

MFS HIGH YIELD MUNICIPAL TRUST  
Form N-CSR  
January 31, 2012  
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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 811-04992

**MFS HIGH YIELD MUNICIPAL TRUST**

(Exact name of registrant as specified in charter)

**500 Boylston Street, Boston, Massachusetts 02116**

(Address of principal executive offices) (Zip code)

**Susan S. Newton**

**Massachusetts Financial Services Company**

**500 Boylston Street**

**Boston, Massachusetts 02116**

(Name and address of agents for service)

Registrant's telephone number, including area code: (617) 954-5000

Date of fiscal year end: November 30

Date of reporting period: November 30, 2011

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**ITEM 1. REPORTS TO STOCKHOLDERS.**

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MFS® High Yield Municipal Trust

ANNUAL REPORT

*November 30, 2011*

CMU-ANN

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**MFS® HIGH YIELD MUNICIPAL TRUST**

New York Stock Exchange Symbol: **CMU**

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**NOT FDIC INSURED   MAY LOSE VALUE   NO BANK GUARANTEE**

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## LETTER FROM THE CHAIRMAN AND CEO

Dear Shareholders:

We are indeed living through some volatile times. Economic uncertainty is everywhere, as it seems no place in the world has been unmoved by crisis. We have seen a devastating earthquake and tsunami that have led to disruptions in the Japanese markets and supply chains. Protests have changed the face of the Middle East and left in their wake lingering tensions and resultant higher oil prices. We have seen debt limits tested in Europe and the United States and policymakers grappling to craft often unpopular monetary and fiscal responses at a time when consumers and businesses struggle with what appears to be a slowing global economy. On top of all of that, we have seen long-term U.S. debt lose its Standard & Poor's AAA rating and the long-term debt ratings of 15 eurozone nations put on negative watch.

When markets become volatile, managing risk becomes a top priority for investors and their advisors. At MFS® risk management is foremost in our minds in all market climates. Our analysts and portfolio managers keep risks firmly in mind when evaluating securities. Additionally, we have a team of quantitative analysts that measures and assesses the risk profiles of our portfolios and securities on an ongoing basis. The chief investment risk officer, who oversees the team, reports directly to the firm's president and chief investment officer so the risk associated with each portfolio can be assessed objectively and independently of the portfolio management team.

As always, we continue to be mindful of the many economic challenges faced at the local, national, and international levels. It is in times such as these that we want to remind investors of the merits of maintaining a long-term view, adhering to basic investing principles such as asset allocation and diversification, and working closely with their advisors to research and identify appropriate investment opportunities.

Respectfully,

**Robert J. Manning**

*Chairman and Chief Executive Officer*

*MFS Investment Management®*

*January 13, 2012*

The opinions expressed in this letter are subject to change, may not be relied upon for investment advice, and no forecasts can be guaranteed.

**Table of Contents****PORTFOLIO COMPOSITION****Portfolio structure at market value****Top five industries reflecting equivalent exposure of derivative positions (i)**

Healthcare Revenue-Hospitals	23.6%
Healthcare Revenue-Long Term Care	13.2%
Water & Sewer Utility Revenue	6.1%
Universities-Colleges	5.9%
U.S. Treasury Securities (j)	(14.1)%

**Portfolio structure reflecting equivalent exposure of derivative positions (i)(j)****Composition including fixed income credit quality (a)(i)**

AAA	4.4%
AA	24.4%
A	12.4%
BBB	26.2%
BB	6.5%
B	5.6%
CCC	0.3%
CC	0.1%
D	0.4%
Not Rated (j)	4.7%
Cash & Other	15.0%

**Portfolio facts (i)**

Average Duration (d)	14.2
Average Effective Maturity (m)	19.2 yrs.

- (a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). All ratings are subject to change. Not Rated includes fixed income securities, including fixed income futures, which have not been rated by any rating agency. Cash & Other includes cash, other assets less liabilities, offsets to derivative positions, and short-term securities. The fund may not hold all of these instruments. The fund is not rated by these agencies.

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*Portfolio Composition continued*

- (d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value due to the interest rate move.
  
- (i) For purposes of this presentation, the components include the market value of securities, and reflect the impact of the equivalent exposure of derivative positions. These amounts may be negative from time to time. The bond component will include any accrued interest amounts. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than market value. Where the fund holds convertible bonds, these are treated as part of the equity portion of the portfolio.
  
- (j) For the purpose of managing the fund's duration, the fund holds short treasury futures with a bond equivalent exposure of (14.1)%, which reduce the fund's interest rate exposure but not its credit exposure.
  
- (m) In determining an instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity. Percentages are based on net assets, including the value of auction preferred shares, as of 11/30/11.

The portfolio is actively managed and current holdings may be different.

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## MANAGEMENT REVIEW

### Summary of Results

The MFS High Yield Municipal Trust (the fund) is a closed-end fund investing primarily in investment-grade and high-yield municipal debt.

For the twelve months ended November 30, 2011, shares of the fund provided a total return of 8.88%, at net asset value. This compares with a return of 6.53% for the fund's benchmark, the Barclays Capital Municipal Bond Index.

### Market Environment

Early in the period, the U.S. Federal Reserve (the Fed) responded to weak economic growth by loosening monetary policy further. More easing by the Fed improved market sentiment and drove risk-asset prices markedly higher. The December 2010 agreement on a surprisingly large (relative to expectations) expansionary U.S. fiscal package also boosted sentiment. During the subsequent several months, the renewed positive market sentiment, coupled with better indications of global macroeconomic activity, pushed many asset valuations to post-crisis highs. At the same time, the yields of the perceived safest global sovereign credits rose, indicating a renewed risk-seeking environment.

However, towards the middle of the period, a weakening macroeconomic backdrop and renewed concerns over peripheral euro zone sovereign debt caused a flight-to-quality move that pushed high-quality sovereign bond yields lower. In the U.S., concerns about sovereign debt default and the long-term sustainability of the trend in U.S. fiscal policy resulted in one agency downgrading U.S. credit quality. Amidst this turmoil, global equity markets declined sharply. As a result of these developments, global consumer and producer sentiment indicators fell precipitously and highly-rated sovereign bond yields hit multi-decade lows. Towards the end of the reporting period, uncertainty in financial markets spiked higher as markets more seriously contemplated the possible failure of the euro zone.

The trailing twelve months witnessed a volatile period within the tax-exempt sector. Municipal bond prices declined precipitously early in the period, only to reverse course, and end the period higher than a year ago. Tax-exempts experienced dramatic price declines during the period from November 2010 through mid-January 2011 as the market grappled with a confluence of events. Amongst the most notable were concerns about higher interest rates, the extension of the Bush tax cuts, headlines questioning the financial strength of municipalities, and a diminished appetite for tax-exempt securities as evidenced by negative fund flows. Further exacerbating the impact of the outflows, the expiration of the Build America Bond program led many participants to forecast an increase in tax-exempt bonds for 2011 and to



## **Table of Contents**

### *Management Review continued*

question the ability of the municipal market to absorb said supply without a further adjustment down in prices. This sell-off left municipals at very attractive valuations relative to U.S. Treasuries. However, as we progressed into 2011, many of these fears subsided. New issue supply actually declined (year-to-date issuance through November 2011 was approximately 33% lower than the corresponding period in 2010), investor concerns over widespread default risk appeared to have diminished, and municipal mutual fund flows stabilized and subsequently turned positive. This combination of events appeared to have led investors to bid up prices of municipal bonds above where they stood at the beginning of the period.

In our view, municipal bonds continued to offer good value to long-term investors willing to look through near-to-medium-term volatility. As we looked at AAA-rated municipal bond yield ratios to Treasuries, and as we considered the comparatively high spreads available as one moved down in credit quality, it is our judgment that investors were reasonably well compensated for the risk that volatility would continue to exceed the low levels traditionally associated with the asset class.

In addition to persistent concerns regarding supply and demand imbalances, several other sources of volatility persisted. Periodically recurring legislative challenges to municipal bonds' tax exemption; the introduction and implementation of fiscal austerity plans at local, state, and Federal levels; heated debate around efforts to address unfunded pension liabilities; and the lingering threat of further rating agency downgrades, all impacted the asset class. Despite these concerns, most issuers remained fundamentally sound, and a continued macro environment of slow growth fostered gradual improvement in state and local debt dynamics.

### **Contributors to Performance**

Key factors for the fund's positive excess return over the Barclays Capital Municipal Bond Index included the fund's bond selection and greater exposure to BBB rated (r) bonds. A lesser exposure to AA rated bonds also benefited relative returns. The fund's bond selection in and greater exposure to the *health care* sector, and bond selection in the *pre-refunded* sector, were additional factors that boosted relative results.

The fund employs leverage which has been created through the issuance of auction preferred shares. To the extent that investments are purchased through the use of leverage, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund. During the reporting period, the fund's leverage enhanced its absolute positive performance.

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*Management Review continued*

**Detractors from Performance**

The fund's short positions in U.S. Treasury futures, which were used to hedge the duration (d) of the municipal securities held by the fund, detracted from relative performance as U.S. treasury rates rallied throughout the year. The benchmark does not hold U.S. Treasury futures.

A lesser exposure to A rated securities also hampered relative performance over the reporting period.

Respectfully,

Gary Lasman  
Portfolio Manager

Geoffrey Schechter  
Portfolio Manager

(d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value.

(r) Bonds rated BBB, Baa, or higher are considered investment grade; bonds rated BB, Ba, or below are considered non-investment grade. The source for bond quality ratings is Moody's Investors Service, Standard & Poor's and Fitch, Inc. and are applied using the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). For securities which are not rated by any of the three agencies, the security is considered Not Rated.

The views expressed in this report are those of the portfolio managers only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market or other conditions, and MFS disclaims any responsibility to update such views. These views may not be relied upon as investment advice or an indication of trading intent on behalf of any MFS portfolio. References to specific securities are not recommendations of such securities, and may not be representative of any MFS portfolio's current or future investments.

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**PERFORMANCE SUMMARY** THROUGH 11/30/11

The following chart represents the fund's historical performance in comparison to its benchmark(s). Investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost; current performance may be lower or higher than quoted. The performance shown does not reflect the deduction of taxes, if any, that a shareholder would pay on fund distributions or the sale of fund shares. Performance data shown represents past performance and is no guarantee of future results.

**Price Summary for MFS High Yield Municipal Trust**

Year Ended 11/30/11

	Date	Price
Net Asset Value	11/30/11	\$4.25
	11/30/10	\$4.25
New York Stock Exchange Price	11/30/11	\$4.57
	11/28/11 (high) (t)	\$4.60
	1/14/11 (low) (t)	\$3.99
	11/30/10	\$4.45

**Total Returns vs Benchmark**

Year Ended 11/30/11

MFS High Yield Municipal Trust at	
New York Stock Exchange Price (r)	11.82%
Net Asset Value (r)	8.88%
Barclays Capital Municipal Bond Index (f)	6.53%

(f) Source: FactSet Research Systems Inc.

(r) Includes reinvestment of dividends and capital gain distributions.

(t) For the period December 1, 2010 through November 30, 2011.

**Benchmark Definition**

Barclays Capital Municipal Bond Index a market capitalization-weighted index that measures the performance of the tax-exempt bond market.

It is not possible to invest directly in an index.

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*Performance Summary continued*

**Notes to Performance Summary**

The fund's shares may trade at a discount or premium to net asset value. Shareholders do not have the right to cause the fund to repurchase their shares at net asset value. When fund shares trade at a premium, buyers pay more than the net asset value underlying fund shares, and shares purchased at a premium would receive less than the amount paid for them in the event of the fund's liquidation. As a result, the total return that is calculated based on the net asset value and New York Stock Exchange price can be different.

Performance results do not include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles and may differ from amounts reported in the financial highlights.

From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.

In accordance with Section 23(c) of the Investment Company Act of 1940, the fund hereby gives notice that it may from time to time repurchase common and/or preferred shares of the fund in the open market at the option of the Board of Trustees and on such terms as the Trustees shall determine.

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**INVESTMENT OBJECTIVE, PRINCIPAL  
INVESTMENT STRATEGIES AND RISKS  
OF THE FUND**

**Investment Objective**

The fund's investment objective is to seek high current income exempt from federal income tax, but may also consider capital appreciation. The fund's objective may be changed without shareholder approval.

**Principal Investment Strategies**

The fund invests, under normal market conditions, at least 80% of its net assets, including assets attributable to preferred shares and borrowings for investment purposes, in tax-exempt bonds and tax-exempt notes. This policy may not be changed without shareholder approval. Tax-exempt bonds and tax-exempt notes are municipal instruments, the interest of which is exempt from federal income tax. Interest from the fund's investments may be subject to the federal alternative minimum tax.

