

WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Form N-CSRS

January 25, 2019

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 811-06629

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: (888) 777-0102

Date of fiscal year end: May 31

Date of reporting period: November 30, 2018

ITEM 1. REPORT TO STOCKHOLDERS.

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

Semi-Annual Report

November 30, 2018

WESTERN ASSET

MANAGED MUNICIPALS FUND INC. (MMU)

Beginning in January 2021, as permitted by regulations adopted by the Securities and Exchange Commission, the Fund intends to no longer mail paper copies of the Fund's shareholder reports like this one, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary (such as a broker-dealer or bank). Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you invest through a financial intermediary and you already elected to receive shareholder reports electronically (e-delivery), you will not be affected by this change and you need not take any action. If you have not already elected e-delivery, you may elect to receive shareholder reports and other communications from the Fund electronically by contacting your financial intermediary.

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. That election will apply to all Legg Mason funds held in your account at that financial intermediary. If you are a direct shareholder with the Fund, you can call the Fund at 1-888-888-0151, or write to the Fund by regular mail at P.O. Box 505000, Louisville, KY 40233 or by overnight delivery to Computershare, 462 South 4th Street, Suite 1600, Louisville, KY 40202 to let the Fund know you wish to continue receiving paper copies of your shareholder reports. That election will apply to all Legg Mason Funds held in your account held directly with the fund complex.

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

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Fund objective

The Fund seeks to maximize current income exempt from federal income tax* as is consistent with preservation of principal.

The Fund seeks to achieve its objective by investing primarily in long-term investment grade municipal debt securities issued by state and local governments, political subdivisions, agencies and public authorities (municipal obligations). Under normal market conditions, the Fund will invest at least 80% of its total assets in municipal obligations rated investment grade at the time of investment.

Letter from the chairman

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset Managed Municipals Fund Inc. for the six-month reporting period ended November 30, 2018. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.lmcef.com. Here you can gain immediate access to market and investment information, including:

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

December 28, 2018

*Certain investors may be subject to the federal alternative minimum tax (AMT), and state and local taxes will apply. Capital gains, if any, are fully taxable.
Please consult your personal tax or legal adviser.

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Investment commentary

Economic review

Economic activity in the U.S. was mixed during the six months ended November 30, 2018 (the reporting period). Looking back, the U.S. Department of Commerce reported that first quarter 2018 U.S. gross domestic product (GDP) growth was 2.2%. GDP growth then accelerated to 4.2% during the second quarter of 2018 – the strongest reading since the third quarter of 2014. Finally, the U.S. Department of Commerce’s final reading for third quarter 2018 GDP growth – released after the reporting period ended – was 3.4%. The deceleration in GDP growth in the third quarter of 2018 reflected a downturn in exports and decelerations in nonresidential fixed investment and personal consumption expenditures. Imports increased in the third quarter after decreasing in the second. These movements were partly offset by an upturn in private inventory investment.

Job growth in the U.S. was solid overall and supported the economy during the reporting period. As reported by the U.S. Department of Labor, when the reporting period ended on November 30, 2018, the unemployment rate was 3.7%, versus 4.0% when the period began. November 2018’s reading equaled the lowest unemployment rate since 1969. The percentage of longer-term unemployed also declined during the reporting period. In November 2018, 20.8% of Americans looking for a job had been out of work for more than six months, versus 23.0% when the period began.

Investment commentary (cont d)

Market review

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

A. Looking back, at its meeting that concluded on September 20, 2017, the Fed kept the federal funds rateⁱⁱⁱ on hold, but reiterated its intention to begin reducing its balance sheet, saying, "In October, the Committee will initiate the balance sheet normalization program." At its meeting that ended on December 13, 2017, the Fed raised rates to a range between 1.25% and 1.50%. As widely expected, the Fed again raised rates at its meetings that ended on March 21, 2018 (to a range between 1.50% and 1.75%), June 13, 2018 (to a range between 1.75% and 2.00%) and September 26, 2018 (to a range between 2.00% and 2.25%). Finally, at its meeting that ended on December 19, 2018, after the reporting period ended, the Fed raised rates to a range between 2.25% and 2.50%.

