

WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Form N-Q

April 15, 2015

**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 **811-06629**

**Western Asset Managed Municipals Fund Inc.**

(Exact name of registrant as specified in charter)

**620 Eighth Avenue, 49th Floor, New York, NY 10018**

(Address of principal executive offices) (Zip code)

**Robert I. Frenkel, Esq.**

**Legg Mason & Co., LLC**

**100 First Stamford Place**

**Stamford, CT 06902**

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-(888) 777-0102

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

Date of reporting period: **February 28, 2015**

**ITEM 1. SCHEDULE OF INVESTMENTS.**

**WESTERN ASSET MANAGED MUNICIPALS FUND INC.**

FORM N-Q

FEBRUARY 28, 2015

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

## Schedule of investments (unaudited)

February 28, 2015

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT  | VALUE                        |
|---|--------|---------------|--------------|------------------------------|
| <b>MUNICIPAL BONDS - 136.0%</b>   |        |               |              |                              |
| <b>Alabama - 4.5%</b>   |        |               |              |                              |
| Jefferson County, AL, Sewer Revenue   | 6.000% | 10/1/42       | \$ 9,230,000 | \$ 10,293,942                |
| Jefferson County, AL, Sewer Revenue:<br>AGM   | 5.500% | 10/1/53       | 1,400,000    | 1,560,230                    |
| Convertible CAB, Subordinated Lien  | 0.000% | 10/1/50       | 11,580,000   | 7,428,338 <sup>(a)</sup>     |
| Subordinated Lien Warrants  | 6.500% | 10/1/53       | 6,900,000    | 8,010,348                    |
| <i>Total Alabama</i>  |        |               |              | 27,292,858                   |
| <b>Arizona - 4.9%</b>   |        |               |              |                              |
| Greater Arizona Development Authority, Development<br>Authority Infrastructure Revenue, Pinal County Road |        |               |              |                              |
| Project, NATL   | 5.000% | 8/1/19        | 3,705,000    | 3,946,825 <sup>(b)</sup>     |
| Phoenix, AZ, Civic Improvement Corp. Airport Revenue  | 5.000% | 7/1/40        | 5,000,000    | 5,437,200                    |
| Salt Verde, AZ, Financial Corp. Gas Revenue   | 5.000% | 12/1/32       | 10,000,000   | 11,537,900                   |
| Salt Verde, AZ, Financial Corp. Gas Revenue   | 5.000% | 12/1/37       | 5,500,000    | 6,361,025                    |
| Salt Verde, AZ, Financial Corp. Senior Gas Revenue  | 5.250% | 12/1/28       | 2,000,000    | 2,398,520                    |
| <i>Total Arizona</i>  |        |               |              | 29,681,470                   |
| <b>California - 21.7%</b>   |        |               |              |                              |
| Anaheim, CA, Public Financing Authority Lease Revenue   | 5.000% | 5/1/46        | 2,000,000    | 2,243,240                    |
| Bay Area Toll Authority, CA, Toll Bridge Revenue:<br>San Francisco Bay Area                               | 1.120% | 4/1/24        | 7,000,000    | 7,146,440 <sup>(a)(c)</sup>  |
| San Francisco Bay Area  | 5.125% | 4/1/39        | 21,700,000   | 25,293,737 <sup>(b)</sup>    |
| California Health Facilities Financing Authority Revenue,<br>Stanford Hospital & Clinics                  | 5.150% | 11/15/40      | 2,000,000    | 2,293,460                    |
| California Housing Finance Agency Revenue, Home Mortgage  | 4.700% | 8/1/24        | 2,110,000    | 2,139,899 <sup>(d)</sup>     |
| California State PCFA, Water Furnishing Revenue   | 5.000% | 11/21/45      | 12,500,000   | 13,517,000 <sup>(d)(e)</sup> |
| California State PCFA, Water Furnishing Revenue   | 5.000% | 11/21/45      | 5,000,000    | 5,213,600 <sup>(e)</sup>     |
| California State, GO  | 0.817% | 12/1/17       | 4,000,000    | 4,041,920 <sup>(a)(c)</sup>  |
| California Statewide CDA Revenue, Methodist Hospital  |        |               |              |                              |
| Project, FHA  | 6.625% | 8/1/29        | 5,235,000    | 6,335,397                    |
| California Statewide CDA, Student Housing Revenue,<br>Provident Group-Pomona Properties LLC               | 5.750% | 1/15/45       | 1,770,000    | 1,764,849                    |
| Imperial Irrigation District, CA, Electric Revenue  | 5.500% | 11/1/41       | 2,750,000    | 3,272,170                    |
| Inland Valley, CA, Development Agency, Successor Agency<br>Tax Allocation Revenue                         | 5.000% | 9/1/44        | 2,405,000    | 2,663,634                    |
| Los Angeles County, CA, Public Works Financing Authority,<br>Lease Revenue:                               |        |               |              |                              |