MFS (Massachusetts Financial Services Company, the fund's investment adviser) may invest 25% or more of the fund's total assets in municipal instruments that finance similar projects, such as those relating to education, healthcare, housing, utilities, water, or sewers. Although MFS seeks to invest the fund's assets in municipal instruments whose interest is exempt from federal personal income tax, MFS may also invest in taxable instruments, including derivatives.

MFS may invest up to 100% of the fund's assets in less than investment grade quality debt instruments (lower quality debt instruments).

MFS may invest a relatively large percentage of the fund's assets in a single issuer or a small number of issuers.

While MFS may use derivatives for any investment purpose, to the extent MFS uses derivatives, MFS expects to use derivatives primarily to increase or decrease exposure to a particular market, segment of the market, or security, to increase or decrease interest rate exposure, or as alternatives to direct investments.

MFS uses a bottom-up investment approach to buying and selling investments for the fund. Investments are selected primarily based on fundamental analysis of individual instruments and their issuers in light of issuers' current financial condition and current market, economic, political, and regulatory conditions. Factors considered may include the instrument's credit quality, collateral characteristics, and indenture provisions, and the issuer's management ability, capital structure, leverage, and ability to meet its current obligations. Quantitative models that systematically evaluate the structure of the debt instrument and its features may also be considered. In structuring the fund,

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*Investment Objective, Principal Investment Strategies and Risks of the Fund continued*

MFS considers sector allocations, yield curve positioning, macroeconomic factors and risk management factors.

The fund uses leverage through the issuance of preferred shares and/or the creation of tender option bonds, and then investing the proceeds pursuant to its investment strategies. If approved by the fund's Board of Trustees, the fund may use leverage by other methods.

MFS may engage in active and frequent trading in pursuing the fund's principal investment strategies.

In response to market, economic, political, or other conditions, MFS may depart from the fund's principal investment strategies by temporarily investing for defensive purposes.

**Principal Risks**

The fund may not achieve its objective and/or you could lose money on your investment in the fund.

Investments in debt instruments may decline in value as the result of increases in interest rates, declines in the credit quality of the issuer, borrower, counterparty or underlying assets, or changes in economic, political, issuer-specific, or other conditions. Certain types of debt instruments can be more sensitive to these factors and therefore more volatile.

Investments in derivatives can be used to take both long and short positions, be highly volatile, result in leverage (which can magnify losses), and involve risks in addition to the risks of the underlying indicator(s) on which the derivative is based, such as counterparty and liquidity risk.

Investments in lower-quality debt instruments can be more volatile and have greater risk of default than higher-quality debt instruments.

Investments in municipal instruments can be volatile and significantly affected by adverse tax or court rulings, legislative or political changes, market and economic conditions, issuer, industry-specific (including the credit quality of municipal insurers), and other conditions.

The market price of common shares of the fund will be based on factors such as the supply and demand for common shares in the market and general market, economic, political or regulatory conditions. Whether shareholders will realize gains or losses upon the sale of common shares of the fund will depend on the market price of common shares at the time of the sale, not on the fund's net asset value. The market price may be lower or higher than the fund's net asset value. Shares of closed-end funds frequently trade at a discount or premium to their net asset value.

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*Investment Objective, Principal Investment Strategies and Risks of the Fund* continued

Leverage involves investment exposure in an amount exceeding the initial investment. Leverage can cause increased volatility by magnifying gains or losses.

To the extent that investments are purchased with the issuance of preferred shares, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund.

Please see the fund's registration statement for further information regarding these and other risk considerations. A copy of the fund's registration statement on Form N-2 is available on the EDGAR database on the Securities and Exchange Commission's Internet Web site at <http://sec.gov>.

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**PORTFOLIO MANAGERS    PROFILES**

Gary Lasman	Investment Officer of MFS; employed in the investment area of MFS since 2002. Portfolio manager of the fund since June 2007.
Geoffrey Schechter	Investment Officer of MFS; employed in the investment area of MFS since 1993. Portfolio manager of the fund since June 2007.



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## DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The fund offers a Dividend Reinvestment and Cash Purchase Plan (the Plan) that allows common shareholders to reinvest either all of the distributions paid by the fund or only the long-term capital gains. Generally, purchases are made at the market price unless that price exceeds the net asset value (the shares are trading at a premium). If the shares are trading at a premium, purchases will be made at a price of either the net asset value or 95% of the market price, whichever is greater. You can also buy shares on a quarterly basis in any amount \$100 and over. The Plan Agent will purchase shares under the Cash Purchase Plan on the 15th of January, April, July, and October or shortly thereafter.

If shares are registered in your own name, new shareholders will automatically participate in the Plan, unless you have indicated that you do not wish to participate. If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you may wish to request that your shares be re-registered in your own name so that you can participate. There is no service charge to reinvest distributions, nor are there brokerage charges for shares issued directly by the fund. However, when shares are bought on the New York Stock Exchange or otherwise on the open market, each participant pays a pro rata share of the transaction expenses, including commissions. Dividends and capital gains distributions are taxable whether received in cash or reinvested in additional shares the automatic reinvestment of distributions does not relieve you of any income tax that may be payable (or required to be withheld) on the distributions.

You may withdraw from the Plan at any time by going to the Plan Agent's website at [www.computershare.com](http://www.computershare.com), by calling 1-800-637-2304 any business day from 9 a.m. to 5 p.m. Eastern time or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940 - 3078. Please have available the name of the fund and your account number. For certain types of registrations, such as corporate accounts, instructions must be submitted in writing. Please call for additional details. When you withdraw from the Plan, you can receive the value of the reinvested shares in one of three ways: your full shares will be held in your account, the Plan Agent will sell your shares and send the proceeds to you, or you may transfer your full shares to your investment professional who can hold or sell them. Additionally, the Plan Agent will sell your fractional shares and send the proceeds to you.

If you have any questions or for further information or a copy of the Plan, contact the Plan Agent Computershare Trust Company, N.A. (the Transfer Agent for the fund) at 1-800-637-2304, at the Plan Agent's website at [www.computershare.com](http://www.computershare.com), or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940 - 3078.

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11/30/11

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

<b>Municipal Bonds - 158.5%</b>		
<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>Airport Revenue - 3.2%</b>		
Dallas Fort Worth, TX, International Airport Rev. Improvement, B, AGM, 5%, 2025	\$ 3,000,000	\$ 3,040,290
Houston, TX, Airport System Rev., B, 5%, 2026	175,000	187,075
Port Authority NY & NJ, Special Obligation Rev. (JFK International Air Terminal LLC), 6%, 2036	255,000	267,633
Port Authority NY & NJ, Special Obligation Rev. (JFK International Air Terminal LLC), 6%, 2042	290,000	303,099
		\$ 3,798,097
<b>General Obligations - General Purpose - 3.1%</b>		
Chicago, IL, Metropolitan Water Reclamation District-Greater Chicago, C, 5%, 2030	\$ 780,000	\$ 855,832
Las Vegas Valley, NV, Water District, C, 5%, 2029	925,000	979,446
Luzerne County, PA, AGM, 6.75%, 2023	455,000	525,065
State of California, 5.25%, 2028	335,000	358,594
State of California, 5.25%, 2030	790,000	836,247
State of Hawaii, DZ, 5%, 2031	200,000	219,968
		\$ 3,775,152
<b>General Obligations - Improvement - 0.1%</b>		
Guam Government, A, 7%, 2039	\$ 90,000	\$ 92,641
<b>General Obligations - Schools - 2.4%</b>		
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2029	\$ 2,195,000	\$ 889,831
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2031	275,000	96,676
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2032	280,000	91,661
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2033	560,000	172,945
Chicago, IL, Board of Education, A, 5%, 2041	100,000	98,623
Irving, TX, Independent School District, Capital Appreciation, A, PSF, 0%, 2016	1,000,000	943,550
Los Angeles, CA, Unified School District, D, 5%, 2034	165,000	170,346
San Jacinto, TX, Community College District, 5.125%, 2038	430,000	450,275
		\$ 2,913,907

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*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Healthcare Revenue - Hospitals - 37.8%</b>		
Allegheny County, PA, Hospital Development Authority Rev. (University of Pittsburgh Medical Center), A , 5.375%, 2029	\$ 440,000	\$ 463,021
Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), A , 5%, 2028	435,000	359,206
Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), A , 5.375%, 2040	625,000	510,219
Atchison, KS, Hospital Rev. (Atchison Hospital Assn.), A , 6.75%, 2030	320,000	303,693
Brunswick, GA, Hospital Authority Rev. (Glynn-Brunswick Memorial Hospital), 5.625%, 2034	170,000	174,201
Butler County, OH, Hospital Facilities Rev. (UC Health), 5.5%, 2040	590,000	571,716
Butler County, OH, Hospital Facilities Rev. (UC Health), 5.75%, 2040	130,000	130,261
California Health Facilities Financing Authority Rev. (St. Joseph Health System), A , 5.75%, 2039	185,000	191,997
California Health Facilities Financing Authority Rev. (Sutter Health), A , 5%, 2042	500,000	486,180
California Health Facilities Financing Authority Rev. (Sutter Health), B , 5.875%, 2031	660,000	710,873
California Statewide Communities Development Authority Rev. (Catholic Healthcare West), K , ASSD GTY, 5.5%, 2041	625,000	637,269
California Statewide Communities Development Authority Rev. (Children s Hospital), 5%, 2047	290,000	237,719
Cullman County, AL, Health Care Authority (Cullman Regional Medical Center), A , 6.75%, 2029	60,000	56,905
Delaware County, PA, Authority Rev. (Mercy Health Corp.), ETM, 6%, 2016 (c)	965,000	1,083,570
Delaware County, PA, Authority Rev. (Mercy Health Corp.), ETM, 6%, 2026 (c)	500,000	569,625
Erie County, PA, Hospital Authority Rev. (St. Vincent s Health), A , 7%, 2027	410,000	420,041
Gage County, NE, Hospital Authority No. 1, Health Care Facilities Rev. (Beatrice Community Hospital & Health Care Center), B , 6.75%, 2035	195,000	200,700
Garden City, MI, Hospital Finance Authority Rev. (Garden City Hospital), 5%, 2038	500,000	357,070
Harris County, TX, Health Facilities Development Corp., Hospital Rev. (Memorial Hermann Healthcare Systems), B , 7.25%, 2035	205,000	231,796
Idaho Health Facilities Authority Rev. (IHC Hospitals, Inc.), ETM, 6.65%, 2021 (c)	2,750,000	3,654,695
Illinois Finance Authority Rev. (Kewanee Hospital), 5.1%, 2031	390,000	321,890
Illinois Finance Authority Rev. (Provena Health), A , 7.75%, 2034	485,000	549,403

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Healthcare Revenue - Hospitals - continued		
Illinois Finance Authority Rev. (Silver Cross Hospital & Medical Centers), 6.875%, 2038	\$ 485,000	\$ 508,052
Indiana Health & Educational Facilities Finance Authority Rev. (Sisters of St. Francis Health Services, Inc.), E , AGM, 5.25%, 2041	660,000	666,039
Indiana Health & Educational Facilities Finance Authority, Hospital Rev. (Clarian Health), A , 5%, 2039	1,745,000	1,677,189
Indiana Health & Educational Facilities Finance Authority, Hospital Rev. (Community Foundation of Northwest Indiana), 5.5%, 2037	945,000	927,215
Indiana Health & Educational Financing Authority Rev. (Community Foundation of Northwest Indiana ), A , 6%, 2034	425,000	433,951
Jefferson Parish, LA, Hospital Service District No. 2 (East Jefferson General Hospital), 6.25%, 2031	300,000	304,512
Jefferson Parish, LA, Hospital Service District No. 2 (East Jefferson General Hospital), 6.375%, 2041	185,000	185,975
Johnson City, TN, Health & Educational Facilities Board Hospital Rev. (Mountain States Health Alliance), A , 5.5%, 2031	1,120,000	1,111,992
Johnson City, TN, Health & Educational Facilities Board Hospital Rev. (Mountain States Health Alliance), A , 5.5%, 2036	410,000	401,866
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Baptist Healthcare System), A , 5.375%, 2024	300,000	334,428
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Baptist Healthcare System), A , 5.625%, 2027	100,000	108,459
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Owensboro Medical Health System), A , 6.375%, 2040	570,000	594,824
Lake County, OH, Hospital Facilities Rev. (Lake Hospital Systems, Inc.), 5.625%, 2029	435,000	439,911
Lebanon County, PA, Health Facilities Authority Rev. (Good Samaritan Hospital), 5.9%, 2028	210,000	201,109
Louisiana Public Facilities Authority Hospital Rev. (Lake Charles Memorial Hospital), 6.375%, 2034	880,000	864,486
Louisville & Jefferson County, KY, Metro Government Health Facilities Rev. (Jewish Hospital & St. Mary s Healthcare), 6.125%, 2037	1,315,000	1,357,317
Louisville & Jefferson County, KY, Metropolitan Government Healthcare Systems Rev. (Norton Healthcare, Inc.), 5.25%, 2036	1,265,000	1,261,420
Lufkin, TX, Health Facilities Development Corp. Rev. (Memorial Health System), 5.5%, 2032	60,000	55,194
Lufkin, TX, Health Facilities Development Corp. Rev. (Memorial Health System), 5.5%, 2037	60,000	52,739
Maryland Health & Higher Educational Facilities Authority Rev. (Anne Arundel Health System), A , 6.75%, 2039	735,000	827,051
Massachusetts Development Finance Agency Rev. (Tufts Medical Center), I , 7.25%, 2032	445,000	490,986