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

A. Both short-term and longer-term Treasury yields moved higher during the six-month reporting period ended November 30, 2018. The yield for the two-year Treasury note began the reporting period at 2.40% (the low for the period) and ended the period at 2.80%. The peak for the period of 2.98% occurred on November 8, 2018. The yield for the ten-year Treasury began the reporting period at 2.83% and ended the period at 3.01%. The low for the period of 2.82% took place on a number of occasions in July and August 2018, and the high for the period of 3.24% took place on November 8, 2018.

Q. How did the municipal bond market perform versus the taxable bond market over the reporting period?

A. The municipal bond market outperformed its taxable bond counterpart during the reporting period. For the six months ended November 30, 2018, the Bloomberg Barclays Municipal Bond Index^{iv} and the Bloomberg Barclays U.S. Aggregate Index^v returned 0.42% and -0.30%, respectively. Both municipal and taxable bonds were negatively impacted by the rising interest rate environment. The municipal market's relative outperformance was partially due to overall solid fundamentals and periods of positive investor demand.

Performance review

For the six months ended November 30, 2018, Western Asset Managed Municipals Fund Inc. returned -0.39% based on its net asset value (NAV)^{vi} and -0.81% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the Bloomberg Barclays Municipal Bond Index, returned 0.42% for the same period. The Lipper General & Insured Municipal Debt (Leveraged) Closed-End Funds Category Average^{vii} returned -0.62% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

Certain investors may be subject to the federal alternative minimum tax, and state and local taxes will apply. Capital gains, if any, are fully taxable. Please consult your personal tax or legal adviser.

During this six-month period, the Fund made distributions to shareholders totaling \$0.35 per share. As of November 30, 2018, the

Fund estimates that all of the distributions were sourced from net investment income.* The performance table shows the Fund's six-month total return based on its NAV and market price as of November 30, 2018. **Past performance is no guarantee of future results.**

Performance Snapshot as of November 30, 2018
(unaudited)

Price Per Share	6-Month Total Return
\$13.11 (NAV)	-0.39% **
\$12.26 (Market Price)	-0.81%

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

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

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

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

Looking for additional information?

The Fund is traded under the symbol MMU and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XMMUX on most financial websites. *Barron's* and the *Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as www.lmcef.com (click on the name of the Fund).

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern time, for the Fund's current NAV, market price and other information.

Thank you for your investment in Western Asset Managed Municipals Fund Inc. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund's investment goals.

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

December 28, 2018

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

**The total return based on the NAV reflects the impact of the tender and repurchase by the Fund of a portion of its Auction Rate Cumulative Preferred Stock at 85% of the per share liquidation preference. Absent this transaction, the total return based on NAV should have been -0.46%.

Investment commentary (cont d)

***RISKS:** The Fund is a non-diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all*

investments, there can be no assurance that the Fund will achieve its investment objective. The Fund's common stock is traded on the New York Stock Exchange. Similar to stocks, the Fund's share price will fluctuate with market conditions and, at the time of sale, may be worth more or less than the original investment. Shares of closed-end funds often trade at a discount to their net asset value. Because the Fund is non-diversified, it may be more susceptible to economic, political or regulatory events than a diversified fund. The Fund's investments are subject to a number of risks such as interest rate risk, credit risk, leveraging risk and management risk. As interest rates rise, the price of fixed-income investments declines. Lower rated, higher-yielding bonds, known as high yield or junk bonds, are subject to greater liquidity and credit risk than higher-rated investment grade securities. Municipal securities purchased by the Fund may be adversely affected by changes in the financial condition of municipal issuers and insurers, regulatory and political developments, uncertainties and public perceptions, and other factors. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses and could have a potentially large impact on Fund performance. The Fund may invest in securities of other investment companies. To the extent it does, Fund stock holders will indirectly pay a portion of the operating costs of such companies, in addition to the expenses that the Fund bears directly in connection with its own operation. Investing in securities issued by other investment companies, including exchange-traded funds (ETFs) that invest primarily in municipal securities, involves risks similar to those of investing directly in the securities in which those investment companies invest. Leverage may result in greater volatility of NAV and market price of common shares and may increase a shareholder's risk of loss.

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.

- i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Federal Reserve Board (the Fed) is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- iii The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- iv The Bloomberg Barclays Municipal Bond Index is a market value weighted index of investment grade municipal bonds with maturities of one year or more.
- v The Bloomberg Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- vi Net asset value (NAV) is calculated by subtracting total liabilities, including liabilities associated with financial leverage (if any), from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- vii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended November 30, 2018, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 62 funds in the Fund's Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of November 30, 2018 and May 31, 2018. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

Spread duration (unaudited)

Economic exposure November 30, 2018

Total Spread Duration

MMU 6.05 years

Benchmark 6.21 years

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

Benchmark Bloomberg Barclays Municipal Bond Index
MMU Western Asset Managed Municipals Fund Inc.

