

Share class (Symbol): A (SHMMX), B (SMMBX), C (SMMCX), I (SMMYX)

# Legg Mason Western Asset Managed Municipals Fund



Municipal bonds can provide investors with tax-advantaged income. **Legg Mason Western Asset Managed Municipals Fund (SHMMX)** is a core, national muni holding that offers potential tax benefits while providing attractive performance relative to its peers.<sup>1</sup>

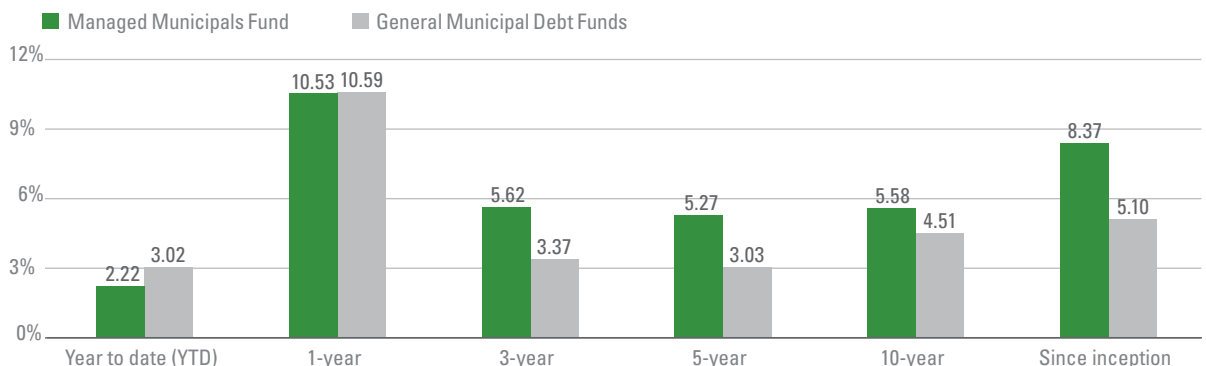
### What are you looking for?

- Tax-advantaged income
- Consistent, long-term returns through all kinds of markets
- Professional, active management to help navigate a complicated marketplace

### How this fund may help

- Provides income exempt from federal and possibly state and local taxes
- Positive performance 25 out of 28 calendar years since inception
- Experienced managers who can invest in all sectors and maturities of the tax-exempt universe

#### A strong performer against peers (%) as of June 30, 2010



Class A shares without sales charges. Year-to-date performance is not annualized. Performance shown is based on annualized total return as of 6/30/10 and does not include the effects of sales charges. Performance results would have been less favorable had sales charges been included. Other share classes are available, for which performance will differ. Peers represented by average performance of funds in the Lipper category General Municipal Debt Funds.

#### Average annual total returns & fund expenses (%) as of June 30, 2010

	Without sales charges					With maximum sales charges					30-day Expenses	30-day SEC yield <sup>2</sup>	Inception date
	1-yr	3-yr	5-yr	10-yr	Since inception	1-yr	3-yr	5-yr	10-yr	Since inception			
Class A	10.53	5.62	5.27	5.58	8.37	5.87	4.09	4.36	5.12	8.21	0.64	4.49	3/4/81
Barclays Capital Municipal Bond Index	9.61	5.50	4.40	5.63	—	9.61	5.50	4.40	5.63	—	—	—	—

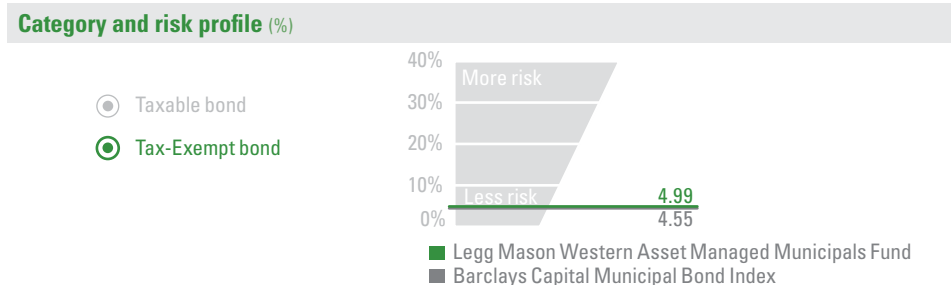
Performance shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than the original cost. Class A shares have a maximum front-end sales charge of 4.25%. Total returns assume the reinvestment of all distributions at net asset value and the deduction of all Fund expenses. Performance data does not reflect trade date adjustments made to the NAV at month-end. Performance would have been lower if fees had not been waived in various periods. For the most recent month-end information, please visit [www.leggmason.com/individualinvestors](http://www.leggmason.com/individualinvestors).

<sup>1</sup> Class A shares compared with its Lipper category (General Municipal Debt Funds) as of 6/30/10.

<sup>2</sup> The 30-day SEC yield is the average annualized net investment income per share for the 30-day period indicated and is subject to change.