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Healthcare Revenue - Hospitals - continued		
Massachusetts Health & Educational Facilities Authority Rev. (Boston Medical Center), 5.25%, 2038	\$ 1,000,000	\$ 897,280
Massachusetts Health & Educational Facilities Authority Rev. (Jordan Hospital), E , 6.75%, 2033	250,000	248,275
Massachusetts Health & Educational Facilities Authority Rev. (Milford-Whitinsville Hospital), C , 5.25%, 2018	500,000	488,230
Massachusetts Health & Educational Facilities Authority Rev. (Quincy Medical Center), A , 6.5%, 2038 (a)(d)	210,988	93,362
Massachusetts Health & Educational Facilities Authority Rev. (Saints Memorial Medical Center), A , 6%, 2023	260,000	213,101
Michigan Finance Authority Rev. (Trinity Health Corp.), 5%, 2035	1,000,000	1,000,770
Montgomery, AL, Medical Clinic Board Health Care Facility Rev. (Jackson Hospital & Clinic), 5.25%, 2031	125,000	117,219
Montgomery, AL, Medical Clinic Board Health Care Facility Rev. (Jackson Hospital & Clinic), 5.25%, 2036	825,000	756,236
New Hampshire Business Finance Authority Rev. (Elliot Hospital Obligated Group), A , 6%, 2027	585,000	605,972
New Hampshire Health & Education Facilities Authority Rev. (Catholic Medical Center), A , 6.125%, 2012 (c)	175,000	182,466
New Hampshire Health & Education Facilities Authority Rev. (Catholic Medical Center), A , 6.125%, 2032	25,000	25,202
New Hampshire Health & Educational Facilities Authority Rev. (Memorial Hospital at Conway), 5.25%, 2021	530,000	518,388
New Hanover County, NC, Hospital Rev., AGM, 5.125%, 2031	895,000	931,480
New Jersey Health Care Facilities, Financing Authority Rev. (St. Peter s University Hospital), 5.75%, 2037	545,000	505,831
New Mexico Hospital Equipment Loan Council, Hospital Rev. (Rehoboth McKinley Christian Hospital), A , 5%, 2017	245,000	236,048
New York Dormitory Authority Rev., Non-State Supported Debt (Bronx-Lebanon Hospital Center), LOC, 6.5%, 2030	190,000	211,024
New York Dormitory Authority Rev., Non-State Supported Debt (Bronx-Lebanon Hospital Center), LOC, 6.25%, 2035	115,000	126,280
Norman, OK, Regional Hospital Authority Rev., 5%, 2027	155,000	138,903
Norman, OK, Regional Hospital Authority Rev., 5.375%, 2029	90,000	81,799
Norman, OK, Regional Hospital Authority Rev., 5.375%, 2036	235,000	201,632
Norman, OK, Regional Hospital Authority Rev., 5.125%, 2037	415,000	340,088
Olympia, WA, Healthcare Facilities Authority Rev. (Catholic Health Initiatives), D , 6.375%, 2036	1,095,000	1,242,562
Orange County, FL, Health Facilities Authority Hospital Rev. (Orlando Regional Healthcare), 5.75%, 2012 (c)	150,000	157,836
Palomar Pomerado Health Care District, CA, COP, 6.75%, 2039	890,000	917,919

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Healthcare Revenue - Hospitals - continued</b>		
Philadelphia, PA, Hospitals & Higher Education Facilities Authority Rev. (Temple University Health System), A , 6.625%, 2023	\$ 355,000	\$ 355,263
Rhode Island Health & Educational Building Corp. Rev., Hospital Financing (Lifespan Obligated Group), A , ASSD GTY, 7%, 2039	660,000	741,187
Royal Oak, MI, Hospital Finance Authority Rev. (William Beaumont Hospital), 8.25%, 2039	485,000	573,571
Salida, CO, Hospital District Rev., 5.25%, 2036	694,000	616,563
Skagit County, WA, Public Hospital District No. 001 Rev. (Skagit Valley Hospital), 5.75%, 2032	90,000	90,361
South Lake County, FL, Hospital District Rev. (South Lake Hospital), 6.375%, 2034	250,000	251,570
South Lake County, FL, Hospital District Rev. (South Lake Hospital), A , 6%, 2029	85,000	85,995
South Lake County, FL, Hospital District Rev. (South Lake Hospital), A , 6.25%, 2039	125,000	126,375
Southwestern, IL, Development Authority Rev. (Anderson Hospital), 5.5%, 2020	550,000	550,072
Southwestern, IL, Development Authority Rev. (Anderson Hospital), 5.125%, 2026	500,000	467,825
Sullivan County, TN, Health, Educational & Housing Facilities Board Hospital Rev. (Wellmont Health Systems Project), C , 5.25%, 2036	1,085,000	1,012,403
Sumner County, TN, Health, Educational & Housing Facilities Board Rev. (Sumner Regional Health Systems, Inc.), A , 5.5%, 2046 (a)(d)	375,000	31,875
Tyler, TX, Health Facilities Development Corp. (East Texas Medical Center), A , 5.25%, 2032	230,000	208,320
Tyler, TX, Health Facilities Development Corp. (East Texas Medical Center), A , 5.375%, 2037	190,000	170,128
Virginia Small Business Financing Authority, Hospital Rev. (Wellmont Health Project), A , 5.25%, 2037	470,000	437,988
Washington Health Care Facilities Authority Rev. (Multicare Health Systems), B , ASSD GTY, 6%, 2039	440,000	470,096
West Contra Costa, CA, Healthcare District, AMBAC, 5.5%, 2029	105,000	107,648
West Shore, PA, Hospital Authority Rev. (Holy Spirit Hospital), B , 5.625%, 2032	120,000	118,926
Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), 6.4%, 2033	350,000	358,334
Wisconsin Health & Educational Facilities Authority Rev. (Fort Healthcare, Inc.), 6.1%, 2034	750,000	752,438
Wisconsin Health & Educational Facilities Authority Rev. (Meritor Hospital), A , 5.5%, 2031	725,000	742,059
Wisconsin Health & Educational Facilities Authority Rev. (Meritor Hospital), A , 6%, 2041	490,000	514,750

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Healthcare Revenue - Hospitals - continued</b>		
Wisconsin Health & Educational Facilities Authority Rev. (Wheaton Franciscan Services), 5.25%, 2034	\$ 935,000	\$ 867,138
Wisconsin Health & Educational Facilities Authority Rev. (Wheaton Franciscan Services), A , 5.25%, 2025	390,000	390,530
		\$ 45,306,083
<b>Healthcare Revenue - Long Term Care - 21.0%</b>		
Abilene, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement Systems, Inc.), A , 5.9%, 2025	\$ 723,000	\$ 600,987
Abilene, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement Systems, Inc.), A , 7%, 2033	200,000	173,380
Bucks County, PA, Industrial Development Authority Retirement Community Rev. (Ann s Choice, Inc.), A , 6.125%, 2025	500,000	485,765
Bucks County, PA, Industrial Development Authority Rev. (Lutheran Community Telford Center), 5.75%, 2027	90,000	81,406
Bucks County, PA, Industrial Development Authority Rev. (Lutheran Community Telford Center), 5.75%, 2037	120,000	97,679
California Statewide Communities Development Authority Rev. (American Baptist Homes of the West), 6.25%, 2039	215,000	215,503
Capital Projects Finance Authority, FL, (Glenridge on Palmer Ranch), A , 8%, 2012 (c)	490,000	517,822
Chartiers Valley, PA, Industrial & Commercial Development Authority (Friendship Village), A , 5.75%, 2020	1,000,000	1,001,210
Chartiers Valley, PA, Industrial & Commercial Development Authority Rev. (Asbury Health Center), 6.375%, 2024	1,000,000	989,140
Colorado Health Facilities Authority Rev. (Christian Living Communities Project), A , 5.75%, 2037	475,000	440,012
Colorado Health Facilities Authority Rev. (Covenant Retirement Communities, Inc.), 5%, 2035	1,100,000	949,795
Columbus, GA, Housing Authority Rev. (Calvary Community, Inc.), 7%, 2019	335,000	324,119
Cumberland County, PA, Municipal Authority Rev. (Diakon Lutheran Social Ministries), 6.125%, 2029	695,000	712,771
Fulton County, GA, Residential Care Facilities (Canterbury Court), A , 6.125%, 2026	500,000	467,790
Hawaii Department of Budget & Finance, Special Purpose Rev. (15 Craigsid Project), A , 9%, 2044	140,000	159,764
Houston, TX, Health Facilities Development Corp. (Buckingham Senior Living Community), A , 7%, 2014 (c)	500,000	572,085
Howard County, MD, Retirement Facilities Rev. (Vantage House Corp.), A , 5.25%, 2033	200,000	149,216
Illinois Finance Authority Rev. (Evangelical Retirement Homes of Greater Chicago, Inc.), 7.25%, 2045	850,000	850,910

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Healthcare Revenue - Long Term Care - continued		
Illinois Finance Authority Rev. (Smith Village), A , 6.25%, 2035	\$ 1,000,000	\$ 826,520
Illinois Health Facilities Authority Rev. (Smith Crossing), A , 7%, 2032	525,000	502,247
Indiana Health Facilities Financing Authority Rev. (Hoosier Care, Inc.), A , 7.125%, 2034	965,000	887,839
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives), B , 5.75%, 2018	415,000	405,459
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives), B , 5.75%, 2028	1,475,000	1,252,142
James City County, VA, Economic Development (WindsorMeade Project), A , 5.5%, 2037	440,000	278,362
Kentucky Economic Development Finance Authority Health Facilities Rev. (AHF/Kentucky-Iowa, Inc.), 8%, 2029	353,000	355,146
La Verne, CA, COP (Brethren Hillcrest Homes), B , 6.625%, 2025	525,000	529,053
Massachusetts Development Finance Agency Rev. (Adventcare), A , 6.75%, 2037	695,000	652,278
Massachusetts Development Finance Agency Rev. (Alliance Health of Brockton, Inc.), A , 7.1%, 2032	1,020,000	914,838
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A-1 , 6.25%, 2031	130,267	103,377
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A-1 , 6.25%, 2039	31,732	23,752
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A-2 , 5.5%, 2046	8,656	5,634
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), Capital Appreciation, B , 0%, 2056	43,059	428
Massachusetts Development Finance Agency Rev. (Loomis Communities, Inc.), A , 5.625%, 2015	155,000	155,045
Massachusetts Development Finance Agency Rev. (Loomis Communities, Inc.), A , 6.9%, 2032	125,000	126,631
Massachusetts Development Finance Agency Rev. (The Groves in Lincoln), A , 7.75%, 2039	80,000	80,449
Massachusetts Development Finance Agency Rev. (The Groves in Lincoln), A , 7.875%, 2044	115,000	116,127
Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.125%, 2028	150,000	133,031
Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.25%, 2035	600,000	512,868
New Jersey Economic Development Authority Rev. (Lions Gate), A , 5.75%, 2025	400,000	381,604
New Jersey Economic Development Authority Rev. (Lions Gate), A , 5.875%, 2037	300,000	261,627