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Effective duration (unaudited)

Interest rate exposure November 30, 2018

Total Effective Duration

MMU 5.98 years

Benchmark 6.33 years

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

Benchmark Bloomberg Barclays Municipal Bond Index
MMU Western Asset Managed Municipals Fund Inc.

Schedule of investments (unaudited)

November 30, 2018

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Municipal Bonds 142.0%				
<i>Alabama 7.3%</i>				
Jefferson County, AL, Sewer Revenue: Convertible CAB, Subordinated Lien, Warrants, Step bond, (0.000% until 10/1/23, 7.900%)	0.000%	10/1/50	\$ 11,580,000	\$ 9,954,168
Senior Lien, Warrants, Series A, AGM	5.500%	10/1/53	1,400,000	1,533,798
Subordinated Lien, Warrants, Series D	6.000%	10/1/42	9,230,000	10,492,941
Subordinated Lien, Warrants, Series D	6.500%	10/1/53	6,900,000	8,035,188
Lower Alabama Gas District, Series A	5.000%	9/1/46	8,525,000	9,758,226
Southeast Alabama State Gas Supply District, Project #1, Series A	4.000%	4/1/24	1,750,000	1,837,833 (a)(b)
<i>Total Alabama</i>				<i>41,612,154</i>
<i>Arizona 4.0%</i>				
Arizona State IDA, Refunding, Basis School Project, Credit Enhanced, SD Credit Program	5.000%	7/1/52	725,000	782,290
Navajo Nation, Refunding, Series A	5.500%	12/1/30	950,000	1,044,667 (c)
Queen Creek, AZ, Excise Tax Revenue, Series A	5.000%	8/1/42	750,000	848,385
Salt Verde, AZ, Financial Corp.:				
Gas Revenue	5.250%	12/1/28	2,000,000	2,325,380
Gas Revenue	5.000%	12/1/32	10,000,000	11,498,400
Gas Revenue	5.000%	12/1/37	5,500,000	6,266,755
<i>Total Arizona</i>				<i>22,765,877</i>
<i>California 19.0%</i>				
Alameda, CA, Corridor Transportation Authority, Refunding, Second Subordinated Lien, Series B	5.000%	10/1/34	1,750,000	1,928,238
Anaheim, CA, Public Financing Authority, Refunding, Series A	5.000%	5/1/46	2,000,000	2,202,800
Bay Area Toll Authority, CA, San Francisco Bay Area, (SIFMA Municipal Swap Index Yield + 1.100%)	2.790%	4/1/24	5,500,000	5,637,885 (a)(b)
California Health Facilities Financing Authority:				
Lucile Salter Packard Children s Hospital at Stanford	5.000%	11/15/56	500,000	554,035
Refunding, Stanford Hospital, Series A-1	5.150%	11/15/40	2,000,000	2,130,400 (d)
California State Municipal Finance Authority:				
Senior Lien, Linux Apartment Project	5.000%	12/31/43	1,500,000	1,612,410 (e)
Senior Lien, Linux Apartment Project	5.000%	12/31/47	1,000,000	1,070,400 (e)
California State Pollution Control Financing Authority	5.000%	11/21/45	12,500,000	12,849,250 (c)(e)
California State, GO, Refunding, Various Purpose	4.000%	11/1/36	1,000,000	1,036,940
California Statewide CDA:				
Methodist Hospital Project, FHA Insured	6.625%	8/1/29	5,235,000	5,404,666 (d)
Provident Group-Pomona Properties LLC	5.750%	1/15/45	1,770,000	1,856,022 (c)

