLAYMORE

INFLATION-LINKED

SECURITIES & INCOME

FUND (WIA)

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

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The Fund's primary investment objective is to provide current income. Capital appreciation, when consistent with current income, is a secondary investment objective.

## Letter to shareholders

### Dear Shareholder,

We thank you for your investment in Western Asset/Claymore Inflation-Linked Securities & Income Fund. As investment adviser for the Fund, we are pleased to submit the Fund's annual shareholder report for the eleven-month reporting period ended November 30, 2016. In May 2016, the Board of Trustees approved changing the Fund's fiscal year end from December 31 to November 30<sup>th</sup>.

For the eleven-month period ended November 30, 2016, the Fund returned 4.28% based on its net asset value (NAV) and 9.61% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Bloomberg Barclays U.S. Government Inflation-Linked 1-10 Year Index<sup>ii</sup> and the Bloomberg Barclays U.S. Government Inflation-Linked All Maturities Index<sup>iii</sup>, returned 3.90% and 5.01%, respectively, for the same period. All Fund returns cited—whether based on NAV or market price—assume the reinvestment of all distributions. Past performance does not guarantee future results. The market price of the Fund's shares fluctuates from time to time, and it may be higher or lower than the Fund's NAV. Details of Fund fees and expenses appear elsewhere in this report.

The largest contributor to the Fund's absolute performance during the reporting period was its allocation to securitized products. In particular, the Fund's exposures to commercial mortgage-backed securities and non-agency mortgage-backed securities were beneficial for results as they generated positive returns given an overall risk-on environment.

The Fund's allocation to U.S. high-yield corporate bonds was also a strong contributor to performance. These securities generated weak results overall early in the period as commodity prices fell and there were concerns over increased defaults from commodity-related high-yield issuers. However, they subsequently rallied sharply as commodity prices improved and investor demand was robust. In particular, the Fund's exposure to high-yield energy companies was beneficial. Commodity funds, which were added toward the middle of the reporting period, performed well as oil bottomed in the spring of 2016. Finally, increasing the Fund's U.S. Treasury Inflation-Protected Securities (TIPS) exposure in March 2016 was beneficial as inflation-linked assets performed well as the reporting period progressed given expectations for improving growth and an uptick in inflation.

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The largest detractor from the Fund's absolute performance for the period was its interest rate risk exposure, or duration positioning. The Fund used its overall duration exposure as a diversifier to its credit and commodity exposures, as well as part of its inflation breakeven strategy<sup>vi</sup>. The Fund's duration exposure detracted from results as yields moved higher during the reporting period. However, this negative was largely offset by positive contributions from the Fund's TIPS exposure, particularly securities with 30-year maturities. Elsewhere, the Fund's active foreign exchange exposure was negative for performance, most notably its allocation to the Mexican peso.

Investment policy changes that broadened the range of securities in which the Fund can invest also affected performance during the reporting period. The additional latitudes were employed progressively throughout the period. The inclusion of the high yield latitude, along with commodity exposure in the Fund, were strong positive contributors to performance, while the enhanced foreign exchange latitude was a negative for the Fund. See below for more information on the changes.

As of November 30, 2016, the Fund's market price of \$11.23 per share represented a discount of 11.30% to its NAV of \$12.66 per share. In each month of the reporting period, the Fund provided its investors with a distribution of \$0.032 per share. The most recent distribution represents an annualized distribution rate of 3.42% based on the Fund's last closing market price of \$11.23 as of November 30, 2016. There is no guarantee of any future distributions or that the current returns and distribution rate will be maintained. Please see Note 1(r) on page 30 for more information on distributions for the period.

The Fund's investment objective is to provide current income. Capital appreciation, when consistent with current income, is a secondary objective. Under normal market conditions, the Fund will invest:

At least 80% of its total managed assets<sup>vii</sup> in inflation-linked securities

At least 60% of its total managed assets in TIPS

No more than 40% of its total managed assets in non-U.S. dollar investments, which gives the Fund the flexibility to invest up to 40% of its total managed assets in non-U.S. dollar inflation-linked securities (no more than 20% of its non-U.S. dollar exposure may be unhedged) On March 2, 2016, the Fund announced changes, effective immediately, to its non-fundamental investment guidelines and an authorization to enter into share repurchases, as approved by the Fund's Board of Trustees. The investment guideline changes broaden the range of securities in which the Fund can invest, while maintaining the overall strategy of investing at least 80% of total managed assets in inflation-linked securities. Under the changes, the Fund has the flexibility to:

Engage in currency strategies, using instruments such as currency forwards, futures and options, to take long and short foreign currency positions subject to a limit of exposure from such strategies to 40% of total managed assets. This capacity is in addition to the existing capacity to have 20% unhedged exposure to non-U.S. dollar currencies through the purchase of fixed income securities.

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## Letter to shareholders (cont'd)

Utilize commodity-related strategies for up to 10% of its total managed assets. Exposure to commodities is expected to be achieved through the use of a variety of instruments, such as futures contracts, options and other derivatives, or through investments in exchange-traded products that offer exposure to commodities. The Fund does not expect to hold physical commodities.

Invest in assets rated below investment grade at the time of purchase (or if unrated, assets of comparable quality as determined by management), with a limit of 10% of total managed assets.

Additionally, the Board of Trustees authorized management to repurchase in the open market up to approximately 10% of the Fund's outstanding common shares when the shares are trading at a discount to NAV and when such purchases could enhance shareholder value. The Fund is under no obligation to purchase shares at any specific discount levels or in any specific amounts. The Fund's repurchase activity will be disclosed in the shareholder report for the relevant fiscal period.

Each of the foregoing policies is a non-fundamental policy that may be changed without shareholder approval. The Fund has also adopted the following non-fundamental policy, which, to the extent required by applicable law, may only be changed after notice to shareholders: under normal market conditions, the Fund will invest at least 80% of its total managed assets in inflation-protected securities and non-inflation-protected securities and instruments with the potential to enhance the Fund's income. To the extent permitted by the foregoing policies, the Fund may invest in emerging market debt securities. Reverse repurchase agreements and other forms of leverage will not exceed 38% of the Fund's total managed assets. The Fund currently expects that the average effective duration<sup>viii</sup> of its portfolio will range between zero and fifteen years, although this target duration may change from time to time. The Fund may enter into credit default swap contracts, interest rate swap contracts and total return swap contracts for investment purposes, to manage its credit risk or to add leverage.

Shareholders have the opportunity to reinvest their dividends from the Fund through the Dividend Reinvestment Plan ( DRIP ), which is described in detail on page 49 of this report. In general, if shares are trading at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the monthly dividend distribution in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund's common shares is at a premium above NAV, the DRIP reinvests participants' dividends in newly-issued common shares at NAV, subject to an IRS limitation that the purchase price cannot be more than 5% below the market price per share. The DRIP provides a cost-effective means to accumulate additional shares.

We appreciate your investment and look forward to serving your investment needs in the future. For the most up-to-date information on your investment, please visit the Fund's website at [www.guggenheiminvestments.com/wia](http://www.guggenheiminvestments.com/wia).