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*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Healthcare Revenue - Long Term Care - continued</b>		
New Jersey Economic Development Authority Rev. (Seabrook Village, Inc.), 5.25%, 2026	\$ 500,000	\$ 446,950
New Jersey Economic Development Authority Rev. (Seabrook Village, Inc.), 5.25%, 2036	500,000	423,325
Norfolk, VA, Redevelopment & Housing Authority Rev. (Fort Norfolk Retirement Community), A , 6.125%, 2035	195,000	177,041
Roseville, MN, Elder Care Facilities (Care Institute, Inc.), 7.75%, 2023	1,630,000	1,278,230
Shelby County, TN, Health, Educational & Housing Facilities Board Rev. (Germantown Village), A , 7.25%, 2034	300,000	285,549
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), A , 6%, 2027 (a)	280,000	141,840
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), A , 6%, 2042 (a)	260,000	129,004
South Carolina Jobs & Economic Development Authority, Health Facilities Rev. (Wesley Commons), 5.3%, 2036	200,000	147,196
St. John s County, FL, Industrial Development Authority Rev. (Glenmoor Project), A , 5.25%, 2026	500,000	411,520
St. John s County, FL, Industrial Development Authority Rev. (Presbyterian Retirement), A , 6%, 2045	610,000	611,574
Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Air Force Village), 6.125%, 2029	550,000	557,387
Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Air Force Village), 6.375%, 2044	415,000	418,449
Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Stayton at Museum Way), 8.25%, 2044	770,000	789,720
Travis County, TX, Health Facilities Development Corp. Rev. (Westminster Manor Health), 7%, 2030	130,000	138,213
Travis County, TX, Health Facilities Development Corp. Rev. (Westminster Manor Health), 7.125%, 2040	195,000	203,929
Westmoreland County, PA, Industrial Development Authority Rev. (Redstone Retirement Community), A , 5.875%, 2032	600,000	526,014
Westmoreland County, PA, Industrial Development Retirement Authority Rev. (Redstone Retirement Community), A , 5.75%, 2026	1,250,000	1,170,888
		\$ 25,150,640
<b>Healthcare Revenue - Other - 0.4%</b>		
Massachusetts Health & Educational Facilities Authority Rev. (Civic Investments, Inc.), A , 9%, 2012 (c)	\$ 450,000	\$ 488,700
<b>Industrial Revenue - Airlines - 3.4%</b>		
Clayton County, GA, Development Authority Special Facilities Rev. (Delta Airlines, Inc.), A , 8.75%, 2029	\$ 200,000	\$ 231,978

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*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Industrial Revenue - Airlines - continued</b>		
Clayton County, GA, Development Authority Special Facilities Rev. (Delta Airlines, Inc.), B , 9%, 2035	\$ 150,000	\$ 161,345
Denver, CO, City & County Airport Rev. (United Airlines), 5.75%, 2032	355,000	317,022
Houston, TX, Airport Systems Rev., Special Facilities (Continental Airlines, Inc.), E , 6.75%, 2029	155,000	155,152
Houston, TX, Airport Systems Rev., Special Facilities (Continental Airlines, Inc.), E , 7%, 2029	200,000	200,472
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 6.25%, 2029	935,000	897,161
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 9%, 2033	1,250,000	1,288,025
New York, NY, City Industrial Development Agencies Rev. (American Airlines, Inc.), 7.75%, 2031 (a)	385,000	337,841
New York, NY, City Industrial Development Agency Special Facility Rev. (American Airlines, Inc.), B , 8.5%, 2028 (a)	500,000	438,925
		\$ 4,027,921
<b>Industrial Revenue - Chemicals - 0.8%</b>		
Brazos River, TX, Harbor Navigation District (Dow Chemical Co.), B-2 , 4.95%, 2033	\$ 400,000	\$ 380,208
Port of Bay, TX, City Authority (Hoechst Celanese Corp.), 6.5%, 2026	660,000	641,942
		\$ 1,022,150
<b>Industrial Revenue - Environmental Services - 1.1%</b>		
California Pollution Control Financing Authority, Solid Waste Disposal Rev. (Republic Services, Inc.), B , 5.25%, 2023 (b)	\$ 135,000	\$ 150,597
California Pollution Control Financing Authority, Solid Waste Disposal Rev. (Waste Management, Inc.), C , 5.125%, 2023	655,000	669,521
Carbon County, UT, Solid Waste Disposal Rev. (Laidlaw Environmental), A , 7.45%, 2017	500,000	501,970
		\$ 1,322,088
<b>Industrial Revenue - Other - 2.1%</b>		
Annawan, IL, Tax Increment Rev. (Patriot Renewable Fuels LLC), 5.625%, 2018	\$ 315,000	\$ 269,851
California Statewide Communities, Development Authority Facilities (Microgy Holdings Project), 9%, 2038 (a)(d)	50,491	499
Gulf Coast, TX, Industrial Development Authority Rev. (CITGO Petroleum Corp.), 8%, 2028	375,000	375,536
Houston, TX, Industrial Development Corp. (United Parcel Service, Inc.), 6%, 2023	435,000	373,535
New Jersey Economic Development Authority Rev. (GMT Realty LLC), B , 6.875%, 2037	1,000,000	885,810

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*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Industrial Revenue - Other - continued</b>		
Virgin Islands Government Refinery Facilities Rev. (Hovensa Coker Project), 6.5%, 2021	\$ 250,000	\$ 237,695
Virgin Islands Public Finance Authority, Refinery Facilities Rev. (Hovensa Coker Project), 5.875%, 2022	400,000	356,584
		\$ 2,499,510
<b>Industrial Revenue - Paper - 3.7%</b>		
Beauregard Parish, LA (Boise Cascade Corp.), 6.8%, 2027	\$ 1,000,000	\$ 917,670
Bedford County, VA, Industrial Development Authority Rev. (Nekooska Packaging Corp.), 5.6%, 2025	400,000	398,844
Brunswick & Glynn County, GA, Development Authority Rev. (Georgia-Pacific LLC), 5.55%, 2026	505,000	504,955
Courtland, AL, Industrial Development Board Solid Waste Disposal Rev. (Champion International Corp.), 6%, 2029	1,000,000	1,000,040
Escambia County, FL, Environmental Improvement Rev. (International Paper Co.), A, 5%, 2026	980,000	926,345
Escambia County, FL, Environmental Improvement Rev. (International Paper Co.), A, 4.75%, 2030	290,000	253,712
Phenix City, AL, Industrial Development Board Environmental Improvement Rev., A (Mead Westvaco Coated Board Project), 6.35%, 2035	400,000	397,088
		\$ 4,398,654
<b>Miscellaneous Revenue - Entertainment &amp; Tourism - 1.3%</b>		
Agua Caliente Band of Cahuilla Indians, CA, Rev., 5.6%, 2013 (n)	\$ 335,000	\$ 335,482
Brooklyn, NY, Arena Local Development Corp. (Barclays Center Project), 6%, 2030	135,000	140,345
Brooklyn, NY, Arena Local Development Corp. (Barclays Center Project), 6.25%, 2040	85,000	88,669
Cow Creek Band of Umpqua Tribe of Indians, OR, C, 5.625%, 2026 (n)	650,000	529,438
Mashantucket Western Pequot Tribe, CT, Capital Appreciation, B, 0%, 2018 (a)(n)	1,100,000	273,306
Seminole Tribe, FL, Special Obligation Rev., A, 5.25%, 2027 (n)	280,000	256,836
		\$ 1,624,076
<b>Miscellaneous Revenue - Other - 3.2%</b>		
Austin, TX, Convention Center (Convention Enterprises, Inc.), A, SYNCORA, 5.25%, 2024	\$ 305,000	\$ 284,294
Capital Trust Agency, FL (Aero Syracuse LLC), 6.75%, 2032	350,000	305,981
Citizens Property Insurance Corp., FL, A-1, 5%, 2019	65,000	70,218
Citizens Property Insurance Corp., FL, A-1, 5%, 2020	305,000	326,091

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Miscellaneous Revenue - Other - continued		
Dallas, TX, Civic Center Convention Complex Rev., ASSD GTY, 5.25%, 2034	\$ 845,000	\$ 897,627
Massachusetts Port Authority Facilities Rev. (Conrac Project), A, 5.125%, 2041	40,000	40,833
New York Liberty Development Corp., Liberty Rev. (One Bryant Park LLC), 6.375%, 2049	545,000	561,454
New York Liberty Development Corp., Liberty Rev. (World Trade Center Project), 5%, 2044	535,000	528,173
Summit County, OH, Port Authority Building Rev. (Twinsburg Township), D, 5.125%, 2025	600,000	517,560
V Lakes Utility District, MS, Water Systems Rev., 7%, 2037	300,000	266,901
		\$ 3,799,132
Multi-Family Housing Revenue - 4.8%		
Broward County, FL, Housing Finance Authority Rev. (Chaves Lakes Apartments Ltd.), A, 7.5%, 2040	\$ 495,000	\$ 480,987
Capital Trust Agency, FL, Housing Rev. (Atlantic Housing Foundation), B, 7%, 2032 (d)(q)	625,000	281,000
Charter Mac Equity Issuer Trust, FHLMC, 6%, 2019 (n)	1,000,000	1,029,900
District of Columbia Housing Finance Agency (Henson Ridge), E, FHA, 5.1%, 2037	655,000	643,989
Durham, NC, Durham Housing Authority Rev. (Magnolia Pointe Apartments), 5.65%, 2038 (b)	916,829	694,232
El Paso County, TX, Housing Finance Corp. (American Housing Foundation), C, 8%, 2032	270,000	271,693
El Paso County, TX, Housing Finance Corp. (American Housing Foundation), D, 10%, 2032	275,000	276,697
Mississippi Home Corp., Rev. (Kirkwood Apartments), 6.8%, 2037 (d)(q)	605,000	336,180
MuniMae TE Bond Subsidiary LLC, 5.8%, 2049 (z)	1,000,000	650,400
Resolution Trust Corp., Pass-Through Certificates, 1993, 8.5%, 2016 (z)	455,481	436,387
Wilmington, DE, Multi-Family Housing Rev. (Electra Arms Senior Associates), 6.25%, 2028	780,000	676,018
		\$ 5,777,483
Parking - 0.3%		
Boston, MA, Metropolitan Transit Parking Corp., Systemwide Parking Rev., 5.25%, 2036	\$ 300,000	\$ 313,767

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Port Revenue - 1.5%</b>		
Maryland Economic Development Corp. Rev. (Port America Chesapeake Terminal Project), B , 5.75%, 2035	\$ 285,000	\$ 284,270
Port Authority NY & NJ, Cons Thirty Seventh, AGM, 5.125%, 2030	1,450,000	1,495,066
		\$ 1,779,336
<b>Sales &amp; Excise Tax Revenue - 4.5%</b>		
Bolingbrook, IL, Sales Tax Rev., 6.25%, 2024	\$ 500,000	\$ 314,330
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 2029	165,000	175,826
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 2030	330,000	349,190
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 2031	60,000	63,144
Colorado Regional Transportation District, Private Activity Rev. (Denver Transportation Partners), 6%, 2034	630,000	637,547
Colorado Regional Transportation District, Private Activity Rev. (Denver Transportation Partners), 6%, 2041	300,000	303,393
Massachusetts Bay Transportation Authority, Sales Tax Rev., A , 5%, 2024	1,095,000	1,312,763
Massachusetts School Building Authority, Dedicated Sales Tax Rev., AMBAC, 4.75%, 2032	840,000	865,284
Metropolitan Pier & Exposition Authority, State Tax Rev., Capital Appreciation, ETM, FGIC, 0%, 2014 (c)	1,010,000	986,336
Puerto Rico Sales Tax Financing Corp., Sales Tax Rev., C , 5.25%, 2041	35,000	35,386
Puerto Rico Sales Tax Financing Corp., Sales Tax Rev., Capital Appreciation, A , 0%, 2032	460,000	415,375
		\$ 5,458,574
<b>Single Family Housing - Local - 1.2%</b>		
Minneapolis & St. Paul Housing Authority Rev. (City Living), A-2 , GNMA, 5%, 2038	\$ 434,739	\$ 424,666
Pittsburgh, PA, Urban Redevelopment Authority Rev., C , GNMA, 4.8%, 2028	1,000,000	999,930
		\$ 1,424,596
<b>Single Family Housing - State - 1.6%</b>		
California Housing Finance Agency Rev. (Home Mortgage), G , 5.5%, 2042	\$ 330,000	\$ 334,178
Colorado Housing & Finance Authority, A , 5.5%, 2029	1,045,000	1,073,372
Iowa Finance Authority, Single Family Mortgage Rev., E , 5.4%, 2032	365,000	368,927
Kentucky Counties Single Family Mortgage Rev., A , NATL, 9%, 2016	5,000	5,001
North Dakota Housing Finance Agency Rev., A , 4.85%, 2021	165,000	166,693
		\$ 1,948,171