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|  |        |         |           |            |
|--|--------|---------|-----------|------------|
| Multiple Capital Project II  | 5.000% | 8/1/32  | 3,000,000 | 3,419,340  |
| Multiple Capital Project II<br>Los Angeles, CA, Convention & Exhibition Center Authority,              | 5.000% | 8/1/37  | 2,750,000 | 3,089,542  |
| Lease Revenue  | 5.125% | 8/15/22 | 8,000,000 | 9,057,200  |
| M-S-R Energy Authority, CA, Gas Revenue  | 7.000% | 11/1/34 | 3,430,000 | 4,934,055  |
| M-S-R Energy Authority, CA, Gas Revenue  | 6.500% | 11/1/39 | 9,000,000 | 12,453,210 |
| Modesto, CA, Irrigation District, COP, Capital Improvements  | 6.000% | 10/1/39 | 6,500,000 | 7,556,770  |
| River Islands, CA, Public Financing Authority Special Tax, Community<br>Facilities District No. 2003-1 | 5.500% | 9/1/45  | 2,000,000 | 2,037,000  |
| Riverside County, CA, Transportation Commission Sales Tax Revenue,<br>Limited Tax                      | 5.250% | 6/1/39  | 900,000   | 1,053,297  |
| Riverside County, CA, Transportation Commission Toll Revenue:<br>Senior Lien                           | 5.750% | 6/1/44  | 200,000   | 231,964    |

See Notes to Schedule of Investments.

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

## Schedule of investments (unaudited) (cont d)

February 28, 2015

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                        |
|---|--------|---------------|-------------|------------------------------|
| <b>California - (continued)</b>   |        |               |             |                              |
| Senior Lien   | 5.750% | 6/1/48        | \$ 600,000  | \$ 693,570                   |
| San Bernardino County, CA, COP, Arrowhead Project   | 5.125% | 8/1/24        | 5,185,000   | 5,900,582                    |
| Shafter Wasco Irrigation District Revenue, CA, COP  | 5.000% | 11/1/40       | 5,000,000   | 5,566,200                    |
| <i>Total California</i>   |        |               |             | <i>131,918,076</i>           |
| <b>Colorado - 10.5%</b>   |        |               |             |                              |
| Colorado Health Facilities Authority Revenue:   |        |               |             |                              |
| Catholic Health Initiatives   | 5.000% | 9/1/41        | 4,000,000   | 4,185,760                    |
| Sisters Leavenworth   | 5.000% | 1/1/35        | 6,000,000   | 6,677,640                    |
| Denver, CO, City & County Airport Revenue   | 6.125% | 11/15/25      | 10,945,000  | 14,256,519 <sup>(d)(f)</sup> |
| Denver, CO, City & County Airport Revenue, Unrefunded Balance   | 6.125% | 11/15/25      | 13,630,000  | 13,679,886 <sup>(d)</sup>    |
| Public Authority for Colorado Energy, Natural Gas Purchase Revenue                                      | 6.500% | 11/15/38      | 18,000,000  | 25,054,560                   |
| <i>Total Colorado</i>   |        |               |             | <i>63,854,365</i>            |
| <b>District of Columbia - 2.6%</b>  |        |               |             |                              |
| District of Columbia, Hospital Revenue, Children's Hospital Obligation, AGM                             | 5.450% | 7/15/35       | 13,945,000  | 15,705,696                   |
| <b>Florida - 10.4%</b>  |        |               |             |                              |
| Florida State Development Finance Corp., Senior Living Revenue, Tuscan Isle Obligated Group             |        |               |             |                              |
| Miami-Dade County, FL, Aviation Revenue   | 7.000% | 6/1/45        | 300,000     | 308,340 <sup>(e)</sup>       |
| Miami-Dade County, FL, Aviation Revenue   | 5.000% | 10/1/30       | 6,000,000   | 6,751,320 <sup>(d)</sup>     |
| Miami-Dade County, FL, Aviation Revenue   | 5.500% | 10/1/41       | 10,000,000  | 11,391,200                   |
| Miami-Dade County, FL, Aviation Revenue, Miami International Airport                                    | 5.375% | 10/1/35       | 10,705,000  | 12,249,196                   |
| Miami-Dade County, FL, Expressway Authority Toll System Revenue   | 5.000% | 7/1/40        | 10,000,000  | 11,170,100                   |
| Orange County, FL, Health Facilities Authority Revenue, Hospital-Orlando Regional Healthcare            | 5.000% | 11/1/35       | 4,545,000   | 4,991,501                    |
| Orange County, FL, IDA Revenue, Vitag Florida LLC Project   | 8.000% | 7/1/36        | 1,340,000   | 1,372,428 <sup>(d)(e)</sup>  |
| Orange County, FL, School Board, COP, AGC   | 5.500% | 8/1/34        | 8,000,000   | 9,356,240 <sup>(g)</sup>     |
| Orlando, FL, State Sales Tax Payments Revenue   | 5.000% | 8/1/32        | 5,000,000   | 5,464,700                    |
| <i>Total Florida</i>  |        |               |             | <i>63,055,025</i>            |
| <b>Georgia - 4.5%</b>   |        |               |             |                              |
| Atlanta, GA, Water & Wastewater Revenue   | 6.250% | 11/1/39       | 13,000,000  | 15,676,830 <sup>(b)</sup>    |
| DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project | 6.125% | 7/1/40        | 6,220,000   | 7,083,834                    |
| Main Street Natural Gas Inc., GA, Gas Project Revenue   | 5.000% | 3/15/22       | 4,000,000   | 4,577,240                    |
| <i>Total Georgia</i>  |        |               |             | <i>27,337,904</i>            |
| <b>Hawaii - 1.3%</b>  |        |               |             |                              |
| Hawaii State Airports System Revenue  | 5.000% | 7/1/39        | 7,000,000   | 7,734,790                    |