Sincerely,

Western Asset Management Company

December 30, 2016



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- <sup>i</sup> 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.
- <sup>ii</sup> The Bloomberg Barclays U.S. Government Inflation-Linked 1-10 Year Index measures the performance of the intermediate U.S. TIPS market.
- <sup>iii</sup> The Bloomberg Barclays U.S. Government Inflation-Linked All Maturities Index measures the performance of the U.S. TIPS market. The Index includes TIPS with one or more years remaining maturity with total outstanding issue size of \$500 million or more.
- <sup>iv</sup> U.S. Treasury Inflation-Protected Securities ( TIPS ) are inflation-indexed securities issued by the U.S. Treasury in five-year, ten-year and thirty-year maturities. The principal is adjusted to the Consumer Price Index, the commonly used measure of inflation. The coupon rate is constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal.
- <sup>v</sup> 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.
- <sup>vi</sup> The breakeven rate refers to the difference between the yield on a nominal fixed-rate bond and the real yield on an inflation-linked bond, such as TIPS, of similar maturity and credit quality.
- <sup>vii</sup> Total managed assets equals the total assets of the Fund (including any assets attributable to leverage) minus accrued liabilities (other than liabilities representing leverage).
- <sup>viii</sup> Effective duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. Please note, duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. Funds that employ leverage calculate effective duration based off of net assets.

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## Investment commentary

### Economic review

The pace of U.S. economic activity fluctuated during the period from January 1, 2016 through November 30, 2016 (the reporting period). Looking back, the U.S. Department of Commerce reported that fourth quarter 2015 U.S. gross domestic product (GDP) growth was 0.9%. First and second quarter 2016 GDP growth was 0.8% and 1.4%, respectively. The U.S. Department of Commerce's final reading for third quarter 2016 GDP growth released after the reporting period ended was 3.5%. The improvement in GDP growth in the third quarter 2016 reflected an increase in private inventory investment, an acceleration in exports, smaller decreases in state and local government spending and an upturn in federal government spending.

While there was a pocket of weakness in May 2016, 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 November 30, 2016, the unemployment rate was 4.6%, as reported by the U.S. Department of Labor. This represented the lowest level since August 2007. The percentage of longer-term unemployed also declined over the period. In November 2016, 24.8% of Americans looking for a job had been out of work for more than six months, versus 26.9% when the period began.

After an extended period of maintaining the federal funds rate<sup>ii</sup> at a historically low range between zero and 0.25%, the Federal Reserve Board (the Fed<sup>ii</sup>) 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 every meeting prior to its meeting in mid-December 2016. On December 14, 2016, after the reporting period ended, the Fed raised rates to a range between 0.50% and 0.75%. In the Fed's statement after the December meeting it said, "The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data."

Inflation remained well contained during the reporting period. For the eleven months ended November 30, 2016 the seasonally unadjusted rate of inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U<sup>v</sup>), was 1.9%. The CPI-U less food and energy was 2.3% over the same time frame. U.S. Treasury Inflation-Protected Securities (TIPS) generated solid results during the reporting period, as the Bloomberg Barclays U.S. TIPS Index<sup>vi</sup> returned 4.79%.

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

Sincerely,

Western Asset Management Company

December 30, 2016

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

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- <sup>i</sup> Gross domestic product ( GDP ) is the market value of all final goods and services produced within a country in a given period of time.
  
- <sup>ii</sup> 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.
  
- <sup>iii</sup> 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.
  
- <sup>iv</sup> The Consumer Price Index for All Urban Consumers ( CPI-U ) is a measure of the average change in prices over time of goods and services purchased by households, which covers approximately 87% of the total population and includes, in addition to wage earners and clerical worker households, groups such as professional, managerial and technical workers, the self-employed, short-term workers, the unemployed and retirees and others not in the labor force.
  
- <sup>v</sup> U.S. Treasury Inflation-Protected Securities ( TIPS ) are inflation-indexed securities issued by the U.S. Treasury in five-year, ten-year and thirty-year maturities. The principal is adjusted to the Consumer Price Index, the commonly used measure of inflation. The coupon rate is constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal.
  
- <sup>vi</sup> The Bloomberg Barclays U.S. TIPS Index represents an unmanaged market index made up of U.S. Treasury Inflation-Linked Index securities.

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## Fund overview

### Q. What is the Fund's investment strategy?

A. The Fund's investment objective is to provide current income. Capital appreciation, when consistent with current income, is a secondary investment objective. Under normal market conditions and at the time of purchase, the Fund will invest at least 80% of its total managed assets<sup>i</sup> in inflation-linked securities and at least 60% of its total managed assets in U.S. Treasury Inflation Protected Securities (TIPS)<sup>ii</sup>. The Fund may also invest up to 40% of its total managed assets in non-U.S. dollar investments, which gives the Fund flexibility to invest up to 40% of its total managed assets in non-U.S. dollar inflation-linked securities (no more than 20% of its non-U.S. dollar exposure may be unhedged). The Fund currently expects that the average effective duration<sup>iii</sup> of its portfolio will range between zero and fifteen years, although this target duration may change from time to time. There can be no assurance that the Fund will achieve its investment objectives.

The Fund seeks to offer an inflation hedge through investments in global inflation-linked securities, and primarily in TIPS. The Fund also seeks to offer shareholders certain additional advantages through the ability to invest in other fixed-income asset classes, which may result in higher total returns and higher distribution rates. These asset classes include select investments in high-yield and investment-grade credit, emerging markets and structured products. On March 2, 2016, the Fund announced that it received authorization to include commodities and currency exposures to further enhance the Fund's ability to meet its primary objectives of providing shareholders with income.

At Western Asset Management Company (Western Asset), the Fund's investment adviser, 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 Asset organization.

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

A. After a weak start, partially driven by concerns over moderating growth in China, the spread sectors (non-Treasuries) generally rallied and posted positive returns over the eleven months ended November 30, 2016. The fixed income market was volatile at times given signs of generally modest economic growth, questions regarding future Federal Reserve Board (the Fed's) monetary policy, implications of the U.K.'s referendum to leave the European Union (Brexit) and a number of geopolitical issues. The November elections in the U.S. also caused volatility to increase given uncertainties regarding President-elect Trump's policies.

Both short- and long-term Treasury yields moved higher during the reporting period as a whole. Two-year Treasury yields began the reporting period at 0.94% and ended the period at 1.11%. Their peak of 1.12% occurred on both November 23 and November 25, 2016, and they were as low as 0.56% on July 5, 2016. Ten-year Treasury yields were 2.21% at the beginning of the

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period and ended the period at their peak of 2.37%. Their low of 1.37% occurred on both July 5 and July 8, 2016.

Inflation was well contained during the reporting period. For the eleven months ended November 30, 2016, the seasonally unadjusted rate of inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), was 1.9%. The CPI-U less food and energy was 2.3% over the same time frame. TIPS generated positive results for the reporting period, as the Bloomberg Barclays U.S. TIPS Index<sup>vi</sup> gained 4.79%. This was driven, in part, by expectations for improved growth and an increase in inflation under the new administration.

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

**A.** A number of adjustments were made to the Fund during the reporting period. We decreased the Fund's exposures to foreign inflation-protected securities (linkers) early in the period as we found them to offer less relative value than U.S. TIPS. We added to the Fund's exposure to commercial mortgage-backed securities (CMBS) and non-agency mortgage-backed securities (MBS). We rotated from our investment-grade corporate holdings to a mixture of high-yield and emerging market corporate bonds in order to generate incremental yield. Finally, we utilized the full extent of the new latitudes available for the Fund by adding exposure to commodity funds progressively throughout the second half of the reporting period.