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Solid Waste Revenue - 0.1%</b>		
Pennsylvania Economic Development Financing Authority, Sewer Sludge Disposal Rev. (Philadelphia Biosolids Facility), 6.25%, 2032	\$ 75,000	\$ 78,673
<b>State &amp; Agency - Other - 0.4%</b>		
Commonwealth of Puerto Rico (Mepsi Campus), A, 6.5%, 2037	\$ 500,000	\$ 477,715
<b>State &amp; Local Agencies - 4.1%</b>		
Dorchester County, SC, School District No. 2, Growth Remedy Opportunity Tax Hike, 5.25%, 2029	\$ 500,000	\$ 510,095
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Enhanced, A, FGIC, 5%, 2035	110,000	102,358
Guam Government Department of Education (John F. Kennedy High School), A, COP, 6.875%, 2040	295,000	296,466
Laurens County, SC, School District No. 55, Installment Purchase Rev., 5.25%, 2030	700,000	713,342
New York Metropolitan Transportation Authority, A, 5.125%, 2029	800,000	815,808
Newberry, SC, Investing in Children's Education (Newberry County School District Program), 5%, 2030	400,000	405,476
Philadelphia, PA, Municipal Authority Rev., 6.5%, 2034	135,000	141,624
Puerto Rico Public Finance Corp., E, ETM, 6%, 2026 (c)	80,000	105,374
Puerto Rico Public Finance Corp., E, ETM, 6%, 2026	820,000	1,091,453
Wisconsin General Fund Annual Appropriation Rev., A, 5.75%, 2033 (f)	660,000	730,250
		\$ 4,912,246
<b>Student Loan Revenue - 1.1%</b>		
Iowa Student Loan Liquidity Corp., A-2, 5.5%, 2025	\$ 200,000	\$ 201,154
Iowa Student Loan Liquidity Corp., A-2, 5.6%, 2026	200,000	201,534
Iowa Student Loan Liquidity Corp., A-2, 5.7%, 2027	20,000	20,178
Iowa Student Loan Liquidity Corp., A-2, 5.75%, 2028	370,000	372,350
Massachusetts Educational Financing Authority, Education Loan Rev., H, ASSD GTY, 6.35%, 2030	425,000	442,523
Massachusetts Educational Financing Authority, Education Loan Rev., I-A, 5.5%, 2022	25,000	27,655
		\$ 1,265,394
<b>Tax - Other - 1.8%</b>		
Dallas County, TX, Flood Control District, 7.25%, 2032	\$ 750,000	\$ 766,050
Hudson Yards, NY, Infrastructure Corp. Rev., A, 5%, 2047	360,000	349,531
Hudson Yards, NY, Infrastructure Corp. Rev., A, 5.75%, 2047	370,000	390,783
New York, NY, City Transitional Finance Authority Building Aid Rev., S-3, 5.25%, 2039	440,000	462,603

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*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Tax - Other - continued</b>		
Virgin Islands Public Finance Authority Rev. (Diageo Project), A , 6.75%, 2037	\$ 205,000	\$ 219,211
		\$ 2,188,178
<b>Tax Assessment - 7.1%</b>		
Anne Arundel County, MD, Special Obligation (National Business Park-North Project), 6.1%, 2040	\$ 140,000	\$ 139,654
Atlanta, GA, Tax Allocation (Eastside Project), B , 5.4%, 2020	500,000	511,700
Capital Region Community Development District, FL, Capital Improvement Rev., A , 7%, 2039	230,000	192,397
Celebration Community Development District, FL, A , 6.4%, 2034	675,000	679,266
Channing Park Community Development District, FL, 5.3%, 2038	265,000	214,051
Chicago, IL, Tax Increment Allocation (Pilsen Redevelopment), B , 6.75%, 2022	310,000	311,879
Du Page County, IL, Special Service Area No. 31 Special Tax (Monarch Landing Project), 5.625%, 2036	250,000	196,800
Heritage Harbour North Community Development District, FL, Capital Improvement Rev., 6.375%, 2038	315,000	270,018
Homestead, Community Development District, FL, Special Assessment, A , 6%, 2037	365,000	226,377
Homestead, Community Development District, FL, Special Assessment, B , 5.9%, 2013	150,000	89,690
Huntington Beach, CA, Community Facilities District, Special Tax (Grand Coast Resort), 2000-1 , 6.45%, 2031	500,000	502,215
Lincolnshire, IL, Special Service Area No. 1 (Sedgebrook Project), 6.25%, 2034	250,000	222,810
Main Street Community Development District, FL, A , 6.8%, 2038	280,000	240,797
Northwest Metropolitan District No. 3, CO, 6.25%, 2035	500,000	403,685
Oakmont Grove Community Development District, FL, A , 5.4%, 2038 (a)(d)	300,000	111,000
Ohio County, WV, Commission Tax Increment Rev. (Fort Henry Centre), A , 5.85%, 2034	125,000	125,930
Orlando, FL, Special Assessment Rev. (Conroy Road Interchange Project), A , 5.8%, 2026	290,000	284,713
Plano, IL, Special Service Area No. 4 (Lakewood Springs Project Unit 5-B), 6%, 2035	1,460,000	1,294,918
Sarasota National Community Development District, FL, Special Assessment Rev., 5.3%, 2039 (a)(d)	800,000	280,000
Sweetwater Creek Community Development District, FL, Capital Improvement Rev., 5.5%, 2038 (a)	190,000	72,200
Tolomato Community Development District, FL, Special Assessment, 6.65%, 2040	585,000	303,241

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*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Tax Assessment - continued</b>		
Tuscany Reserve Community Development District, FL, Special Assessment, B, 5.25%, 2016	\$ 185,000	\$ 162,219
West Villages Improvement District, FL, Special Assessment Rev. (Unit of Development No. 3), 5.5%, 2037	470,000	208,309
Westridge, FL, Community Development District, Capital Improvement Rev., 5.8%, 2037 (a)(d)	960,000	364,800
Wyandotte County-Kansas City, KS, Unified Government Transportation Development District (Legends Village West Project), 4.875%, 2028	580,000	445,881
Yorba Linda, CA, Redevelopment Agency, Tax Allocation Rev., Capital Appreciation, A, NATL, 0%, 2024	1,325,000	606,466
		\$ 8,461,016
<b>Tobacco - 9.0%</b>		
Buckeye, OH, Tobacco Settlement Financing Authority, A-2, 5.125%, 2024	\$ 3,270,000	\$ 2,470,027
Buckeye, OH, Tobacco Settlement Financing Authority, A-2, 5.875%, 2030	245,000	182,640
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., A-1, 6.25%, 2013 (c)	970,000	1,035,446
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., A-1, 5.75%, 2047	525,000	369,170
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Asset Backed, A-1, 5%, 2033	440,000	299,486
Illinois Railsplitter Tobacco Settlement Authority, 6%, 2028	1,365,000	1,434,492
Inland Empire, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Asset Backed, Capital Appreciation, C-1, 0%, 2036	1,815,000	165,982
New Jersey Tobacco Settlement Financing Corp., 1-A, 5%, 2041	3,355,000	2,308,173
Rhode Island Tobacco Settlement Authority, 6%, 2023	1,260,000	1,268,177
Tobacco Securitization Authority, Minnesota Tobacco Settlement Rev., B, 5.25%, 2031	790,000	796,162
Washington Tobacco Settlement Authority Rev., 6.625%, 2032	500,000	506,010
		\$ 10,835,765
<b>Toll Roads - 5.1%</b>		
E-470 Public Highway Authority, CO, Capital Appreciation, B, NATL, 0%, 2018	\$ 1,500,000	\$ 1,033,830
Mid-Bay Bridge Authority, FL, Springing Lien Rev., A, 7.25%, 2040	445,000	468,563
North Texas Tollway Authority Rev., 6%, 2038	765,000	823,102
North Texas Tollway Authority Rev. (Special Projects System), D, 5%, 2031	1,200,000	1,268,148



**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Toll Roads - continued</b>		
San Joaquin Hills, CA, Transportation Corridor Agency, Toll Road Rev., Capital Appreciation, A, NATL, 0%, 2015	\$ 3,000,000	\$ 2,505,060
		\$ 6,098,703
<b>Transportation - Special Tax - 0.6%</b>		
Arizona Transportation Board Highway Rev., A, 5%, 2036	\$ 655,000	\$ 691,176
<b>Universities - Colleges - 9.5%</b>		
Brevard County, FL, Industrial Development Rev. (TUFF Florida Tech LLC Project), 6.75%, 2039	\$ 540,000	\$ 563,782
California Educational Facilities Authority Rev. (Chapman University), 5%, 2031	145,000	146,931
California Educational Facilities Authority Rev. (University of Southern California), A, 5.25%, 2038	1,270,000	1,358,417
California Municipal Finance Authority Rev. (Biola University), 5.8%, 2028	100,000	104,835
California State University Rev., A, 5%, 2037	990,000	1,021,175
Florida State University Board of Governors, System Improvement Rev., 6.25%, 2030	1,000,000	1,154,760
Grand Valley, MI, State University Rev., 5.5%, 2027	135,000	145,022
Grand Valley, MI, State University Rev., 5.625%, 2029	65,000	69,674
Harris County, TX, Cultural Education Facilities Rev. (Baylor College of Medicine), D, 5.625%, 2032	540,000	523,519
Illinois Finance Authority Rev. (Illinois Institute of Technology), A, 5%, 2036	110,000	80,406
Illinois Finance Authority Rev. (Roosevelt University Project), 6.25%, 2029	670,000	700,666
Illinois Finance Authority Rev. (Roosevelt University Project), 6.5%, 2039	155,000	161,335
Massachusetts Development Finance Agency Rev. (The Broad Institute, Inc.), A, 5.25%, 2037	580,000	596,756
Massachusetts Health & Educational Facilities Authority Rev. (Simmons College), I, 8%, 2029	255,000	287,235
Massachusetts Health & Educational Facilities Authority Rev. (Suffolk University), A, 6.25%, 2030	725,000	779,622
Massachusetts Health & Educational Facilities Authority Rev. (Suffolk University), A, 5.75%, 2039	455,000	466,757
Savannah, GA, Economic Development Authority Rev. (AASU Student Union LLC), ASSD GTY, 5.125%, 2039	335,000	348,263
University of Illinois Rev. (Auxiliary Facilities Systems), A, 5.125%, 2029	1,880,000	1,946,552

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Universities - Colleges - continued</b>		
University of Southern Indiana Rev. (Student Fee), J . ASSD GTY, 5.75%, 2028	\$ 300,000	\$ 331,131
University of Southern Mississippi Educational Building Corp. Rev. (Campus Facilities Project), 5.25%, 2032	220,000	237,983
University of Southern Mississippi Educational Building Corp. Rev. (Campus Facilities Project), 5.375%, 2036	80,000	86,480
Washington Higher Education Facilities Authority Rev. (Whitworth University), 5.875%, 2034	280,000	285,863
		\$ 11,397,164
<b>Universities - Dormitories - 2.1%</b>		
Bowling Green, OH, Student Housing Rev. (State University Project), 5.75%, 2031	\$ 175,000	\$ 171,981
Buffalo & Erie County, NY, Industrial Land Development Corp. Rev. (Buffalo State College), A , 5.375%, 2041	200,000	205,970
California Statewide Communities Development Authority Rev. (Lancer Educational Student Housing Project), 5.625%, 2033	735,000	656,406
Illinois Finance Authority Student Housing Rev. (Illinois State University), 6.75%, 2031	240,000	252,334
Illinois Finance Authority Student Housing Rev. (Northern Illinois University Project), 6.625%, 2031	615,000	638,985
Mississippi State University, Educational Building Corp., 5%, 2036	440,000	457,750
Pennsylvania Higher Education Facilities Authority Rev. (Edinboro University Foundation), 5.8%, 2030	80,000	81,074
Pennsylvania Higher Education Facilities Authority Rev. (Edinboro University Foundation), 6%, 2043	110,000	110,286
		\$ 2,574,786
<b>Universities - Secondary Schools - 0.6%</b>		
Clifton, TX, Higher Education Finance Corp. Rev. (Idea Public Schools), 5.5%, 2031	\$ 95,000	\$ 91,563
Clifton, TX, Higher Education Finance Corp. Rev. (Idea Public Schools), 5.75%, 2041	75,000	73,528
Clifton, TX, Higher Education Finance Corp. Rev. (Uplift Education), A , 6.125%, 2040	215,000	218,036
Clifton, TX, Higher Education Finance Corp. Rev. (Uplift Education), A , 6.25%, 2045	135,000	138,637
La Vernia, TX, Higher Education Finance Corp. Rev. (KIPP, Inc.), A , 6.25%, 2039	195,000	203,311
Philadelphia, PA, Authority for Industrial Development Rev. (MaST Charter School), 6%, 2035	50,000	51,181
		\$ 776,256