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**Illinois - 7.5%**

|   |        |         |           |                          |
|---|--------|---------|-----------|--------------------------|
| Chicago, IL, O Hare International Airport Revenue         | 5.625% | 1/1/35  | 6,415,000 | 7,386,231                |
| Chicago, IL, O Hare International Airport Revenue         | 5.750% | 1/1/39  | 6,000,000 | 6,994,080                |
| Chicago, IL, Wastewater Transmission Revenue, Second Lien | 5.000% | 1/1/44  | 1,000,000 | 1,105,790                |
| Illinois Finance Authority Revenue:                       |        |         |           |                          |
| Advocate Health Care & Hospitals Corp. Network            | 6.250% | 11/1/28 | 2,445,000 | 2,894,269 <sup>(b)</sup> |
| Depaul University   | 6.125% | 10/1/40 | 5,000,000 | 6,097,450                |

**See Notes to Schedule of Investments.**

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

## Schedule of investments (unaudited) (cont d)

February 28, 2015

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT  | VALUE                       |
|--|--------|---------------|--------------|-----------------------------|
| <b>Illinois - (continued)</b>  |        |               |              |                             |
| Memorial Health System   | 5.500% | 4/1/39        | \$ 7,000,000 | \$ 7,962,920                |
| Metropolitan Pier & Exposition Authority, IL, Dedicated State Tax Revenue, McCormick Project             | 5.250% | 6/15/50       | 12,000,000   | 12,854,400                  |
| <i>Total Illinois</i>  |        |               |              | <i>45,295,140</i>           |
| <b>Indiana - 4.2%</b>  |        |               |              |                             |
| Indiana Finance Authority, Wastewater Utility Revenue, CWA Authority                                     | 5.000% | 10/1/41       | 5,000,000    | 5,514,150                   |
| Indiana State Finance Authority Revenue:   |        |               |              |                             |
| I-69 Development Partners LLC  | 5.000% | 9/1/46        | 1,750,000    | 1,894,270 <sup>(d)</sup>    |
| Private Activity-Ohio River Bridges East End Crossing Project  | 5.000% | 7/1/44        | 5,000,000    | 5,365,450 <sup>(d)</sup>    |
| Indianapolis, IN, Thermal Energy System  | 5.000% | 10/1/25       | 5,000,000    | 5,612,450                   |
| Richmond, IN, Hospital Authority Revenue, Reid Hospital & Health Care Services Inc. Project              | 6.625% | 1/1/39        | 5,000,000    | 6,048,600 <sup>(b)</sup>    |
| Valparaiso, IN, Exempt Facilities Revenue, Pratt Paper LLC Project                                       | 7.000% | 1/1/44        | 1,000,000    | 1,230,360 <sup>(d)</sup>    |
| <i>Total Indiana</i>   |        |               |              | <i>25,665,280</i>           |
| <b>Iowa - 1.7%</b>   |        |               |              |                             |
| Iowa State Finance Authority Midwestern Disaster Area Revenue:   |        |               |              |                             |
| Iowa Fertilizer Co. Project  | 5.000% | 12/1/19       | 2,450,000    | 2,612,460                   |
| Iowa Fertilizer Co. Project  | 5.250% | 12/1/25       | 7,100,000    | 7,798,285                   |
| <i>Total Iowa</i>  |        |               |              | <i>10,410,745</i>           |
| <b>Kentucky - 1.9%</b>   |        |               |              |                             |
| Louisville & Jefferson County, KY, Metropolitan Government Health System Revenue, Norton Healthcare Inc. | 5.250% | 10/1/36       | 11,000,000   | 11,618,310                  |
| <b>Louisiana - 0.9%</b>  |        |               |              |                             |
| St. Charles Parish, LA, Gulf Zone Opportunity Zone Revenue, Valero Refining-New Orleans LLC              | 4.000% | 6/1/22        | 5,000,000    | 5,479,850 <sup>(a)(c)</sup> |
| <b>Massachusetts - 5.6%</b>  |        |               |              |                             |
| Massachusetts State DFA Revenue:   |        |               |              |                             |
| Boston University  | 5.000% | 10/1/29       | 3,000,000    | 3,422,580                   |
| Boston University, AMBAC   | 5.000% | 10/1/39       | 3,500,000    | 3,580,045                   |
| Broad Institute Inc.   | 5.250% | 4/1/37        | 8,000,000    | 9,193,760                   |
| Milford Regional Medical Center  | 5.750% | 7/15/43       | 500,000      | 563,550                     |
| Massachusetts State HEFA Revenue, Suffolk University   | 5.750% | 7/1/39        | 8,000,000    | 9,129,760 <sup>(b)</sup>    |
| Massachusetts State Housing Finance Agency Revenue   | 7.000% | 12/1/38       | 4,575,000    | 5,022,206                   |
| Massachusetts State School Building Authority Sales Tax Revenue  | 5.000% | 5/15/43       | 3,000,000    | 3,421,320                   |
| <i>Total Massachusetts</i>   |        |               |              | <i>34,333,221</i>           |