The Fund employed U.S. Treasury futures and options, including options on futures, Eurodollar futures and options, and Euro-bund futures and options on Euro-bund futures, during the reporting period to manage its yield curve<sup>vii</sup> positioning and interest rate risk, or duration<sup>viii</sup>. The use of these instruments detracted from performance. Interest rate swaps and CPI index swaps, used to manage inflation-related exposure, were positive for performance. Finally, currency forwards and currency futures and options, which were used to manage the Fund's currency exposures, detracted from performance, largely due to the Fund's exposure to the Mexican peso. The peso performed poorly as interest rates in the U.S. moved higher, the U.S. dollar rallied and political risks increased.

Leverage was used to increase the Fund's credit bond exposure, which served to add yield to the Fund. We ended the reporting period with leverage as a percentage of gross assets of roughly 32% versus 30% when the period began. The use of leverage to purchase TIPS and high-yield corporate bonds, amongst others, generally contributed to performance, despite rising borrowing costs.

**Performance review**

For the eleven months ended November 30, 2016, Western Asset/Claymore Inflation-Linked Securities & Income Fund returned 4.28% based on its net asset value (NAV<sup>x</sup>) and 9.61% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Bloomberg Barclays U.S. Government Inflation-Linked 1-10 Year Index<sup>x</sup> and the Bloomberg Barclays U.S. Government Inflation-Linked All Maturities Index<sup>xi</sup>, returned 3.90% and 5.01%, respectively, for the same period. The Bloomberg Barclays World Government Inflation-Linked All Maturities Index<sup>xii</sup> and the Fund's Custom Benchmark<sup>xiii</sup> returned 3.17% and 5.01%, respectively, over the same time frame.

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During the eleven-month period, the Fund made distributions to shareholders totaling \$0.35 per share\*. The performance table shows the Fund's eleven-month total return based on its NAV and market price as of November 30, 2016. **Past performance is no guarantee of future results.**

**Performance Snapshot as of November 30, 2016**

Price Per Share	11-Month Total Return**
\$ 12.66 (NAV)	4.28%
\$ 11.23 (Market Price)	9.61%

**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.**

One of the distinguishing features of closed-end funds compared to other investment vehicles is the ability to trade at a premium or discount to NAV. Since the Fund is listed on the New York Stock Exchange, the share price may trade above (premium) or below (discount) its NAV. Whereas the NAV is reflective of the Fund's underlying investments, the share price is reflective of the overall supply and demand in the marketplace. Historically, the majority of closed-end funds have traded at a discount to NAV. In fact, during the fourth quarter of 2014, closed-end funds traded at some of the largest discounts since the financial crisis, with nearly 90% of all such funds trading below NAV. This Fund was no exception to the phenomenon. We believe the Fund's discount may be driven by a number of factors, including the overall closed-end fund market, current distribution rate and muted demand for inflation-linked investment products. While there are actions that may temporarily reduce the discount to NAV, which the Board of Trustees regularly evaluates, we believe that if investor demand for inflation-linked investments increased, that development, among other factors, may help reduce the Fund's share price discount to NAV over time. Western Asset continues to believe the Fund offers investors the opportunity for long-term inflation protection while providing a source of diversification for investors' fixed-income portfolios.

**Q. What were the leading contributors to performance?**

**A.** The largest contributor to the Fund's absolute performance during the reporting period was its allocation to securitized products. In particular, the Fund's exposures to non-agency MBS and CMBS were beneficial for results as they generated positive returns given an overall risk-on environment.

The Fund's allocation to U.S. high-yield corporate bonds was also a strong contributor to performance. These securities generated weak results overall early in the period as commodity prices fell and there were concerns over increased defaults from

\*For the tax character of distributions paid during the fiscal year ended November 30, 2016, please refer to page 39 of this report.

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commodity-related high-yield issuers. However, they subsequently rallied sharply as commodity prices improved and investor demand was robust. In particular, the Fund's exposure to high-yield energy companies was beneficial. Commodity funds, which were added toward the middle of the reporting period, performed well as oil bottomed in the spring of 2016. Finally, increasing the Fund's TIPS exposure in March 2016 was beneficial as inflation-linked assets performed well as the reporting period progressed given expectations for improving growth and an uptick in inflation.

**Q. What were the leading detractors from performance?**

**A.** The largest detractor from the Fund's absolute performance for the period was its interest rate risk exposure, or duration positioning. The Fund used its overall duration exposure as a diversifier to its credit and commodity exposures, as well as part of its inflation breakeven strategy<sup>xiv</sup>. The Fund's duration exposure detracted from results as yields moved higher during the reporting period. However, this negative was largely offset by positive contributions from the Fund's TIPS exposure, particularly securities with 30-year maturities. Elsewhere, the Fund's active foreign exchange exposure was negative for performance, most notably its allocation to the Mexican peso.

We appreciate your investment and look forward to serving your investment needs in the future. For the most up-to-date information on your investment, please visit the Fund's website at [www.guggenheiminvestments.com/wia](http://www.guggenheiminvestments.com/wia).

Sincerely,

Western Asset Management Company

December 20, 2016

***RISKS:** Bonds are subject to a variety of risks, including interest rate, credit and inflation risks. As interest rates rise, bond prices fall, reducing the value of a fixed-income investment's price. The Fund is subject to the additional risks associated with inflation protected securities, including liquidity risk, prepayment risk, extension risk and deflation risk. Investments in foreign companies, including emerging markets, involve risks beyond those inherent solely in domestic investments. Leverage may cause a fund to be more volatile than if the fund had not been leveraged, which may increase the risk of investment loss. Derivatives, such as options, futures, forwards and swaps, can be illiquid, create counterparty risk, may disproportionately increase losses, and may have a potentially large impact on fund performance. 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. International investments are subject to currency fluctuations, as well as social, economic and political risks. These risks are magnified in emerging markets.*

*Due to the investment policy changes described in this report, an investment in the Fund is now subject to the following additional risks. Lower grade securities, or equivalent unrated securities, which are commonly known as junk bonds, typically entail greater potential price volatility and may be less liquid than higher-rated securities. The Fund may have to apply a greater degree of judgment in establishing a price for lower grade securities for purposes of valuing fund shares. Changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of such securities to make principal and interest payments than is the case for*