## Legg Mason Western Asset Managed Municipals Fund

Sector allocation <sup>3</sup> (%)		Credit quality allocation <sup>3,4</sup> (%)		
Health care	21.97		Fund	Manager-rated
Transportation	16.04	AAA	12.18	0.43
Industrial revenue	10.88	AA	30.68	0.41
Special tax obligation	10.29	A	48.12	0.06
Power	8.79	BBB	6.71	0.55
		Below investment grade	2.31	1.62



Standard deviation measured on a 10-year period as of 6/30/10. Benchmark: Barclays Capital Municipal Bond Index. Standard deviation indicates the percentage by which a fund's performance has varied from its average performance in any given month during the period indicated. The higher the standard deviation, the greater the range of performance, indicating greater volatility.

## Meet Western Asset Management

- One of the world's largest and leading fixed-income managers
- Team-based portfolio management
- Over 20 years average experience on municipal bond team

Prior to October 5, 2009, the Fund was known as Legg Mason Partners Managed Municipals Fund. The Fund's investment objective, portfolio managers and investment strategy have not changed. Please see the prospectus for details.

<sup>3</sup> Percentages are based on total portfolio as of quarter-end, are subject to change at any time and do not include trade date activity. For informational purposes only and not to be considered a recommendation to purchase or sell any security.

<sup>4</sup> Credit quality is a measure of a bond issuer's ability to repay interest and a principal in a timely manner. The credit ratings shown are based on each portfolio security's rating as provided by the following Nationally Recognized Statistical Rating Organizations ("NRSRO"): Standard and Poor's ("S&P"), Moody's Investors Service ("Moody's"), Fitch Ratings, Ltd. In the case where a security is not rated by an NRSRO the rating is determined by Western Asset Management ("WAM"), the fund's investment manager (and not an NRSRO). For securities rated by an NRSRO other than S&P, WAM will convert that rating to the equivalent S&P rating. For this purpose, if two or more of the other NRSROs have assigned a rating to a security, the highest rating is used. If a security is not rated by a NRSRO, WAM will analyze comparable securities with similar characteristics (size, capital structure, industry sector, risks, etc.) and assign its own rating using denominations similar to those of S&P. Unrated securities assigned a rating by WAM are specified separately in the credit quality breakdown being shown. A negative allocation may be apparent, which is primarily due to the Fund's unsettled trade activity. Currency forwards and futures are not rated by a NRSRO or WAM and are listed as "Non Rated". The credit quality of the investments in the Fund's portfolio does not apply to the stability or safety of the Fund. These ratings are updated by WAM monthly and may change over time. Please note, WAM is not a NRSRO nor has the Fund itself been rated by a NRSRO.

<sup>†</sup> Morningstar proprietary ratings are as of June 30, 2010 and are subject to change every month. A 4- or 5-star rating does not necessarily imply that a fund achieved positive results for the period. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Class A shares of the Fund were rated against 258, 237 and 204 Muni National Long Funds over the 3-, 5- and 10-year periods, respectively. With respect to these Muni National Long Funds, A shares of the Fund received Morningstar Ratings of 4, 5 and 4 stars for the 3-, 5- and 10-year periods, respectively. Ratings are for A share classes only; other classes may have different performance characteristics.

*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.

The *Barclays Capital Municipal Bond Index* is a broad measure of the municipal bond market with maturities of at least one year. Please note that an investor cannot invest directly in an index.

AN INVESTOR SHOULD CONSIDER A FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES CAREFULLY BEFORE INVESTING. FOR A FREE PROSPECTUS, WHICH CONTAINS THIS AND OTHER INFORMATION ON ANY LEGG MASON FUND, VISIT [WWW.LEGGMASON.COM/INDIVIDUALINVESTORS](http://WWW.LEGGMASON.COM/INDIVIDUALINVESTORS). AN INVESTOR SHOULD READ THE PROSPECTUS CAREFULLY BEFORE INVESTING.

## Morningstar Rating™

Overall rating as of June 30, 2010  
Class A



Class A shares of the Fund rated among 258 Muni National Long Funds as of June 30, 2010.<sup>†</sup> Ratings based upon risk-adjusted returns.

The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics.

## What should I know before investing?

Fixed-income securities involve interest rate, credit, inflation and reinvestment risks; and possible loss of principal. As interest rates rise, the value of fixed-income securities falls. High-yield bonds possess greater price volatility, illiquidity and possibility of default. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses, and have a potentially large impact on fund performance. An investor may be subject to the Federal Alternative Minimum Tax (AMT), and state and local taxes may apply. Capital gains, if any, are fully taxable.

## Where can I find more information?

Talk to your financial advisor about the role Legg Mason Western Asset Managed Municipals Fund can play as a part of a well-diversified portfolio.

For more information, visit [www.leggmason.com/individualinvestors](http://www.leggmason.com/individualinvestors).

© 2010 Legg Mason Investor Services, LLC, member FINRA, SIPC.

Legg Mason Investor Services, LLC and Western Asset Management Co. are subsidiaries of Legg Mason, Inc. 404388 WASX011986 7/10 FN0911254