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**Michigan - 3.6%**

|   |        |          |           |                          |
|---|--------|----------|-----------|--------------------------|
| Lansing, MI, Board of Water & Light Utility System Revenue  | 5.000% | 7/1/37   | 7,000,000 | 8,004,500                |
| Michigan State Building Authority Revenue, Facilities Program   | 5.250% | 10/15/47 | 650,000   | 736,001                  |
| Michigan State Finance Authority Limited Obligation Revenue, Higher Education, Thomas M Cooley Law School Project | 6.750% | 7/1/44   | 2,120,000 | 2,290,215 <sup>(e)</sup> |
| Michigan State Finance Authority Revenue:   |        |          |           |                          |
| Senior Lien Detroit Water & Sewer   | 5.000% | 7/1/33   | 1,270,000 | 1,385,532                |
| Senior Lien Detroit Water & Sewer   | 5.000% | 7/1/44   | 1,320,000 | 1,394,435                |

**See Notes to Schedule of Investments.**

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

## Schedule of investments (unaudited) (cont d)

February 28, 2015

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT  | VALUE                       |
|--|--------|---------------|--------------|-----------------------------|
| <b>Michigan - (continued)</b>  |        |               |              |                             |
| Royal Oak, MI, Hospital Finance Authority Revenue:   |        |               |              |                             |
| William Beaumont Hospital  | 5.000% | 9/1/39        | \$ 2,500,000 | \$ 2,789,175                |
| William Beaumont Hospital  | 8.250% | 9/1/39        | 4,000,000    | 5,006,760 <sup>(b)</sup>    |
| <i>Total Michigan</i>  |        |               |              | <i>21,606,618</i>           |
| <b>Minnesota - 0.3%</b>  |        |               |              |                             |
| Western Minnesota Municipal Power Agency Revenue   | 5.000% | 1/1/46        | 1,530,000    | 1,751,605                   |
| <b>Missouri - 2.7%</b>   |        |               |              |                             |
| Kansas City, MO, Water Revenue   | 5.250% | 12/1/32       | 1,000,000    | 1,139,450                   |
| Missouri State HEFA Revenue:   |        |               |              |                             |
| Children's Mercy Hospital  | 5.625% | 5/15/39       | 6,000,000    | 6,879,060                   |
| Lutheran Senior Services   | 5.000% | 2/1/44        | 2,710,000    | 2,917,640                   |
| Platte County, MO, IDA Revenue, Refunding & Improvement Zona Rosa Retail Project                     | 5.000% | 12/1/32       | 5,000,000    | 5,498,000                   |
| <i>Total Missouri</i>  |        |               |              | <i>16,434,150</i>           |
| <b>Nebraska - 0.5%</b>   |        |               |              |                             |
| Nebraska Public Power Generation Agency Revenue, Whelan Energy Center Unit 2-A, AMBAC                | 5.000% | 1/1/25        | 3,000,000    | 3,182,670                   |
| <b>Nevada - 2.3%</b>   |        |               |              |                             |
| Reno, NV, Hospital Revenue, Washoe Medical Centre, AGM   | 5.500% | 6/1/33        | 12,750,000   | 14,211,533                  |
| <b>New Jersey - 10.1%</b>  |        |               |              |                             |
| New Jersey State EDA Revenue   | 5.000% | 6/15/26       | 2,500,000    | 2,796,975                   |
| New Jersey State EDA Revenue:  |        |               |              |                             |
| Continental Airlines Inc. Project  | 4.875% | 9/15/19       | 2,265,000    | 2,388,578 <sup>(d)</sup>    |
| Continental Airlines Inc. Project  | 5.125% | 9/15/23       | 2,000,000    | 2,199,520 <sup>(d)</sup>    |
| Continental Airlines Inc. Project  | 5.250% | 9/15/29       | 3,000,000    | 3,290,610 <sup>(d)</sup>    |
| Private Activity-The Goethals Bridge Replacement Project, AGM  | 5.125% | 7/1/42        | 2,500,000    | 2,754,150 <sup>(d)</sup>    |
| School Facilities Construction   | 1.620% | 3/1/28        | 15,000,000   | 14,603,250 <sup>(a)</sup>   |
| New Jersey State Higher Education Assistance Authority, Student Loan Revenue                         | 5.625% | 6/1/30        | 12,320,000   | 13,619,144                  |
| New Jersey State Higher Education Assistance Authority, Student Loan Revenue, AGC                    | 6.125% | 6/1/30        | 8,855,000    | 9,442,795 <sup>(d)</sup>    |
| New Jersey State Housing & Mortgage Finance Agency Revenue   | 6.375% | 10/1/28       | 2,505,000    | 2,607,931                   |
| New Jersey State Turnpike Authority Revenue  | 0.500% | 1/1/17        | 5,000,000    | 5,021,650 <sup>(a)</sup>    |
| New Jersey State Turnpike Authority Revenue  | 0.700% | 1/1/18        | 2,500,000    | 2,516,525 <sup>(a)(c)</sup> |
| <i>Total New Jersey</i>  |        |               |              | <i>61,241,128</i>           |
| <b>New Mexico - 0.9%</b>   |        |               |              |                             |
| New Mexico State Hospital Equipment Loan Council, Hospital Revenue, Presbyterian Healthcare Services | 6.125% | 8/1/28        | 5,000,000    | 5,765,500                   |