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higher grade securities. Lower grade securities are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. These securities may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities. Lower grade and unrated securities are generally issued by less creditworthy issuers that may have a larger amount of outstanding debt relative to their assets than issuers of higher grade securities. In the event of an issuer's bankruptcy, claims of other creditors may have priority over the claims of lower grade security holders, leaving few or no assets available to repay lower grade security holders. The Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting issuer. Lower grade securities frequently have redemption features that permit an issuer to repurchase the security from the Fund before it matures. If the issuer redeems lower grade securities, the Fund may have to invest the proceeds in securities with lower yields and may lose income. Lower grade and unrated securities involve the risk that the Fund's investment manager may not accurately evaluate the security's comparative rating. Analysis of the creditworthiness of issuers of lower grade and unrated securities may be more complex than for issuers of higher-quality securities. To the extent that the Fund holds lower grade and/or unrated securities, the Fund's success in achieving its investment objectives may depend more heavily on the Fund's investment manager's credit analysis than if the Fund held exclusively higher-quality and rated securities. If changes in the currency exchange rates do not occur as anticipated, the Fund may lose money on currency transactions. The Fund's ability to use currency transactions successfully depends on a number of factors, including the currency transactions being available at prices that are not too costly, the availability of liquid markets and the ability of the Fund to accurately predict the direction of changes in currency exchange rates. Currency exchange rates may be volatile. Currency transactions are subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. The Fund may gain exposure to the commodities markets by investing a portion of its assets in a wholly-owned subsidiary, Western Asset/Claymore Inflation-Linked Securities & Income Fund CFC (the "Subsidiary"), organized under the laws of the Cayman Islands. The Fund and the Subsidiary are deemed "commodity pools" and the investment adviser is considered a "commodity pool operator" with respect to the Fund under the Commodity Exchange Act. The investment adviser, directly or through its affiliates, is therefore subject to dual regulation by the Securities and Exchange Commission (the "SEC") and the Commodity Futures Trading Commission (the "CFTC"). Due to recent regulatory changes, additional regulatory requirements may be imposed and additional expenses may be incurred by the Fund. The regulatory requirements governing the use of commodity futures (which include futures on broad-based securities indexes, interest rate futures and currency futures), options on commodity futures, certain swaps or certain other investments could change at any time. Investments by the Fund in commodity-linked derivatives may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivatives may be affected by changes in overall market movements, commodity index volatility, prolonged or intense speculation by investors, changes in interest rates or factors affecting a particular industry or commodity, such as drought, floods, other weather



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**Fund overview (cont d)**

*phenomena, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. By investing in the Subsidiary, the Fund is indirectly exposed to the risks associated with the Subsidiary's investments. The investments held by the Subsidiary are generally similar to those that are permitted to be held by the Fund and are subject to the same risks that apply to similar investments if held directly by the Fund. The Subsidiary is not registered as an investment company and is not subject to all of the investor protections of the Investment Company Act of 1940 (the 1940 Act). Changes in the laws of the United States and/or the Cayman Islands could adversely affect the Fund. For example, the Cayman Islands does not currently impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax on the Subsidiary. If Cayman Islands law changes such that the Subsidiary must pay Cayman Islands taxes, shareholders would likely suffer decreased investment returns. The Fund's exposure to commodities markets, including through the Subsidiary, may be limited by its intention to qualify as a regulated investment company for U.S. federal income tax purposes, and may interfere with its ability to qualify as such.*

Portfolio holdings and breakdowns are as of November 30, 2016 and are subject to change and may not be representative of the portfolio managers' current or future investments. Please refer to pages 10 through 14 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, 2016 were: U.S. Treasury Inflation Protected Securities (120.2%), Collateralized Mortgage Obligations (6.6%), Corporate Bonds & Notes (5.5%), Asset-Backed Securities (5.1%) and U.S. Government & Agency Obligations (2.5%). 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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- i Total managed assets equals the total assets of the Fund (including any assets attributable to leverage) minus accrued liabilities (other than liabilities representing leverage).
- ii U.S. Treasury Inflation-Protected Securities ( TIPS ) are inflation-indexed securities issued by the U.S. Treasury in five-year, ten-year and thirty-year maturities. The principal is adjusted to the Consumer Price Index, the commonly used measure of inflation. The coupon rate is constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal.
- iii Effective duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. Please note, duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. Funds that employ leverage calculate effective duration based off of Net Assets.
- iv The Federal Reserve Board ( Fed ) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- v The Consumer Price Index for All Urban Consumers ( CPI-U ) is a measure of the average change in prices over time of goods and services purchased by households, which covers approximately 87% of the total population and includes, in addition to wage earners and clerical worker households, groups such as professional, managerial and technical workers, the self-employed, short-term workers, the unemployed and retirees and others not in the labor force.
- vi The Bloomberg Barclays U.S. TIPS Index represents an unmanaged market index made up of U.S. Treasury Inflation-Linked Index securities.
- vii The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.
- viii 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.
- ix 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.
- x The Bloomberg Barclays U.S. Government Inflation-Linked 1-10 Year Index measures the performance of the intermediate U.S. TIPS market.
- xi The Bloomberg Barclays U.S. Government Inflation-Linked All Maturities Index measures the performance of the U.S. TIPS market. The Index includes TIPS with one or more years remaining maturity with total outstanding issue size of \$500 million or more.
- xii The Bloomberg Barclays World Government Inflation-Linked All Maturities Index measures the performance of the major government inflation-linked bond markets.

xiii

The Custom Benchmark is comprised of 90% Bloomberg Barclays U.S. Government Inflation-Linked All Maturities Index and 10% Bloomberg Barclays U.S. Credit Index. 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).

<sup>xiv</sup> The breakeven rate refers to the difference between the yield on a nominal fixed-rate bond and the real yield on an inflation-linked bond, such as TIPS, of similar maturity and credit quality.

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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, 2016 and December 31, 2015 and does not include derivatives such as forward foreign currency contracts, futures contracts, written options and swap 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, 2016

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. Government Inflation-Linked All Maturities Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage-Backed Securities
WIA	Western Asset/Claymore Inflation-Linked Securities & Income Fund

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## Effective duration (unaudited)

Interest rate exposure November 30, 2016

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. Government Inflation-Linked All Maturities Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage-Backed Securities
WIA	Western Asset/Claymore Inflation-Linked Securities & Income Fund

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**Table of Contents****Consolidated schedule of investments**