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*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Utilities - Cogeneration - 0.3%</b>		
Puerto Rico Industrial, Tourist, Educational, Medical & Environmental Central Facilities (Cogeneration Facilities - AES Puerto Rico Project), 6.625%, 2026	\$ 320,000	\$ 317,792
<b>Utilities - Investor Owned - 5.0%</b>		
Brazos River Authority, TX, Pollution Control Rev. (TXU Electric Co. LLC), C, 6.75%, 2038	\$ 555,000	\$ 128,471
Bryant, IL, Pollution Control Rev. (Central Illinois Light Co.), 5.9%, 2023	975,000	977,740
Chula Vista, CA, Industrial Development Rev. (San Diego Gas), 5.875%, 2034	245,000	268,006
Farmington, NM, Pollution Control Rev. (Public Service New Mexico), D, 5.9%, 2040	500,000	507,660
Massachusetts Development Finance Agency, Solid Waste Disposal Rev. (Dominion Energy Brayton), 5.75%, 2042 (b)	85,000	93,194
Matagorda County, TX, Pollution Control Rev. (Central Power & Light Co.), A, 6.3%, 2029	275,000	304,574
Mississippi Business Finance Corp., Pollution Control Rev. (Systems Energy Resources Project), 5.875%, 2022	1,500,000	1,510,035
New Hampshire Business Finance Authority, Pollution Control Rev. (Public Service of New Hampshire), B, NATL, 4.75%, 2021	250,000	257,218
Owen County, KY, Waterworks System Rev. (American Water Co. Project), A, 6.25%, 2039	205,000	214,588
Pennsylvania Economic Development Financing Authority (Allegheny Energy Supply Co. LLC), 7%, 2039	600,000	654,924
Pima County, AZ, Industrial Development Authority Rev. (Tucson Electric Power Co.), 5.75%, 2029	1,015,000	1,040,081
		\$ 5,956,491
<b>Utilities - Municipal Owned - 0.7%</b>		
Harris County, TX, Cultural Education Facilities Financial Corp., Thermal Utilities Rev. (Teco Project), A, 5.25%, 2035	\$ 140,000	\$ 148,383
Long Island, NY, Power Authority, A, 5%, 2038	735,000	753,823
		\$ 902,206
<b>Utilities - Other - 3.7%</b>		
California M-S-R Energy Authority Gas Rev., A, 7%, 2034	\$ 155,000	\$ 180,363
California M-S-R Energy Authority Gas Rev., A, 6.5%, 2039	335,000	369,689
Georgia Main Street Natural Gas, Inc., Gas Project Rev., A, 5.5%, 2028	335,000	322,890
Georgia Main Street Natural Gas, Inc., Gas Project Rev., B, 5%, 2019	325,000	322,046

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*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Utilities - Other - continued</b>		
Indiana Bond Bank Special Program, Gas Rev., A , 5.25%, 2018	\$ 230,000	\$ 250,981
Public Authority for Colorado Energy Natural Gas Purchase Rev., 6.5%, 2038	25,000	26,799
Salt Verde Financial Corp., AZ, Senior Gas Rev., 5%, 2037	705,000	644,744
Tennessee Energy Acquisition Corp., Gas Rev., A , 5.25%, 2021	1,710,000	1,681,734
Tennessee Energy Acquisition Corp., Gas Rev., A , 5.25%, 2022	270,000	264,770
Tennessee Energy Acquisition Corp., Gas Rev., A , 5.25%, 2026	165,000	158,900
Tennessee Energy Acquisition Corp., Gas Rev., C , 5%, 2025	240,000	227,988
		\$ 4,450,904
<b>Water &amp; Sewer Utility Revenue - 9.8%</b>		
Atlanta, GA, Water & Wastewater Rev., A , 6%, 2022	\$ 370,000	\$ 437,592
Birmingham, AL, Waterworks Board Water Rev., A , ASSD GTY, 5.125%, 2034	595,000	618,021
California Department of Water Resources, Center Valley Project Rev., AJ , 5%, 2035	1,010,000	1,087,326
Commonwealth of Puerto Rico Aqueduct & Sewer Authority Rev., A , 6%, 2038	655,000	680,139
Commonwealth of Puerto Rico Aqueduct & Sewer Authority Rev., A , 6%, 2044	135,000	138,749
Detroit, MI, Sewer Disposal System Rev., B , AGM, 7.5%, 2033	515,000	605,243
Houston, TX, Utility System Rev., D , 5%, 2036	435,000	463,040
King County, WA, Sewer Rev., 5%, 2040	1,395,000	1,470,497
Massachusetts Water Resources Authority, B , 5%, 2041	275,000	292,300
New York Environmental Facilities Corp., Clean Drinking Water Revolving Funds, 5%, 2024	215,000	249,437
New York Environmental Facilities Corp., Clean Drinking Water Revolving Funds, 5%, 2041	685,000	727,655
New York Environmental Facilities, C , 5%, 2041	945,000	1,007,209
New York, NY, Municipal Water Finance Authority, Water & Sewer System Rev., AA , 5%, 2034	1,980,000	2,108,106
New York, NY, Municipal Water Finance Authority, Water & Sewer Systems Rev., DD , 4.75%, 2035	790,000	810,832
Sacramento, CA, Municipal Utility District, X , 5%, 2028	365,000	390,740
Surprise, AZ, Municipal Property Corp., 4.9%, 2032	700,000	634,536
		\$ 11,721,422
<b>Total Municipal Bonds (Identified Cost, \$190,701,796)</b>		<b>\$ 190,026,565</b>

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*Portfolio of Investments continued*

Money Market Funds - 1.2%		
Issuer	Shares/Par	Value (\$)
MFS Institutional Money Market Portfolio, 0.1%, at Cost and Net Asset Value (v)	1,406,065	\$ 1,406,065
<b>Total Investments (Identified Cost, \$192,107,861)</b>		<b>\$ 191,432,630</b>
Other Assets, Less Liabilities - 2.9%		
Preferred Shares (Issued by the Fund) - (62.6)%		(75,000,000)
<b>Net assets applicable to common shares - 100.0%</b>		<b>\$ 119,845,744</b>

(a) Non-income producing security.

(b) Mandatory tender date is earlier than stated maturity date.

(c) Refunded bond.

(d) In default. Interest and/or scheduled principal payment(s) have been missed.

(f) All or a portion of the security has been segregated as collateral for open futures contracts.

(n) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in the ordinary course of business in transactions exempt from registration, normally to qualified institutional buyers. At period end, the aggregate value of these securities was \$2,424,962, representing 2.0% of net assets applicable to common shares.

(q) Interest received was less than stated coupon rate.

(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted is the annualized seven-day yield of the fund at period end.

(z) Restricted securities are not registered under the Securities Act of 1933 and are subject to legal restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are subsequently registered. Disposal of these securities may involve time-consuming negotiations and prompt sale at an acceptable price may be difficult. The fund holds the following restricted securities:

Restricted Securities	Acquisition Date	Cost	Value
MuniMae TE Bond Subsidiary LLC, 5.8%, 2049	10/14/04	\$1,000,000	\$650,400
Resolution Trust Corp., Pass-Through Certificates, 1993, 8.5%, 2016	10/17/01-1/14/02	455,481	436,387
<b>Total Restricted Securities</b>			<b>\$1,086,787</b>
% of Net assets applicable to common shares			0.9%

The following abbreviations are used in this report and are defined:

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COP Certificate of Participation  
ETM Escrowed to Maturity  
LOC Letter of Credit

**Table of Contents***Portfolio of Investments continued***Insurers**

AGM	Assured Guaranty Municipal
AMBAC	AMBAC Indemnity Corp.
ASSD GTY	Assured Guaranty Insurance Co.
FGIC	Financial Guaranty Insurance Co.
FHA	Federal Housing Administration
FHLMC	Federal Home Loan Mortgage Corp.
GNMA	Government National Mortgage Assn.
NATL	National Public Finance Guarantee Corp.
PSF	Permanent School Fund
SYNCORA	Syncora Guarantee Inc.

**Derivatives Contracts at 11/30/11****Futures Contracts Outstanding at 11/30/11**

Description	Currency	Contracts	Value	Expiration Date	Unrealized Appreciation (Depreciation)
<b>Asset Derivatives</b>					
<b>Interest Rate Futures</b>					
U.S. Treasury Note 10 yr (Short)	USD	188	\$24,316,625	March - 2012	\$114,188
U.S. Treasury Bond 30 yr (Short)	USD	22	3,110,250	March - 2012	32,405
					\$146,593

At November 30, 2011, the fund had sufficient cash and/or other liquid securities to cover any commitments under these derivative contracts.

**See Notes to Financial Statements**

**Table of Contents***Financial Statements***STATEMENT OF ASSETS AND LIABILITIES**

At 11/30/11

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

<b>Assets</b>	
Investments-	
Non-affiliated issuers, at value (identified cost, \$190,701,796)	\$190,026,565
Underlying affiliated funds, at cost and value	1,406,065
Total investments, at value (identified cost, \$192,107,861)	\$191,432,630
Receivables for	
Daily variation margin on open futures contracts	111,938
Investments sold	684,655
Interest	3,115,577
Other assets	6,348
Total assets	\$195,351,148
<b>Liabilities</b>	
Payables for	
Distributions on common shares	\$5
Distributions on preferred shares	1,414
Investments purchased	381,952
Payable to affiliates	
Investment adviser	12,384
Transfer agent and dividend disbursing costs	2,552
Payable for independent Trustees' compensation	4,265
Accrued expenses and other liabilities	102,832
Total liabilities	\$505,404
<b>Preferred shares</b>	
Auction preferred shares (3,000 shares issued and outstanding at \$25,000 per share) at liquidation value	\$75,000,000
Net assets applicable to common shares	\$119,845,744
<b>Net assets consist of</b>	
Paid-in capital - common shares	\$172,735,686
Unrealized appreciation (depreciation) on investments	(528,638)
Accumulated net realized gain (loss) on investments	(53,034,795)
Undistributed net investment income	673,491
Net assets applicable to common shares	\$119,845,744
Preferred shares, at liquidation value (3,000 shares issued and outstanding at \$25,000 per share)	75,000,000
Net assets including preferred shares	\$194,845,744
Common shares of beneficial interest outstanding	28,168,752
Net asset value per common share (net assets of \$119,845,744 / 28,168,752 shares of beneficial interest outstanding)	\$4.25

**See Notes to Financial Statements**



**Table of Contents***Financial Statements***STATEMENT OF OPERATIONS**

Year ended 11/30/11

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

<b>Net investment income</b>	
Income	
Interest	\$11,568,780
Dividends from underlying affiliated funds	7,937
Total investment income	\$11,576,717
Expenses	
Management fee	\$1,245,824
Transfer agent and dividend disbursing costs	44,998
Administrative services fee	37,499
Independent Trustees' compensation	25,552
Stock exchange fee	25,172
Preferred shares service fee	76,287
Custodian fee	14,162
Shareholder communications	33,280
Auditing fees	74,831
Legal fees	4,205
Miscellaneous	88,668
Total expenses	\$1,670,478
Fees paid indirectly	(425)
Reduction of expenses by investment adviser	(3,499)
Net expenses	\$1,666,554
Net investment income	\$9,910,163
<b>Realized and unrealized gain (loss) on investments</b>	
Realized gain (loss) (identified cost basis)	
Investment transactions	\$(2,764,564)
Futures contracts	(2,451,785)
Net realized gain (loss) on investments	\$(5,216,349)
Change in unrealized appreciation (depreciation)	
Investments	\$5,467,996
Futures contracts	93,144
Net unrealized gain (loss) on investments	\$5,561,140
Net realized and unrealized gain (loss) on investments	\$344,791
Distributions declared to preferred shareholders	\$(236,327)
Change in net assets from operations	\$10,018,627

**See Notes to Financial Statements**

**Table of Contents***Financial Statements***STATEMENTS OF CHANGES IN NET ASSETS**

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	<b>Years ended 11/30</b>	
	<b>2011</b>	<b>2010</b>
<b>Change in net assets</b>		
<b>From operations</b>		
Net investment income	\$9,910,163	\$10,485,700
Net realized gain (loss) on investments	(5,216,349)	(3,981,242)
Net unrealized gain (loss) on investments	5,561,140	5,696,976
Distributions declared to preferred shareholders	(236,327)	(307,179)
Change in net assets from operations	\$10,018,627	\$11,894,255
<b>Distributions declared to common shareholders</b>		
From net investment income	\$(10,006,832)	\$(9,856,628)
Net asset value of shares issued to common shareholders in reinvestment of distributions	\$461,392	\$464,965
Total change in net assets	\$473,187	\$2,502,592
<b>Net assets applicable to common shares</b>		
At beginning of period	119,372,557	116,869,965
At end of period (including undistributed net investment income of \$673,491 and \$1,107,776, respectively)	\$119,845,744	\$119,372,557
<b>See Notes to Financial Statements</b>		

**Table of Contents***Financial Statements***FINANCIAL HIGHLIGHTS**

The financial highlights table is intended to help you understand the fund's financial performance for the past 5 years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