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**New York - 10.9%**

|  |        |          |            |            |
|--|--------|----------|------------|------------|
| Liberty, NY, Development Corporation Revenue:  |        |          |            |            |
| Goldman Sachs Headquarters   | 5.250% | 10/1/35  | 4,000,000  | 4,778,000  |
| Goldman Sachs Headquarters   | 5.500% | 10/1/37  | 1,485,000  | 1,826,698  |
| Long Island Power Authority, NY, Electric System Revenue   | 6.000% | 5/1/33   | 24,570,000 | 28,493,337 |
| MTA, NY, Revenue   | 5.250% | 11/15/40 | 5,000,000  | 5,635,150  |
| New York City, NY, Municipal Water Finance Authority, Water & Sewer Systems Revenue, Second General Resolution Fiscal 2013 | 5.000% | 6/15/47  | 5,000,000  | 5,653,800  |

**See Notes to Schedule of Investments.**

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

## Schedule of investments (unaudited) (cont d)

February 28, 2015

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT  | VALUE                    |
|--|--------|---------------|--------------|--------------------------|
| <b>New York - (continued)</b>  |        |               |              |                          |
| New York City, NY, TFA, Building Aid Revenue   | 5.000% | 1/15/32       | \$ 4,000,000 | \$ 4,493,120             |
| New York State Liberty Development Corp., Liberty Revenue:   |        |               |              |                          |
| 3 World Trade Center LLC Project   | 5.375% | 11/15/40      | 830,000      | 928,015 <sup>(e)</sup>   |
| 3 World Trade Center LLC Project   | 5.000% | 11/15/44      | 3,040,000    | 3,189,872 <sup>(e)</sup> |
| 4 World Trade Center LLC Project   | 5.750% | 11/15/51      | 5,000,000    | 5,818,500                |
| Second Priority, Bank of America Tower   | 5.125% | 1/15/44       | 1,000,000    | 1,123,390                |
| Port Authority of New York & New Jersey  | 5.000% | 1/15/41       | 3,820,000    | 4,275,841                |
| <i>Total New York</i>  |        |               |              | <i>66,215,723</i>        |
| <b>North Carolina - 0.0%</b>   |        |               |              |                          |
| Harnett County, NC, GO, Custody Receipts, AMBAC  | 5.250% | 6/1/24        | 110,000      | 110,352                  |
| <b>Ohio - 2.1%</b>   |        |               |              |                          |
| JobsOhio Beverage System Statewide Liquor Profits Revenue  | 5.000% | 1/1/38        | 8,000,000    | 8,983,600                |
| Ohio State Water Development Authority, Environmental Improvement Revenue, U.S. Steel Corp. Project          | 6.600% | 5/1/29        | 3,000,000    | 3,497,550                |
| <i>Total Ohio</i>  |        |               |              | <i>12,481,150</i>        |
| <b>Oregon - 0.1%</b>   |        |               |              |                          |
| Oregon State Housing & Community Services Department, Mortgage Revenue, Single-Family Mortgage Program       | 5.050% | 7/1/26        | 205,000      | 207,712 <sup>(d)</sup>   |
| Umatilla County, OR, Hospital Facility Authority Revenue, Catholic Health Initiatives                        | 5.000% | 5/1/32        | 510,000      | 511,000                  |
| <i>Total Oregon</i>  |        |               |              | <i>718,712</i>           |
| <b>Pennsylvania - 2.4%</b>   |        |               |              |                          |
| Pennsylvania State Public School Building Authority Lease Revenue, Philadelphia School District Project, AGM | 5.000% | 6/1/33        | 7,255,000    | 7,643,433                |
| Pennsylvania State Turnpike Commission Revenue   | 5.250% | 12/1/41       | 6,000,000    | 6,694,020                |
| <i>Total Pennsylvania</i>  |        |               |              | <i>14,337,453</i>        |
| <b>Puerto Rico - 2.3%</b>  |        |               |              |                          |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue   | 5.750% | 8/1/37        | 2,500,000    | 1,740,675                |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue   | 5.000% | 8/1/40        | 920,000      | 660,118                  |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue   | 5.250% | 8/1/40        | 2,740,000    | 2,007,790                |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue   | 5.250% | 8/1/41        | 4,870,000    | 3,159,461                |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue   | 5.000% | 8/1/43        | 10,000,000   | 6,239,300                |
| <i>Total Puerto Rico</i>   |        |               |              | <i>13,807,344</i>        |

See Notes to Schedule of Investments.



## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Schedule of investments (unaudited) (cont d)

February 28, 2015

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT  | VALUE                    |
|---|--------|---------------|--------------|--------------------------|
| <b>Rhode Island - 1.0%</b>  |        |               |              |                          |
| Rhode Island State Health & Educational Building Corp., Revenue, Hospital Financing   | 7.000% | 5/15/39       | \$ 5,000,000 | \$ 5,836,650             |
| <b>South Carolina - 0.5%</b>  |        |               |              |                          |
| South Carolina State Ports Authority Revenue  | 5.250% | 7/1/40        | 2,500,000    | 2,831,350                |
| <b>Tennessee - 0.1%</b>   |        |               |              |                          |
| Hardeman County, TN, Correctional Facilities Corp., Correctional Facilities Revenue   | 7.750% | 8/1/17        | 390,000      | 392,352                  |
| <b>Texas - 13.1%</b>  |        |               |              |                          |
| Dallas-Fort Worth, TX, International Airport Revenue, Joint Improvement   | 5.000% | 11/1/45       | 10,000,000   | 10,892,000               |
| Grand Parkway Transportation Corp., TX, System Toll Revenue, Convertible CAB, Step Bond   | 0.000% | 10/1/36       | 4,000,000    | 3,154,960 <sup>(a)</sup> |
| Harris County, TX, Cultural Education Facilities Finance Corp. Revenue, Memorial Herman Health System   | 0.970% | 6/1/23        | 4,500,000    | 4,513,005 <sup>(a)</sup> |
| Harris County, TX, Health Facilities Development Corp., School Health Care System Revenue   | 5.750% | 7/1/27        | 1,000,000    | 1,277,780 <sup>(f)</sup> |
| Houston, TX, Utility System Revenue, Combined First Lien  | 5.000% | 11/15/44      | 1,000,000    | 1,146,310                |
| Love Field Airport Modernization Corp., TX, Special Facilities Revenue, Southwest Airlines Co. Project  | 5.250% | 11/1/40       | 15,000,000   | 16,457,250               |
| New Hope Cultural Education Facilities Corp., TX, Student Housing Revenue, Collegiate Housing College Station LLC, Texas A&M University Project | 5.000% | 4/1/46        | 750,000      | 819,120                  |
| North Texas Tollway Authority Revenue   | 5.750% | 1/1/33        | 5,000,000    | 5,516,700                |
| North Texas Tollway Authority Revenue   | 5.750% | 1/1/40        | 15,000,000   | 16,659,450               |
| Texas Municipal Gas Acquisition & Supply Corp. I, Gas Supply Revenue  | 5.625% | 12/15/17      | 1,150,000    | 1,243,023                |
| Texas Private Activity Bond Surface Transportation Corp. Revenue, LBJ Infrastructure Group LLC  | 7.000% | 6/30/40       | 7,000,000    | 8,436,260                |
| Texas State Municipal Gas Acquisition & Supply Corp. III, Gas Supply Revenue  | 5.000% | 12/15/27      | 8,550,000    | 9,602,163                |
| <i>Total Texas</i>  |        |               |              | 79,718,021               |
| <b>Virginia - 0.9%</b>  |        |               |              |                          |
| Virginia State Small Business Financing Authority Revenue:  |        |               |              |                          |
| Elizabeth River Crossings OpCo LLC Project  | 5.250% | 1/1/32        | 3,000,000    | 3,320,160 <sup>(d)</sup> |
| Elizabeth River Crossings OpCo LLC Project  | 5.500% | 1/1/42        | 2,000,000    | 2,192,720 <sup>(d)</sup> |
| <i>Total Virginia</i>   |        |               |              | 5,512,880                |
| <b>TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS</b>  |        |               |              |                          |
| (Cost - \$726,891,210)  |        |               |              | 825,537,921              |

**SHORT-TERM INVESTMENTS - 3.6%**

**Nevada - 0.1%**

Las Vegas Valley, NV, Water District, GO:

|   |        |        |         |                           |
|---|--------|--------|---------|---------------------------|
| Water Improvement, SPA-Dexia Credit Local | 0.070% | 6/1/36 | 500,000 | 500,000 <sup>(h)(i)</sup> |
| Water Improvement, SPA-Dexia Credit Local | 0.070% | 6/1/36 | 100,000 | 100,000 <sup>(h)(i)</sup> |

*Total Nevada*

*600,000*

**See Notes to Schedule of Investments.**

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Schedule of investments (unaudited) (cont d)