November 30, 2016

**Western Asset/Claymore Inflation-Linked Securities & Income Fund**

Security	Rate	Maturity Date	Face Amount	Value
<b>U.S. Treasury Inflation Protected Securities 120.2%</b>				
U.S. Treasury Bonds, Inflation Indexed	2.000%	1/15/26	\$ 498,683	\$ 564,818
U.S. Treasury Bonds, Inflation Indexed	1.750%	1/15/28	30,986,154	34,831,380
U.S. Treasury Bonds, Inflation Indexed	3.625%	4/15/28	149,257	197,710
U.S. Treasury Bonds, Inflation Indexed	2.500%	1/15/29	1,023,204	1,243,375
U.S. Treasury Bonds, Inflation Indexed	3.875%	4/15/29	6,431,942	8,865,834
U.S. Treasury Bonds, Inflation Indexed	2.125%	2/15/41	3,406,323	4,301,876
U.S. Treasury Bonds, Inflation Indexed	0.750%	2/15/42	3,215,794	3,090,738
U.S. Treasury Bonds, Inflation Indexed	0.625%	2/15/43	1,575,015	1,466,522
U.S. Treasury Bonds, Inflation Indexed	1.375%	2/15/44	942,605	1,043,675
U.S. Treasury Bonds, Inflation Indexed	0.750%	2/15/45	9,175,272	8,768,523
U.S. Treasury Bonds, Inflation Indexed	1.000%	2/15/46	11,665,718	11,935,569
U.S. Treasury Notes, Inflation Indexed	2.375%	1/15/17	79,007,280	79,227,394 <sup>(a)</sup>
U.S. Treasury Notes, Inflation Indexed	0.125%	4/15/18	25,001,500	25,172,560
U.S. Treasury Notes, Inflation Indexed	2.125%	1/15/19	416,028	439,317
U.S. Treasury Notes, Inflation Indexed	0.125%	4/15/19	7,211,750	7,286,687
U.S. Treasury Notes, Inflation Indexed	0.125%	4/15/20	26,988,177	27,231,259 <sup>(a)</sup>
U.S. Treasury Notes, Inflation Indexed	1.125%	1/15/21	34,618,991	36,275,060 <sup>(a)</sup>
U.S. Treasury Notes, Inflation Indexed	0.125%	4/15/21	20,646,414	20,750,451
U.S. Treasury Notes, Inflation Indexed	0.625%	7/15/21	14,042,121	14,498,673 <sup>(a)</sup>
U.S. Treasury Notes, Inflation Indexed	0.125%	1/15/22	18,217,528	18,253,052
U.S. Treasury Notes, Inflation Indexed	0.125%	7/15/22	10,445,212	10,481,530 <sup>(a)</sup>
U.S. Treasury Notes, Inflation Indexed	0.125%	1/15/23	25,310,054	25,151,284 <sup>(a)</sup>
U.S. Treasury Notes, Inflation Indexed	0.375%	7/15/23	4,522,846	4,571,932
U.S. Treasury Notes, Inflation Indexed	0.625%	1/15/24	14,298,448	14,579,427
U.S. Treasury Notes, Inflation Indexed	0.125%	7/15/24	1,159,027	1,140,755
U.S. Treasury Notes, Inflation Indexed	0.250%	1/15/25	3,964,805	3,908,655
U.S. Treasury Notes, Inflation Indexed	0.375%	7/15/25	6,107,940	6,094,209
U.S. Treasury Notes, Inflation Indexed	0.625%	1/15/26	71,494,513	72,499,154 <sup>(a)</sup>
<b>Total U.S. Treasury Inflation Protected Securities (Cost \$442,623,027)</b>				<b>443,871,419</b>
<b>Asset-Backed Securities 5.1%</b>				
Ameriquest Mortgage Securities Inc., 2005-R10 M5	1.164%	1/25/36	9,650,000	6,147,099 <sup>(b)</sup>
Conseco Financial Corp., 1997-8 A	6.780%	10/15/27	998,941	1,030,295
Countrywide Home Equity Loan Trust, 2005-C 2A	0.718%	7/15/35	1,165,766	1,047,849 <sup>(b)</sup>
Option One Mortgage Loan Trust, 2005-4 M3	1.024%	11/25/35	8,150,000	4,512,081 <sup>(b)</sup>
Residential Asset Mortgage Products Inc., 2004-RS8 MI1	5.680%	8/25/34	3,951,879	3,998,669
Saxon Asset Securities Trust, 2004-2 MV1	1.404%	8/25/35	2,432,266	2,141,467 <sup>(b)</sup>
<b>Total Asset-Backed Securities (Cost \$17,968,925)</b>				<b>18,877,460</b>

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated schedule of investments (cont d)**

November 30, 2016

**Western Asset/Claymore Inflation-Linked Securities & Income Fund**

Security	Rate	Maturity Date	Face Amount	Value
<b>Collateralized Mortgage Obligations 6.6%</b>				
Bear Stearns Adjustable Rate Mortgage Trust, 2004-9 24A1	3.646%	11/25/34	\$ 39,299	\$ 38,358 (b)
Bellemeade Re Ltd., 2016-1A M2B	7.034%	4/25/26	4,140,000	4,200,962 (b)(c)
Chase Mortgage Finance Corp., 2007-A1 2A3	3.088%	2/25/37	12,817	12,801 (b)
Credit Suisse Mortgage Trust, 2014-11R 09A2	0.674%	10/27/36	2,430,000	1,420,335 (b)(c)
Federal Home Loan Mortgage Corp. (FHLMC), 4057 UI, IO	3.000%	5/15/27	1,618,866	156,546
Federal Home Loan Mortgage Corp. (FHLMC), 4085, IO	3.000%	6/15/27	4,667,415	417,221
Federal Home Loan Mortgage Corp. (FHLMC), Multi-Family Structured Pass-Through Certificates, K721 X1, IO	0.458%	8/25/22	131,976,559	2,194,783 (b)
Federal National Mortgage Association (FNMA), 2014-M8 SA, IO	4.379%	5/25/18	27,652,154	287,032 (b)
Federal National Mortgage Association (FNMA) CAS,				
2016-C04 1M1	1.984%	1/25/29	1,373,144	1,377,003 (b)(c)
Government National Mortgage Association (GNMA), 2011-142 IO, IO	0.755%	9/16/46	6,705,757	185,287 (b)
Government National Mortgage Association (GNMA), 2012-044 IO, IO	0.614%	3/16/49	1,691,771	51,920 (b)
Government National Mortgage Association (GNMA), 2012-112 IO, IO	0.305%	2/16/53	2,164,340	60,473 (b)
Government National Mortgage Association (GNMA), 2012-152 IO, IO	0.754%	1/16/54	7,008,678	373,895 (b)
Government National Mortgage Association (GNMA), 2013-145 IO, IO	1.073%	9/16/44	3,040,777	168,412 (b)
Government National Mortgage Association (GNMA), 2014-047 IA, IO	0.872%	2/16/48	950,980	43,960 (b)
Government National Mortgage Association (GNMA), 2014-050 IO, IO	0.935%	9/16/55	2,964,179	172,028 (b)
Government National Mortgage Association (GNMA), 2014-169 IO, IO	1.034%	10/16/56	19,116,456	1,230,033 (b)
Government National Mortgage Association (GNMA), 2015-073 IO, IO	0.868%	11/16/55	4,097,562	257,089 (b)
Government National Mortgage Association (GNMA), 2015-101 IO, IO	0.965%	3/16/52	29,524,350	2,020,874 (b)
Government National Mortgage Association (GNMA), 2015-183 IO	0.994%	9/16/57	28,814,813	2,311,498 (b)
GSR Mortgage Loan Trust, 2004-11 1A1	3.268%	9/25/34	137,507	131,470 (b)
JPMorgan Mortgage Trust, 2006-A2 5A1	2.971%	11/25/33	4,804	4,900 (b)
Merrill Lynch Mortgage Investors Trust, 2004-A1 2A1	2.896%	2/25/34	14,487	14,529 (b)
Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C20 D	3.071%	2/15/48	2,970,000	2,085,492 (c)
Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C22 D	4.384%	4/15/48	2,600,000	2,009,513 (b)(c)
Mortgage IT Trust, 2005-1 2M1	1.783%	2/25/35	1,043,366	957,115 (b)
Nomura Resecuritization Trust, 2015-4R 2A2	0.674%	10/26/36	2,641,504	1,427,733 (b)(c)

See Notes to Consolidated Financial Statements.