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>California continued</i>				
Golden State Tobacco Securitization Corp.:				
Refunding, Series A-1	5.000%	6/1/47	\$ 1,500,000	\$ 1,442,745
Refunding, Series A-2	5.000%	6/1/47	1,900,000	1,824,019
Imperial Irrigation District, CA, Electric System Revenue, Refunding, System, Series A	5.500%	11/1/41	2,750,000	2,946,433 ^(d)
Inland Valley, CA, Development Agency, Refunding, Series A	5.000%	9/1/44	2,405,000	2,587,900
Los Angeles County, CA, Public Works Financing Authority:				
Multiple Capital Project II	5.000%	8/1/32	3,000,000	3,281,970
Multiple Capital Project II	5.000%	8/1/37	1,000,000	1,087,760
Los Angeles, CA, Department of Water, Series A	5.000%	7/1/48	2,500,000	2,826,175
Los Angeles, CA, Department of Water & Power, Power System Revenue:				
Power System, Series A	5.000%	7/1/47	4,000,000	4,479,040
Refunding, Power System, Series B	5.000%	7/1/38	2,000,000	2,272,120
Series C	5.000%	7/1/37	1,000,000	1,146,470
Series C	5.000%	7/1/42	2,000,000	2,265,860
Los Angeles, CA, Wastewater System Revenue, Green Bond, Subordinated, Series A	5.000%	6/1/48	1,500,000	1,706,220
Modesto, CA, Irrigation District:				
COP, Capital Improvement	6.000%	10/1/39	1,905,000	1,932,375 ^(d)
COP, Capital Improvement, Series A	6.000%	10/1/39	4,595,000	4,661,030 ^(d)
Morongo Band of Mission Indians, Tribal Economic Development, Series A	5.000%	10/1/42	400,000	406,808 ^(c)
M-S-R Energy Authority:				
Series A	7.000%	11/1/34	3,430,000	4,787,422
Series B	6.500%	11/1/39	8,000,000	10,972,960
Regents of the University of California Medical Center Pooled Revenue, Refunding, Series L	5.000%	5/15/32	1,750,000	1,999,095
River Islands, CA, Public Financing Authority, Refunding, Community Facilities District No. 2003-1	5.500%	9/1/45	2,000,000	2,113,260
Riverside County, CA, Transportation Commission:				
Refunding, Sales Tax Revenue, Series B	5.000%	6/1/37	3,500,000	4,035,220
Senior Lien, Series A	5.750%	6/1/44	200,000	217,600
Senior Lien, Series A	5.750%	6/1/48	600,000	651,762
San Bernardino County, CA, COP, Refunding, Arrowhead Project, Series B	5.125%	8/1/24	5,185,000	5,292,900
San Mateo, CA, Joint Powers Financing Authority, Capital Project, Series A	5.000%	7/15/43	1,000,000	1,135,490
Shafter Wasco Irrigation District, CA, COP	5.000%	11/1/40	5,000,000	5,217,050
<i>Total California</i>				<i>107,572,730</i>

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

November 30, 2018

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Colorado 11.3%</i>				
Base Village Metropolitan District No. 2, GO, Refunding, Series A	5.750%	12/1/46	\$ 500,000	\$ 499,305
Colorado State Educational & Cultural Facilities Authority, University of Denver Project, Series A	5.000%	3/1/47	1,600,000	1,760,128
Colorado State Health Facilities Authority:				
Catholic Health Initiatives, Series A	5.000%	9/1/41	4,000,000	4,029,640
Sisters Leavenworth, Series A	5.000%	1/1/35	6,000,000	6,170,700
Colorado State High Performance Transportation Enterprise, C-470 Express Lanes	5.000%	12/31/51	600,000	631,398
Denver, CO, Airport System Revenue:				
Series C	6.125%	11/15/25	10,945,000	12,775,551 ^{(e)(f)}
Series C	6.125%	11/15/25	13,630,000	14,200,961 ^(e)
Public Authority for Colorado Energy, Natural Gas Revenue	6.500%	11/15/38	18,000,000	24,237,900
<i>Total Colorado</i>				<i>64,305,583</i>
<i>Connecticut 0.6%</i>				
Connecticut State, GO, Series E	5.000%	10/15/34	930,000	1,009,376
Connecticut State Special Tax Revenue, Transportation Infrastructure	5.000%	1/1/37	1,500,000	1,647,960
Harbor Point, CT, Infrastructure Improvement District, Refunding, Harbor Point Project	5.000%	4/1/39	900,000	929,007 ^(c)
<i>Total Connecticut</i>				<i>3,586,343</i>
<i>District of Columbia 0.6%</i>				
District of Columbia:				
Ingleside Rock Creek Project	5.000%	7/1/52	400,000	387,344
Refunding, KIPP DC Project, Series B	5.000%	7/1/48		