	Years ended 11/30				
	2011	2010	2009	2008	2007
Net asset value, beginning of period	\$4.25	\$4.18	\$3.48	\$5.34	\$5.98
<b>Income (loss) from investment operations</b>					
Net investment income (d)	\$0.35	\$0.37	\$0.38	\$0.43	\$0.45(z)
Net realized and unrealized gain (loss) on investments	0.02	0.06	0.67	(1.85)	(0.66)(z)
Distributions declared to preferred shareholders	(0.01)	(0.01)	(0.02)	(0.11)	(0.12)
Total from investment operations	\$0.36	\$0.42	\$1.03	\$(1.53)	\$(0.33)
<b>Less distributions declared to common shareholders</b>					
From net investment income, common shares	\$(0.36)	\$(0.35)	\$(0.33)	\$(0.33)	\$(0.31)
Net asset value, end of period (x)	\$4.25	\$4.25	\$4.18	\$3.48	\$5.34
Common share market value, end of period	\$4.57	\$4.45	\$4.24	\$3.04	\$4.90
Total return at market value (%) (p)	11.82	13.69	52.58	(33.26)	(13.21)
Total return at net asset value (%) (j)(p)(r)(s)(x)	8.88	10.14	31.40	(29.90)	(5.73)
<b>Ratios (%) (to average net assets applicable to common shares) and Supplemental data:</b>					
Expenses before expense reductions (f)(p)	1.43	1.41	1.61	1.57	1.39
Expenses after expense reductions (f)(p)	1.43	1.40	1.50	1.48	1.39
Net investment income (p)	8.49	8.57	10.17	9.02	7.87(z)
Portfolio turnover	21	11	17	34	29
Net assets at end of period (000 omitted)	\$119,846	\$119,373	\$116,870	\$96,955	\$148,439

**Table of Contents***Financial Highlights continued*

	Years ended 11/30				
	2011	2010	2009	2008	2007
<b>Supplemental Ratios (%):</b>					
Ratio of expenses to average net assets applicable to common shares after expense reductions and excluding interest expense and fees (f)(l)(p)	N/A	N/A	N/A	1.44	N/A
Ratio of expenses to average net assets applicable to common shares and preferred shares after expense reductions and excluding interest expense and fees (f)(l)(p)	0.87	0.87	0.87	0.87	0.89
Net investment income available to common shares	8.29	8.32	9.68	6.66	5.78
<b>Senior Securities:</b>					
Total preferred shares outstanding	3,000	3,000	3,000	3,000	3,600
Asset coverage per preferred share (k)	\$64,949	\$64,791	\$63,957	\$57,318	\$66,233
Involuntary liquidation preference per preferred share	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Average market value per preferred share (m)(u)	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000

(d) Per share data is based on average shares outstanding.

(f) Ratios do not reflect reductions from fees paid indirectly, if applicable.

(j) Total return at net asset value is calculated using the net asset value of the fund, not the publicly traded price and therefore may be different than the total return at market value.

(k) Calculated by subtracting the fund's total liabilities (not including preferred shares) from the fund's total assets and dividing this number by the number of preferred shares outstanding.

(l) Interest expense and fees relate to payments made to the holder of the floating rate certificate from trust assets.

(m) Amount excludes accrued unpaid distributions to auction preferred shareholders.

(p) Ratio excludes dividend payment on auction preferred shares.

(r) Certain expenses have been reduced without which performance would have been lower.

(s) From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.

(u) Average market value represents the approximate fair value of the fund's liability.

(x) The net asset values per share and total returns have been calculated on net assets which include adjustments made in accordance with U.S. generally accepted accounting principles required at period end for financial reporting purposes.

(z) The fund applied a change in estimate for amortization of premium on certain debt securities in the year ended November 30, 2007 that resulted in an increase of \$0.01 per share to net investment income, a decrease of \$0.01 per share to net realized and unrealized gain (loss) on investments, and an increase of 0.15% to the net investment income ratio. The change in estimate had no impact on net assets, net asset value per share or total return.

**See Notes to Financial Statements**

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## NOTES TO FINANCIAL STATEMENTS

### **(1) Business and Organization**

MFS High Yield Municipal Trust (the fund) is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a closed-end management investment company.

### **(2) Significant Accounting Policies**

**General** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the preparation of these financial statements, management has evaluated subsequent events occurring after the date of the fund's Statement of Assets and Liabilities through the date that the financial statements were issued. The fund invests primarily in municipal instruments. The value of municipal instruments can be affected by changes in their actual or perceived credit quality. The credit quality of municipal instruments can be affected by, among other things, the financial condition of the issuer or guarantor, the issuer's future borrowing plans and sources of revenue, the economic feasibility of the revenue bond project or general borrowing purpose, political or economic developments in the region where the instrument is issued and the liquidity of the security. Municipal instruments generally trade in the over-the-counter market. Municipal instruments backed by current and anticipated revenues from a specific project or specific assets can be negatively affected by the discontinuance of the taxation supporting the projects or assets or the inability to collect revenues for the project or from the assets. If the Internal Revenue Service determines an issuer of a municipal instrument has not complied with the applicable tax requirements, the security could decline in value, interest from the security could become taxable and the funds may be required to issue Forms 1099-DIV. The fund invests in high-yield securities rated below investment grade. Investments in high-yield securities involve greater degrees of credit and market risk than investments in higher-rated securities and tend to be more sensitive to economic conditions.

**Investment Valuations** Debt instruments and floating rate loans (other than short-term instruments), including restricted debt instruments, are generally valued at an evaluated or composite bid as provided by a third-party pricing service. Short-term instruments with a maturity at issuance of 60 days or less generally are valued at amortized cost, which approximates market value. Futures contracts are generally valued at last posted settlement price as

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*Notes to Financial Statements continued*

provided by a third-party pricing service on the market on which they are primarily traded. Futures contracts for which there were no trades that day for a particular position are generally valued at the closing bid quotation as provided by a third-party pricing service on the market on which such futures contracts are primarily traded. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund's valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

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*Notes to Financial Statements continued*

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. Other financial instruments are derivative instruments not reflected in total investments, such as futures. The following is a summary of the levels used as of November 30, 2011 in valuing the fund's assets or liabilities:

<b>Investments at Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Municipal Bonds	\$	\$189,933,203	\$93,362	\$190,026,565
Mutual Funds	1,406,065			1,406,065
<b>Total Investments</b>	<b>\$1,406,065</b>	<b>\$189,933,203</b>	<b>\$93,362</b>	<b>\$191,432,630</b>

**Other Financial Instruments**

Futures	\$146,593	\$	\$	\$146,593
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For further information regarding security characteristics, see the Portfolio of Investments.

The following is a reconciliation of level 3 assets for which significant unobservable inputs were used to determine fair value. The fund's policy is to recognize transfers between the levels as of the end of the period. The table presents the activity of level 3 securities held at the beginning and the end of the period.

	<b>Municipal Bonds</b>
Balance as of 11/30/10	\$
Transfers into level 3	93,362
Balance as of 11/30/11	\$93,362

The net change in unrealized appreciation (depreciation) from investments still held as level 3 at November 30, 2011 is \$0.

**Derivatives** The fund uses derivatives for different purposes, primarily to increase or decrease exposure to a particular market or segment of the market, or security, to increase or decrease interest rate exposure, or as alternatives to direct investments. Derivatives are used for hedging or non-hedging purposes. While hedging can reduce or eliminate losses, it can also reduce or eliminate

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*Notes to Financial Statements continued*

gains. When the fund uses derivatives as an investment to increase market exposure, or for hedging purposes, gains and losses from derivative instruments may be substantially greater than the derivative's original cost.

The derivative instruments used by the fund were futures contracts. The fund's period end derivatives, as presented in the Portfolio of Investments and the associated Derivative Contract Tables, generally are indicative of the volume of its derivative activity during the period.

The following table presents, by major type of derivative contract, the fair value, on a gross basis, of the asset and liability components of derivatives held by the fund at November 30, 2011 as reported in the Statement of Assets and Liabilities:

Risk	Derivative Contracts	Fair Value (a)	
		Asset Derivatives	Liability Derivatives
Interest Rate	Interest Rate Futures	\$146,593	\$

(a) The value of futures contracts outstanding includes cumulative appreciation (depreciation) as reported in the fund's Portfolio of Investments. Only the current day variation margin for futures contracts is separately reported within the fund's Statement of Assets and Liabilities.

The following table presents, by major type of derivative contract, the realized gain (loss) on derivatives held by the fund for the year ended November 30, 2011 as reported in the Statement of Operations:

Risk	Futures Contracts
Interest Rate	\$(2,451,785)

The following table presents, by major type of derivative contract, the change in unrealized appreciation (depreciation) on derivatives held by the fund for the year ended November 30, 2011 as reported in the Statement of Operations:

Risk	Futures Contracts
Interest Rate	\$93,144

Derivative counterparty credit risk is managed through formal evaluation of the creditworthiness of all potential counterparties. On certain over-the-counter derivatives, the fund attempts to reduce its exposure to counterparty credit risk whenever possible by entering into an International Swaps and Derivatives Association (ISDA) Master Agreement on a bilateral basis with each of the counterparties with whom it undertakes a significant volume of transactions. The ISDA Master Agreement gives each party to the agreement the right to terminate all transactions traded under such agreement if there is a certain deterioration in the credit quality of the other party. The ISDA Master Agreement gives the fund the right, upon an event of default by the applicable counterparty or a termination of the agreement, to close out all transactions traded under such agreement and to net amounts owed under each transaction.



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*Notes to Financial Statements continued*

to one net amount payable by one party to the other. This right to close out and net payments across all transactions traded under the ISDA Master Agreement could result in a reduction of the fund's credit risk to such counterparty equal to any amounts payable by the fund under the applicable transactions, if any. However, absent an event of default by the counterparty or a termination of the agreement, the ISDA Master Agreement does not result in an offset of reported amounts of assets and liabilities in the Statement of Assets and Liabilities across transactions between the fund and the applicable counterparty.

Collateral requirements differ by type of derivative. Collateral or margin requirements are set by the broker or exchange clearing house for exchange traded derivatives (i.e., futures and exchange-traded options) while collateral terms are contract specific for over-the-counter traded derivatives (i.e., forward foreign currency exchange contracts, swaps and over-the-counter options). For derivatives traded under an ISDA Master Agreement, the collateral requirements are netted across all transactions traded under such agreement and one amount is posted from one party to the other to collateralize such obligations. Cash collateral that has been pledged to cover obligations of the fund under derivative contracts, if any, will be reported separately on the Statement of Assets and Liabilities as restricted cash. Securities collateral pledged for the same purpose, if any, is noted in the Portfolio of Investments.

**Futures Contracts** The fund entered into futures contracts which may be used to hedge against or obtain broad market, interest rate or currency exposure. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the fund is required to deposit with the broker, either in cash or securities, an initial margin in an amount equal to a certain percentage of the notional amount of the contract. Subsequent payments (variation margin) are made or received by the fund each day, depending on the daily fluctuations in the value of the contract, and are recorded for financial statement purposes as unrealized gain or loss by the fund until the contract is closed or expires at which point the gain or loss on futures is realized.

The fund bears the risk of interest rates, exchange rates or securities prices moving unexpectedly, in which case, the fund may not achieve the anticipated benefits of the futures contracts and may realize a loss. While futures may present less counterparty risk to the fund since the contracts are exchange traded and the exchange's clearinghouse guarantees payments to the broker, there is still counterparty credit risk due to the insolvency of the broker. The fund's maximum risk of loss due to counterparty credit risk is equal to the margin posted by the fund to the broker plus any gains or minus any losses on the outstanding futures contracts.

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*Notes to Financial Statements continued*

**Indemnifications** Under the fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into agreements with service providers that may contain indemnification clauses. The fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the fund that have not yet occurred.

**Investment Transactions and Income** Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. All premium and discount is amortized or accreted for financial statement purposes in accordance with U.S. generally accepted accounting principles. Dividend and interest payments received in additional securities are recorded on the ex-dividend or ex-interest date in an amount equal to the value of the security on such date. Debt obligations may be placed on non-accrual status or set to accrue at a rate of interest less than the contractual coupon when the collection of all or a portion of interest has become doubtful. Interest income for those debt obligations may be further reduced by the write-off of the related interest receivables when deemed uncollectible.

The fund may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the fund. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations.

Legal fees and other related expenses incurred to preserve and protect the value of a security owned are added to the cost of the security; other legal fees are expensed. Capital infusions made directly to the security issuer, which are generally non-recurring, incurred to protect or enhance the value of high-yield debt securities, are reported as additions to the cost basis of the security. Costs that are incurred to negotiate the terms or conditions of capital infusions or that are expected to result in a plan of reorganization are reported as realized losses. Ongoing costs incurred to protect or enhance an investment, or costs incurred to pursue other claims or legal actions, are expensed.

**Fees Paid Indirectly** The fund's custody fee may be reduced according to an arrangement that measures the value of cash deposited with the custodian by the fund. This amount, for the year ended November 30, 2011, is shown as a reduction of total expenses on the Statement of Operations.