**Table of Contents****Western Asset/Claymore Inflation-Linked Securities & Income Fund**

Security	Rate	Maturity Date	Face Amount	Value
<b>Collateralized Mortgage Obligations continued</b>				
Residential Asset Mortgage Products Inc., 2004-SL4 A5	7.500%	7/25/32	\$ 69,171	\$ 60,612
Sequoia Mortgage Trust, 2003-8 A1	1.202%	1/20/34	13,406	12,735 <sup>(b)</sup>
Washington Mutual Inc., Mortgage Pass-Through Certificates, 2003-AR8 A	2.694%	8/25/33	529,123	534,138 <sup>(b)</sup>
Washington Mutual Inc., MSC Pass-Through Certificates, 2004-RA1 2A	7.000%	3/25/34	11,936	12,966
<b>Total Collateralized Mortgage Obligations (Cost \$26,412,729)</b>				<b>24,231,713</b>
<b>Corporate Bonds &amp; Notes 5.5%</b>				
<b>Consumer Staples 0.4%</b>				
<i>Tobacco 0.4%</i>				
Alliance One International Inc., Secured Notes	9.875%	7/15/21	1,840,000	<b>1,531,800</b>
<b>Energy 1.8%</b>				
<i>Oil, Gas &amp; Consumable Fuels 1.8%</i>				
Oasis Petroleum Inc., Senior Notes	6.500%	11/1/21	2,400,000	2,424,000
Oasis Petroleum Inc., Senior Notes	6.875%	1/15/23	450,000	461,250
Occidental Petroleum Corp., Senior Notes	3.000%	2/15/27	610,000	589,388
Whiting Petroleum Corp., Senior Notes	6.250%	4/1/23	2,000,000	1,952,500
Williams Cos. Inc., Senior Notes	5.750%	6/24/44	1,340,000	1,266,300
<b>Total Energy</b>				<b>6,693,438</b>
<b>Financials 1.0%</b>				
<i>Banks 0.7%</i>				
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	2,440,000	2,678,510
<i>Diversified Financial Services 0.3%</i>				
ILFC E-Capital Trust II, Bonds	4.250%	12/21/65	1,350,000	1,107,000 <sup>(b)(c)</sup>
<b>Total Financials</b>				<b>3,785,510</b>
<b>Health Care 0.9%</b>				
<i>Health Care Equipment &amp; Supplies 0.4%</i>				
DJO Finco Inc./DJO Finance LLC/DJO Finance Corp., Secured Notes	8.125%	6/15/21	1,520,000	1,326,200 <sup>(c)</sup>
<i>Health Care Providers &amp; Services 0.1%</i>				
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	420,000	367,500
<i>Pharmaceuticals 0.4%</i>				
Valeant Pharmaceuticals International Inc., Senior Notes	6.125%	4/15/25	2,160,000	1,598,400 <sup>(c)</sup>
<b>Total Health Care</b>				<b>3,292,100</b>
<b>Information Technology 0.5%</b>				
<i>Electronic Equipment, Instruments &amp; Components 0.5%</i>				
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	1,750,000	<b>1,736,875</b>

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated schedule of investments (cont d)**

November 30, 2016

**Western Asset/Claymore Inflation-Linked Securities & Income Fund**

Security	Rate	Maturity Date	Face Amount	Value
<b>Materials 0.4%</b>				
<i>Metals &amp; Mining 0.4%</i>				
Southern Copper Corp., Senior Notes	5.250%	11/8/42	\$ 1,670,000	\$ 1,516,699
<b>Telecommunication Services 0.5%</b>				
<i>Wireless Telecommunication Services 0.5%</i>				
Digicel Group Ltd., Senior Notes	8.250%	9/30/20	2,060,000	1,725,250 <sup>(d)</sup>
<b>Total Corporate Bonds &amp; Notes (Cost \$19,787,247)</b>				<b>20,281,672</b>
<b>Sovereign Bonds 0.6%</b>				
<i>Ecuador 0.6%</i>				
Republic of Ecuador, Senior Bonds	10.500%	3/24/20	1,520,000	1,588,400 <sup>(c)</sup>
Republic of Ecuador, Senior Bonds	7.950%	6/20/24	520,000	478,400 <sup>(d)</sup>
<b>Total Sovereign Bonds (Cost \$1,882,972)</b>				<b>2,066,800</b>
<b>U.S. Government &amp; Agency Obligations 2.5%</b>				
<i>U.S. Government Obligations 2.5%</i>				
U.S. Treasury Bonds	2.500%	5/15/46	4,050,000	3,624,434
U.S. Treasury Notes	1.125%	8/31/21	5,790,000	5,603,863
<b>Total U.S. Government &amp; Agency Obligations (Cost \$10,127,802)</b>				<b>9,228,297</b>
<b>Total Investments before Short-Term Investments (Cost \$518,802,702)</b>				<b>518,557,361</b>
<b>Short-Term Investments 3.9%</b>				
<i>Repurchase Agreements 1.3%</i>				
Deutsche Bank Securities Inc. repurchase agreement dated 11/30/16; Proceeds at maturity \$5,000,035; (Fully collateralized by U.S. government obligations, 0.125% due 4/15/19; Market Value \$5,100,000) (Cost \$5,000,000)	0.250%	12/1/16	5,000,000	5,000,000
			Shares	
<i>Money Market Funds 2.6%</i>				
State Street Institutional U.S. Government Money Market Fund, Premier Class (Cost \$9,471,898)	0.284%		9,471,898	9,471,898
<b>Total Short-Term Investments (Cost \$14,471,898)</b>				<b>14,471,898</b>
<b>Total Investments 144.4% (Cost \$533,274,600#)</b>				<b>533,029,259</b>
Liabilities in Excess of Other Assets (44.4)%				(163,901,388)
<b>Total Net Assets 100.0%</b>				<b>\$ 369,127,871</b>

(a) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.

(b) Variable rate security. Interest rate disclosed is as of the most recent information available.

(c) 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 Trustees, unless otherwise noted.

See Notes to Consolidated Financial Statements.



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**Western Asset/Claymore Inflation-Linked Securities & Income Fund**

(d) Security is exempt from registration under Regulation S of the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. This security has been deemed liquid pursuant to guidelines approved by the Board of Trustees, unless otherwise noted.

# Aggregate cost for federal income tax purposes is \$533,717,233.

**Abbreviation used in this schedule:**

IO Interest Only

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated statement of assets and liabilities**

November 30, 2016

<b>Assets:</b>	
Investments, at value (Cost \$533,274,600)	\$ 533,029,259
Foreign currency, at value (Cost \$4,525)	4,339
Cash	4,226,616
Deposits with brokers for open futures contracts	3,195,146
Interest receivable	2,203,966
Receivable from broker variation margin on open futures contracts	974,962
Unrealized appreciation on forward foreign currency contracts	675,634
Receivable for securities sold	531,560
Foreign currency collateral for open futures contracts, at value (Cost \$132,009)	129,599
OTC swaps, at value	75,739
Deposits with brokers for centrally cleared swap contracts	4,857
Prepaid expenses	12,905
<b>Total Assets</b>	<b>545,064,582</b>
<b>Liabilities:</b>	
Payable for open reverse repurchase agreements (Note 3)	173,546,650
Unrealized depreciation on forward foreign currency contracts	1,439,041
Payable for securities purchased	460,648
Investment management fee payable	179,167
Service agent fees payable	67,188
Interest payable	41,181
Administration fee payable	18,443
Trustees fees payable	16,834
Accrued expenses	167,559
<b>Total Liabilities</b>	<b>175,936,711</b>
<b>Total Net Assets</b>	<b>\$ 369,127,871</b>
<b>Net Assets:</b>	
Common shares, no par value, unlimited number of shares authorized, 29,152,820 shares issued and outstanding	381,174,996
Undistributed net investment income	526,268
Accumulated net realized loss on investments, futures contracts, written options and foreign currency transactions	(13,010,998)
Net unrealized appreciation on investments, futures contracts, swap contracts and foreign currencies	437,605
<b>Total Net Assets</b>	<b>\$ 369,127,871</b>
<b>Shares Outstanding</b>	<b>29,152,820</b>
<b>Net Asset Value</b>	<b>\$12.66</b>

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated statements of operations**