February 28, 2015

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                           |
|---|--------|---------------|-------------|---------------------------------|
| <b>New Hampshire - 0.1%</b>   |        |               |             |                                 |
| New Hampshire State Business Finance Authority, Lonza Biologies Inc. Project, LOC-Landesbank Hessen-Thuringen | 0.130% | 11/1/20       | \$ 400,000  | \$ 400,000 <sup>(d)(h)(i)</sup> |
| <b>New York - 3.0%</b>  |        |               |             |                                 |
| New York City, NY, GO:  |        |               |             |                                 |
| LIQ-Dexia Credit Local  | 0.100% | 4/1/35        | 4,500,000   | 4,500,000 <sup>(h)(i)</sup>     |
| SPA-Dexia Credit Local  | 0.090% | 8/1/28        | 2,925,000   | 2,925,000 <sup>(h)(i)</sup>     |
| Subordinated, LOC-Dexia Credit Local  | 0.090% | 3/1/34        | 1,975,000   | 1,975,000 <sup>(h)(i)</sup>     |
| New York City, NY, Municipal Water Finance Authority, Water & Sewer System Revenue:                           |        |               |             |                                 |
| Second General Resolution, SPA-Dexia Credit Local   | 0.110% | 6/15/32       | 3,035,000   | 3,035,000 <sup>(h)(i)</sup>     |
| SPA-Dexia Credit Local  | 0.090% | 6/15/32       | 3,200,000   | 3,200,000 <sup>(h)(i)</sup>     |
| New York City, NY, TFA Revenue, Future Tax Secured, SPA-Dexia Credit Local                                    | 0.090% | 8/1/23        | 1,200,000   | 1,200,000 <sup>(h)(i)</sup>     |
| New York State Housing Finance Agency Revenue:  |        |               |             |                                 |
| Gotham West Housing, LOC-Wells Fargo Bank N.A.  | 0.010% | 5/1/45        | 700,000     | 700,000 <sup>(h)(i)</sup>       |
| Gotham West Housing, LOC-Wells Fargo Bank N.A.  | 0.010% | 5/1/45        | 700,000     | 700,000 <sup>(h)(i)</sup>       |
| <i>Total New York</i>   |        |               |             | 18,235,000                      |
| <b>North Carolina - 0.1%</b>  |        |               |             |                                 |
| Charlotte, NC, Water & Sewer System Revenue, SPA-Wells Fargo Bank N.A.  | 0.010% | 7/1/27        | 200,000     | 200,000 <sup>(h)(i)</sup>       |
| Orange, NC, Water & Sewer Authority, System Revenue, SPA-Wells Fargo Bank N.A.                                | 0.010% | 7/1/29        | 700,000     | 700,000 <sup>(h)(i)</sup>       |
| <i>Total North Carolina</i>   |        |               |             | 900,000                         |
| <b>Pennsylvania - 0.1%</b>  |        |               |             |                                 |
| Mercer County, PA, GO   | 0.080% | 10/1/31       | 345,000     | 345,000 <sup>(h)(i)</sup>       |
| <b>Vermont - 0.1%</b>   |        |               |             |                                 |
| Vermont State Housing Finance Agency Revenue, Multiple Purpose, SPA-Bank of New York Mellon                   | 0.030% | 11/1/37       | 800,000     | 800,000 <sup>(d)(h)(i)</sup>    |
| <b>Washington - 0.1%</b>  |        |               |             |                                 |
| Washington State HFC, Non-Profit Housing Revenue, Panorama City Project, LOC-Wells Fargo Bank N.A.            | 0.010% | 1/1/27        | 600,000     | 600,000 <sup>(h)(i)</sup>       |
| <b>TOTAL SHORT-TERM INVESTMENTS</b><br>(Cost - \$21,880,000)  |        |               |             | 21,880,000                      |
| <b>TOTAL INVESTMENTS - 139.6%</b><br>(Cost - \$748,771,210#)  |        |               |             | 847,417,921                     |
| Auction Rate Cumulative Preferred Stock, at Liquidation Value - (41.2)%                                       |        |               |             | (250,000,000)                   |



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|  |                       |
|--|-----------------------|
| Other Assets in Excess of Liabilities - 1.6% | 9,795,132             |
| <b>TOTAL NET ASSETS - 100.0%</b>             | <b>\$ 607,213,053</b> |

**See Notes to Schedule of Investments.**

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**WESTERN ASSET MANAGED MUNICIPALS FUND INC.**

**Schedule of investments (unaudited) (cont d)**

**February 28, 2015**

- (a) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (b) Pre-Refunded bonds are escrowed with U.S. government obligations and/or U.S. government agency securities and are considered by the manager to be triple-A rated even if issuer has not applied for new ratings.
- (c) Maturity date shown represents the mandatory tender date.
- (d) Income from this issue is considered a preference item for purposes of calculating the alternative minimum tax ( AMT ).
- (e) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
- (f) Bonds are escrowed to maturity by government securities and/or U.S. government agency securities and are considered by the manager to be triple-A rated even if issuer has not applied for new ratings.
- (g) All or a portion of this security is held at the broker as collateral for open futures contracts.
- (h) Variable rate demand obligations have a demand feature under which the Fund can tender them back to the issuer or liquidity provider on no more than 7 days notice.
- (i) Maturity date shown is the final maturity date. The security may be sold back to the issuer before final maturity.

# Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

|       |   |
|-------|---|
| AGC   | Assured Guaranty Corporation - Insured Bonds                  |
| AGM   | Assured Guaranty Municipal Corporation - Insured Bonds        |
| AMBAC | American Municipal Bond Assurance Corporation - Insured Bonds |
| CAB   | Capital Appreciation Bonds                                    |
| CDA   | Communities Development Authority                             |
| COP   | Certificates of Participation                                 |
| DFA   | Development Finance Agency                                    |
| EDA   | Economic Development Authority                                |
| FHA   | Federal Housing Administration                                |

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|      |   |
|------|---|
| GO   | General Obligation  |
| HEFA | Health & Educational Facilities Authority                     |
| HFC  | Housing Finance Commission                                    |
| IDA  | Industrial Development Authority                              |
| LIQ  | Liquidity Facility  |
| LOC  | Letter of Credit  |
| MTA  | Metropolitan Transportation Authority                         |
| NATL | National Public Finance Guarantee Corporation - Insured Bonds |
| PCFA | Pollution Control Financing Authority                         |
| SPA  | Standby Bond Purchase Agreement - Insured Bonds               |
| TFA  | Transitional Finance Authority                                |

This Schedule of Investments is unaudited and is intended to provide information about the Fund's portfolio holdings as of the date of the schedule. Other information regarding the Fund is available in the Fund's most recent annual or semi-annual shareholder report.

**See Notes to Schedule of Investments.**

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**Notes to Schedule of Investments (unaudited)**

**1. Organization and significant accounting policies**

Western Asset Managed Municipals Fund Inc. (the Fund) was incorporated in Maryland and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund seeks to maximize current income exempt from federal income tax as is consistent with preservation of principal.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

**(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. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. 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 values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

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

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

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

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

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

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Level 1 quoted prices in active markets for identical investments

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

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

**Notes to Schedule of Investments (unaudited) (continued)**

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

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

| DESCRIPTION            | ASSETS                     |   |  | TOTAL          |
|------------------------|----------------------------|---|--|----------------|
|                        | QUOTED PRICES<br>(LEVEL 1) | OTHER SIGNIFICANT<br>OBSERVABLE INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) |                |
| Municipal bonds        |                            | \$ 825,537,921                                      |  | \$ 825,537,921 |
| Short-term investments |                            | 21,880,000  |  | 21,880,000     |
| Total investments      |                            | \$ 847,417,921                                      |  | \$ 847,417,921 |

  

| DESCRIPTION                  | LIABILITIES                |   |  | TOTAL     |
|------------------------------|----------------------------|---|--|-----------|
|                              | QUOTED PRICES<br>(LEVEL 1) | OTHER SIGNIFICANT<br>OBSERVABLE INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) |           |
| Other financial instruments: |                            |   |  |           |
| Futures contracts            | \$ 80,916                  |   |  | \$ 80,916 |

See Schedule of Investments for additional detailed categorizations.

**2. Investments**

At February 28, 2015, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

|                               |                |
|-------------------------------|----------------|
| Gross unrealized appreciation | \$ 105,240,597 |
| Gross unrealized depreciation | (6,593,886)    |
| Net unrealized appreciation   | \$ 98,646,711  |

At February 28, 2015, the Fund had the following open futures contracts:

|  | Number of<br>Contracts | Expiration<br>Date | Basis<br>Value | Market<br>Value | Unrealized<br>Depreciation |
|--|------------------------|--------------------|----------------|-----------------|----------------------------|
| <b>Contracts to Sell:</b>                                    |                        |                    |                |                 |                            |
| U.S. Treasury Long-Term Bonds                                | 84                     | 3/15               | \$ 12,292,055  | \$ 12,350,625   | \$ (58,570)                |
| U.S. Treasury Long-Term Bonds                                | 92                     | 6/15               | 14,867,279     | 14,889,625      | (22,346)                   |
| <b>Net unrealized depreciation on open futures contracts</b> |                        |                    |                |                 | \$ (80,916)                |



**ITEM 2. CONTROLS AND PROCEDURES.**

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.
  
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

**ITEM 3. EXHIBITS.**

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset Managed Municipals Fund Inc.

By                    /s/   **KENNETH D. FULLER**  
                              **Kenneth D. Fuller**  
                              **Chief Executive Officer**

Date: April 15, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By                    /s/   **KENNETH D. FULLER**  
                              **Kenneth D. Fuller**  
                              **Chief Executive Officer**

Date: April 15, 2015

By                    /s/   **RICHARD F. SENNETT**  
                              **Richard F. Sennett**  
                              **Principal Financial Officer**

Date: April 15, 2015