For the Period Ended November 30, 2016 and the Year Ended December 31, 2015

	2016 <sup>1</sup>	2015
<b>Investment Income:</b>		
<i>Interest</i>	<b>\$ 12,475,843</b>	<b>\$ 6,071,662</b>
<b>Expenses:</b>		
Investment management fee (Note 2)	2,001,049	2,143,180
Interest expense (Note 3)	1,028,271	480,763
Servicing agent fees (Note 2)	750,393	803,693
Administration fees (Note 2)	206,712	225,000
Legal fees	191,820	96,709
Trustees fees	94,969	128,497
Transfer agent fees	83,597	85,586
Audit and tax fees	45,736	39,568
Fund accounting fees	41,671	47,706
Shareholder reports	32,262	27,567
Stock exchange listing fees	25,930	27,318
Organization costs (Note 1)	19,272	
Custody fees	10,170	43,593
Insurance	7,386	8,491
Miscellaneous expenses	6,262	6,031
<i>Total Expenses</i>	<b>4,545,500</b>	<b>4,163,702</b>
<b>Net Investment Income</b>	<b>7,930,343</b>	<b>1,907,960</b>
<b>Realized and Unrealized Gain (Loss) on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):</b>		
<b>Net Realized Gain (Loss) From:</b>		
Investment transactions	3,902,650	(19,076,761)
Futures contracts	(8,649,358)	(4,478,595)
Written options	2,775,703	6,998,655
Swap contracts		(1,596,297)
Foreign currency transactions	(617,409)	7,943,097
<i>Net Realized Loss</i>	<b>(2,588,414)</b>	<b>(10,209,901)</b>
<b>Change in Net Unrealized Appreciation (Depreciation) From:</b>		
Investments	9,664,656	(542,987)
Futures contracts	1,310,891	(324,272)
Written options	2,023	(2,023)
Swap contracts	537,449	(18,327)
Foreign currencies	(872,543)	(2,272,335)
<i>Change in Net Unrealized Appreciation (Depreciation)</i>	<b>10,642,476</b>	<b>(3,159,944)</b>
<b>Net Gain (Loss) on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions</b>	<b>8,054,062</b>	<b>(13,369,845)</b>
<b>Increase (Decrease) in Net Assets From Operations</b>	<b>\$ 15,984,405</b>	<b>\$ (11,461,885)</b>

<sup>1</sup> For the period January 1, 2016 through November 30, 2016.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated statements of changes in net assets**For the Period Ended November 30, 2016  
and the Years Ended December 31,

	2016 <sup>1</sup>	2015	2014
<b>Operations:</b>			
Net investment income	\$ 7,930,343	\$ 1,907,960	\$ 8,542,448
Net realized loss	(2,588,414)	(10,209,901)	(1,920,230)
Change in net unrealized appreciation (depreciation)	10,642,476	(3,159,944)	7,535,365
<i>Increase (Decrease) in Net Assets From Operations</i>	<i>15,984,405</i>	<i>(11,461,885)</i>	<i>14,157,583</i>
<b>Distributions to Shareholders From (Note 1):</b>			
Net investment income	(6,625,526)	(2,525,627)	(10,151,561)
Net realized gains		(47,745)	(1,976,012)
Return of capital	(3,636,267)	(7,688,421)	
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(10,261,793)</i>	<i>(10,261,793)</i>	<i>(12,127,573)</i>
<i>Increase (Decrease) in Net Assets</i>	<i>5,722,612</i>	<i>(21,723,678)</i>	<i>2,030,010</i>
<b>Net Assets:</b>			
Beginning of period	363,405,259	385,128,937	383,098,927
<b>End of period*</b>	<b>\$ 369,127,871</b>	<b>\$ 363,405,259</b>	<b>\$ 385,128,937</b>
*Includes undistributed (overdistributed) net investment income, respectively, of:	\$526,268	\$(1,398,943)	\$(749,279)

<sup>1</sup> For the period January 1, 2016 through November 30, 2016.

See Notes to Consolidated Financial Statements.

**Table of Contents****Consolidated statements of cash flows**

For the Period Ended November 30, 2016

**Increase (Decrease) in Cash:****Cash Provided (Used) by Operating Activities:**

Net increase in net assets resulting from operations	\$ 15,984,405
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided (used) by operating activities:	
Purchases of portfolio securities	(439,671,382)
Sales of portfolio securities	450,682,975
Net purchases, sales and maturities of short-term investments	(14,340,134)
Realized loss on purchased options	(1,742,404)
Net amortization of premium (accretion of discount)	4,370,564
Net inflation adjustment	(6,325,030)
Increase in receivable for securities sold	(531,560)
Decrease in interest receivable	563,588
Increase in receivable from broker variation margin on open futures contracts	(673,617)
Increase in prepaid expenses	(2,942)
Increase in deposits with brokers for open futures contracts	(1,774,795)
Decrease in deposits with brokers for written options	241,727
Decrease in foreign currency collateral for open futures contracts	349,133
Decrease in deposits with brokers for OTC swap contracts	600,000
Decrease in deposits with brokers for reverse repurchase agreements	1,464,000
Increase in payable for securities purchased	460,648
Increase in investment management fee payable	2,444
Decrease in Trustees fees payable	(8,416)
Increase in service agent fees payable	917
Decrease in administration fee payable	(667)
Decrease in interest payable	(77,221)
Increase in accrued expenses	69,931
Decrease in premiums received from written options	(207,977)
Net realized gain on investments	(3,902,650)
Change in net unrealized appreciation (depreciation) of investments, written options, OTC swap contracts and forward foreign currency transactions	(9,339,827)
<b>Net Cash Used in Operating Activities*</b>	<b>(3,808,290)</b>
<b>Cash Flows From Financing Activities:</b>	
Distributions paid on common stock	(10,261,793)
Increase in payable for reverse repurchase agreements	17,913,525
Decrease in due to custodian	(136)
<b>Net Cash Provided by Financing Activities</b>	<b>7,651,596</b>
<b>Net Increase in Cash</b>	<b>3,843,306</b>
Cash at Beginning of Period	387,649
Cash at End of Period	\$ 4,230,955

\* Included in operating expenses is cash of \$1,105,492 paid for interest on borrowings.  
For the period January 1, 2016 through November 30, 2016.

See Notes to Consolidated Financial Statements.



**Table of Contents****Consolidated statements of cash flows (cont d)**

For the Year Ended December 31, 2015

**Increase (Decrease) in Cash:****Cash Provided (Used) by Operating Activities:**

Net decrease in net assets resulting from operations	\$ (11,461,885)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided (used) by operating activities:	
Purchases of portfolio securities	(340,376,027)
Sales of portfolio securities	279,047,229
Net purchases, sales and maturities of short-term investments	34,176,012
Realized loss on purchased options	(3,427,711)
Decrease in premiums paid for purchased options	446,620
Net amortization of premium (accretion of discount)	4,865,994
Decrease in interest receivable	384,559
Increase in receivable from broker variation margin on open futures contracts	(268,998)
Increase in prepaid expenses	(23)
Increase in deposits with brokers for open futures contracts	(1,029,298)
Increase in deposits with brokers for written options	(241,727)
Decrease in deposits with brokers for purchased options	184,905
Increase in foreign currency collateral for open futures contracts	(326,264)
Increase in deposits with brokers for OTC swap contracts	(600,000)
Increase in deposits with brokers for open reverse repurchase agreements	(549,000)
Decrease in deposits with brokers for centrally cleared swap contracts	1,092,281
Decrease in investment management fee payable	(465)
Increase in Trustees fees payable	25,250
Decrease in service agent fees payable	(175)
Increase in interest payable	38,127
Increase in accrued expenses	1,318
Increase in premiums received from written options	207,977
Decrease in payable to broker variation margin on open centrally cleared swap contracts	(18,217)
Net realized loss on investments	19,076,761
Change in net unrealized appreciation/depreciation of investments, written options, OTC swap contracts and forward foreign currency transactions	4,720,436
<b>Net Cash Used in Operating Activities*</b>	<b>(14,032,321)</b>
<b>Cash Flows from Financing Activities:</b>	
Distributions paid on common stock	(11,194,683)
Increase in payable for reverse repurchase agreements	22,486,224
Increase in due to custodian	136
<b>Net Cash Provided by Financing Activities</b>	<b>11,291,677</b>
<b>Net Decrease in Cash</b>	<b>(2,740,644)</b>
Cash at Beginning of Year	3,128,293
Cash at End of Year	\$ 387,649

\* Included in operating expenses is cash of \$442,636 paid for interest fees on borrowings.

[See Notes to Consolidated Financial Statements.](#)

**Table of Contents****Consolidated financial highlights**

For a share of common stock outstanding throughout each year ended November 30, unless otherwise noted:

	2016 <sup>1,2</sup>	2015 <sup>1,3</sup>	2014 <sup>1,3</sup>	2013 <sup>1,3</sup>	2012 <sup>1,3</sup>	2011 <sup>1,3</sup>
Net asset value, beginning of period	\$12.47	\$13.21	\$13.14	\$14.73	\$14.14	\$13.15
<b>Income (loss) from operations:</b>						
Net investment income	0.27	0.07	0.29	0.10	0.26	0.52
Net realized and unrealized gain (loss)	0.27	(0.46)	0.20	(1.31)	0.68	0.97
<i>Total income (loss) from operations</i>	<i>0.54</i>	<i>(0.39)</i>	<i>0.49</i>	<i>(1.21)</i>	<i>0.94</i>	<i>1.49</i>
<b>Less distributions from:</b>						
Net investment income	(0.23)	(0.09)	(0.35)	(0.11)	(0.35)	(0.50)
Net realized gains		(0.00) <sup>4</sup>	(0.07)	(0.27)		
Return of capital	(0.12)	(0.26)				
<i>Total distributions</i>	<i>(0.35)</i>	<i>(0.35)</i>	<i>(0.42)</i>	<i>(0.38)</i>	<i>(0.35)</i>	<i>(0.50)</i>
Net asset value, end of period	\$12.66	\$12.47	\$13.21	\$13.14	\$14.73	\$14.14
Market price, end of period	\$11.23	\$10.57	\$11.60	\$11.42	\$13.11	\$12.64
<i>Total return, based on NAV<sup>5,6</sup></i>	<i>4.28%</i>	<i>(3.00)%</i>	<i>3.68%</i>	<i>(8.29)%</i>	<i>6.72%</i>	<i>11.53%</i>
<i>Total return, based on Market Price<sup>7</sup></i>	<i>9.61%</i>	<i>(5.95)%</i>	<i>5.20%</i>	<i>(10.15)%</i>	<i>6.54%</i>	<i>2.54%</i>
Net assets, end of period (000s)	\$369,128	\$363,405	\$385,129	\$383,099	\$429,552	\$412,174
<b>Ratios to average net assets:</b>						
Gross expenses	1.33% <sup>8</sup>	1.10%	0.89%	0.74%	0.70%	0.68%
Net expenses	1.33 <sup>8</sup>	1.10	0.89	0.74	0.70	0.68
Net investment income	2.33 <sup>8</sup>	0.50	2.17	0.72	1.79	3.79
<b>Portfolio turnover rate</b>	<b>88%</b>	<b>59%</b>	<b>30%</b>	<b>65%</b>	<b>73%</b>	<b>58%</b>

<sup>1</sup> Per share amounts have been calculated using the average shares method.

<sup>2</sup> For the period January 1, 2016 through November 30, 2016.

<sup>3</sup> For the year ended December 31.

<sup>4</sup> Amount represents less than \$0.005 per share.

<sup>5</sup> 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. Total returns for periods of less than one year are not annualized.

<sup>6</sup> The total return calculation assumes that distributions are reinvested at NAV. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

<sup>7</sup> 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. Total returns for periods of less than one year are not annualized.

<sup>8</sup> Annualized.

[See Notes to Consolidated Financial Statements.](#)

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## Notes to consolidated financial statements

### 1. Organization and significant accounting policies

Western Asset/Claymore Inflation-Linked Securities & Income Fund (the Fund) is registered under the Investment Company Act of 1940, as amended (1940 Act), as a diversified, closed-end management investment company. The Fund commenced operations on September 26, 2003. At a meeting held in May 2016, the Fund's Board of Trustees approved changing the Fund's fiscal year-end from December 31st to November 30th. This change resulted in a short-period annual report for the eleven-month period from January 1, 2016 through November 30, 2016.

The Fund's primary investment objective is to provide current income for its shareholders. Capital appreciation, when consistent with current income, is a secondary investment objective.

On March 2, 2016, the Fund announced that the Board of Trustees had approved changes to the Fund's investment guidelines. The changes broaden the range of securities in which the Fund can invest, while maintaining the overall strategy of investing at least 80 percent of total managed assets in inflation-linked securities. Under the announced changes, the Fund will have the flexibility to:

Engage in currency strategies, using instruments such as currency forwards, futures and options, to take long and short foreign currency positions subject to a limit of exposure from such strategies to 40 percent of total managed assets. This capacity is in addition to the existing capacity to have unhedged exposure to non-U.S. dollar currencies through the purchase of fixed income securities of up to 20 percent.

Utilize commodity-related strategies for up to 10 percent of its total managed assets. Exposure to commodities is expected to be achieved through the use of a variety of instruments, such as futures contracts, options and other derivatives, or through investments in exchange-traded products that offer exposure to commodities. The Fund does not expect to hold physical commodities.

Invest in assets rated below investment grade at the time of purchase (or if unrated, assets of comparable quality as determined by management), with a limit of 10 percent of total managed assets.

The Fund may gain exposure to the commodities markets by investing a portion of its assets in a wholly-owned subsidiary, Western Asset/Claymore Inflation-Linked Securities & Income Fund CFC (the Subsidiary), organized under the laws of the Cayman Islands. Among other investments, the Subsidiary may invest in commodity-linked instruments. These financial statements are consolidated financial statements of the Fund and the Subsidiary.

Holdings specific to the Subsidiary are footnoted within the Consolidated Schedule of Investments and Note 3, as applicable. The Fund's Consolidated Statement of Assets and Liabilities, Consolidated Statements of Operations and Consolidated Statements of Changes in Net Assets include the account balances of both the Fund and the Subsidiary. The Fund may invest up to 25% of its total assets in the Subsidiary. The net assets of the Subsidiary

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were \$6,368,178 as of November 30, 2016, which represented 2% of the Fund's consolidated net assets. The results from operations of the Subsidiary for the period ended November 30, 2016 were as follows:

Net investment income	
Net realized loss	\$ (1,169,068)
Net increase in unrealized appreciation	1,287,246
<b>Net increase in net assets resulting from operations</b>	<b>\$ 118,178</b>

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 consolidated 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 security is principally traded, but before the Fund calculates its net asset value, the Fund value