**Tax Matters and Distributions** The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable and tax-exempt income, including realized capital gains. As a result, no provision for federal income tax is

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*Notes to Financial Statements continued*

required. The fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Book/tax differences primarily relate to expiration of capital loss carryforwards, amortization and accretion of debt securities, defaulted bonds, and derivative transactions.

The tax character of distributions declared to shareholders for the last two fiscal years is as follows:

	<b>11/30/11</b>	<b>11/30/10</b>
Ordinary income (including any short-term capital gains)	\$66,263	\$8,018
Tax-exempt income	10,176,896	10,155,789
Total distributions	\$10,243,159	\$10,163,807

The federal tax cost and the tax basis components of distributable earnings were as follows:

<b>As of 11/30/11</b>	
Cost of investments	\$191,709,102
Gross appreciation	9,398,361
Gross depreciation	(9,674,833)
Net unrealized appreciation (depreciation)	\$(276,472)
Undistributed ordinary income	52,477
Undistributed tax-exempt income	1,034,108
Capital loss carryforwards	(52,869,206)
Post-October capital loss deferral	(417,755)
Other temporary differences	(413,094)

**Table of Contents***Notes to Financial Statements continued*

As of November 30, 2011, the fund had capital loss carryforwards available to offset future realized gains. Such losses expire as follows:

11/30/12	\$(4,060,511)
11/30/14	(7,119,782)
11/30/15	(11,048,097)
11/30/16	(11,728,477)
11/30/17	(10,848,523)
11/30/18	(3,454,980)
11/30/19	(4,608,836)
Total	\$(52,869,206)

**(3) Transactions with Affiliates**

**Investment Adviser** The fund has an investment advisory agreement with MFS to provide overall investment management and related administrative services and facilities to the fund. The management fee is computed daily and paid monthly at an annual rate of 0.65% of the fund's average daily net assets (including the value of the auction preferred shares).

The investment adviser has agreed in writing to pay a portion of the fund's total annual operating expenses, exclusive of interest, taxes, extraordinary expenses, brokerage and transaction costs, and investment-related expenses other than preferred shares service fees, such that total annual fund operating expenses do not exceed 0.87% annually of the fund's average daily net assets (including the value of the auction preferred shares). This written agreement will continue until modified by the fund's Board of Trustees, but such agreement will continue at least until November 30, 2012. For the year ended November 30, 2011, this reduction amounted to \$3,024 and is reflected as a reduction of total expenses in the Statement of Operations.

**Transfer Agent** The fund engages Computershare Trust Company, N.A. (Computershare) as the sole transfer agent for the fund's common shares. MFS Service Center, Inc. (MFSC) monitors and supervises the activities of Computershare for an agreed upon fee approved by the Board of Trustees. For the year ended November 30, 2011, these fees paid to MFSC amounted to \$15,259.

**Administrator** MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund partially reimburses MFS the costs incurred to provide these services. The fund is charged an annual fixed amount of \$17,500 plus a fee based on average daily net assets (including the value of the auction preferred shares). The administrative services fee incurred for the year ended November 30, 2011 was equivalent to an annual effective rate of 0.0196% of the fund's average daily net assets (including the value of the auction preferred shares).

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*Notes to Financial Statements continued*

**Trustees and Officers Compensation** The fund pays compensation to independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The fund does not pay compensation directly to Trustees or officers of the fund who are also officers of the investment adviser, all of whom receive remuneration for their services to the fund from MFS. Certain officers and Trustees of the fund are officers or directors of MFS and MFSC.

**Deferred Trustee Compensation** Prior to MFS appointment as investment adviser to the fund, the fund's former independent Trustees participated in a Deferred Compensation Plan (the Former Colonial Trustees Plan or Plan ). The fund's current independent Trustees are not allowed to defer compensation under the Former Colonial Trustees Plan. Amounts deferred under the Plan are invested in shares of certain non-MFS funds selected by the former independent Trustees as notional investments. Deferred amounts represent an unsecured obligation of the fund until distributed in accordance with the Plan. Included in other assets and payable for independent Trustees' compensation on the Statement of Assets and Liabilities is \$4,255 of deferred Trustees' compensation. There is no current year expense associated with the Former Colonial Trustees Plan.

**Other** This fund and certain other funds managed by MFS (the funds) have entered into services agreements (the Agreements) which provide for payment of fees by the funds to Tarantino LLC and Griffin Compliance LLC in return for the provision of services of an Independent Chief Compliance Officer (ICCO) and Assistant ICCO, respectively, for the funds. The ICCO and Assistant ICCO are officers of the funds and the sole members of Tarantino LLC and Griffin Compliance LLC, respectively. The funds can terminate the Agreements with Tarantino LLC and Griffin Compliance LLC at any time under the terms of the Agreements. For the year ended November 30, 2011, the aggregate fees paid by the fund to Tarantino LLC and Griffin Compliance LLC were \$1,021 and are included in miscellaneous expense on the Statement of Operations. MFS has agreed to reimburse the fund for a portion of the payments made by the fund in the amount of \$475, which is shown as a reduction of total expenses in the Statement of Operations. Additionally, MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ICCO and Assistant ICCO.

The fund invests in the MFS Institutional Money Market Portfolio which is managed by MFS and seeks a high level of current income consistent with preservation of capital and liquidity. Income earned on this investment is included in dividends from underlying affiliated funds on the Statement of Operations. This money market fund does not pay a management fee to MFS.

**Table of Contents***Notes to Financial Statements continued***(4) Portfolio Securities**

Purchases and sales of investments, other than U.S. Government securities, purchased option transactions, and short-term obligations, aggregated \$38,880,938 and \$39,949,038, respectively.

**(5) Shares of Beneficial Interest**

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. The fund reserves the right to repurchase shares of beneficial interest of the fund subject to Trustee approval. During the years ended November 30, 2011 and November 30, 2010, the fund did not repurchase any shares. Transactions in fund shares were as follows:

	Year ended		Year ended	
	11/30/11		11/30/10	
	Shares	Amount	Shares	Amount
Shares issued to shareholders in reinvestment of distributions	110,639	\$461,392	104,493	\$464,965

**(6) Line of Credit**

The fund and certain other funds managed by MFS participate in a \$1.1 billion unsecured committed line of credit, subject to a \$1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Federal Reserve funds rate or one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Federal Reserve funds rate plus an agreed upon spread. For the year ended November 30, 2011, the fund's commitment fee and interest expense were \$980 and \$0, respectively, and are included in miscellaneous expense on the Statement of Operations.

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**Table of Contents***Notes to Financial Statements continued***(7) Transactions in Underlying Affiliated Funds-Affiliated Issuers**

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be affiliated issuers:

Underlying Affiliated Funds	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS Institutional Money				
Market Portfolio		43,559,492	(42,153,427)	1,406,065

  

Underlying Affiliated Funds	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money				
Market Portfolio	\$	\$	\$7,937	\$1,406,065

**(8) Auction Preferred Shares**

The fund has 3,000 shares issued and outstanding of Auction Preferred Shares (APS), series F. Dividends are cumulative at a rate that is reset every seven days through an auction process. If the APS are unable to be remarketed on a remarketing date as part of the auction process, the fund would be required to pay the maximum applicable rate on APS to holders of such shares for successive dividend periods until such time when the shares are successfully remarketed. The maximum rate on APS rated aa3/AA- or better is equal to 110% of the higher of (i) the Taxable Equivalent of the Short-Term Municipal Bond Rate or (ii) the AA Composite Commercial Paper Rate.

Since February 2008, regularly scheduled auctions for APS issued by closed end funds, including this fund, have consistently failed because of insufficient demand (bids to buy shares) to meet the supply (shares offered for sale) at each auction. In a failed auction, APS holders cannot sell their shares tendered for sale. While repeated auction failures have affected the liquidity for APS, they do not constitute a default or automatically alter the credit quality of the APS, and APS holders have continued to receive dividends at the previously defined maximum rate. During the year ended November 30, 2011, the APS dividend rates ranged from 0.11% to 0.63%. For the year ended November 30, 2011, the average dividend rate was 0.31%. These developments with respect to APS do not affect the management or investment policies of the fund. However, one implication of these auction failures for Common shareholders is that the fund's cost of leverage will be higher than it otherwise would have been had the auctions continued to be successful. As a result, the fund's future Common share earnings may be lower than they otherwise would have been. To the extent that investments are purchased with the issuance of preferred shares, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund.

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*Notes to Financial Statements continued*

The fund pays an annual service fee to broker-dealers with customers who are beneficial owners of the preferred shares. The service fee is equivalent to 0.25% of the applicable preferred share liquidation value while the preferred share auctions are successful or to 0.15% or less, varying by broker-dealer, while the auctions are failing. The APS are redeemable at the option of the fund in whole or in part at the redemption price equal to \$25,000 per share, plus accumulated and unpaid dividends. The APS are also subject to mandatory redemption if certain requirements relating to its asset maintenance coverage are not satisfied. The fund is required to maintain certain asset coverage with respect to the APS as defined in the fund's By-Laws and the Investment Company Act of 1940 and, as such is not permitted to declare common share dividends unless the fund's APS have a minimum asset coverage ratio of 200% after declaration of the common share dividends.



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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Shareholders of MFS High Yield Municipal Trust:

We have audited the accompanying statement of assets and liabilities of MFS High Yield Municipal Trust (the Fund), including the portfolio of investments, as of November 30, 2011, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2011, by correspondence with the Fund's custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of MFS High Yield Municipal Trust at November 30, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts

January 13, 2012

**Table of Contents****RESULTS OF SHAREHOLDER MEETING**

(unaudited)

At the annual meeting of shareholders of MFS High Yield Municipal Trust, which was held on October 5, 2011, the following actions were taken:

**Item 1:** To elect the following individuals as Trustees, elected by the holders of common and preferred shares together:

Nominee	Number of Shares	
	For	Withheld Authority
William R. Gutow	23,745,542.140	760,556.571
Michael Hegarty	23,697,334.012	808,764.699
Robert W. Uek	23,628,006.676	878,092.035

**Item 2:** To elect the following individuals as Trustees, elected by the holders of preferred shares only:

Nominee	Number of Shares	
	For	Withheld Authority
John P. Kavanaugh	2,065.000	16.000
Laurie J. Thomsen	2,065.000	16.000

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**Table of Contents****TRUSTEES AND OFFICERS****IDENTIFICATION AND BACKGROUND**

The Trustees and officers of the Trust, as of January 1, 2012, are listed below, together with their principal occupations during the past five years. (Their titles may have varied during that period.) The address of each Trustee and officer is 500 Boylston Street, Boston, Massachusetts 02116.

Name, Age	Position(s) Held	Trustee/Officer Since(h)	Term Expiring	Principal Occupations	
				During the Past Five Years	Other Directorships(j)
<b>INTERESTED TRUSTEES</b>					
Robert J. Manning(k) (age 48)	Trustee	February 2004	2013	Massachusetts Financial Services Company, Chairman, Chief Executive Officer and Director; President (until December 2009); Chief Investment Officer (until July 2010)	N/A
<b>INDEPENDENT TRUSTEES</b>					
David H. Gunning (age 69)	Trustee and Chair of Trustees	January 2004	2012	Retired; Cleveland-Cliffs Inc. (mining products and service provider), Vice Chairman/Director (until May 2007)	Lincoln Electric Holdings, Inc. (welding equipment manufacturer), Director; Development Alternatives, Inc. (consulting), Director/Non-Executive Chairman; Portman Limited (mining), Director (until 2008)
Robert E. Butler (age 70)	Trustee	January 2006	2012	Consultant investment company industry regulatory and compliance matters	N/A
Maureen R. Goldfarb  (age 56)	Trustee	January 2009	2013	Private investor	N/A

**Table of Contents***Trustees and Officers continued*

Name, Age	Position(s) Held	Trustee/Officer Since(h)	Term Expiring	Principal Occupations	
				During the Past Five Years	Other Directorships(j)
William R. Gutow (age 70)	Trustee	December 1993	2014	Private investor and real estate consultant; Capitol Entertainment Management Company (video franchise), Vice Chairman	Atlantic Coast Tan (tanning salons), Vice Chairman (until 2007); Texas Donuts (donut franchise), Vice Chairman (until 2010)
Michael Hegarty (age 67)	Trustee	December 2004	2014	Private investor	N/A
John P. Kavanaugh (age 57)	Trustee	January 2009	2012	Private investor; The Hanover Insurance Group, Inc., Vice President and Chief Investment Officer (until 2006); Allmerica Investment Trust, Allmerica Securities Trust and Opus Investment Trust (investment companies), Chairman, President and Trustee (until 2006)	N/A
J. Dale Sherratt (age 73)	Trustee	June 1989	2012	Insight Resources, Inc. (acquisition planning specialists), President; Wellfleet Investments (investor in health care companies), Managing General Partner	N/A
Laurie J. Thomsen (age 54)	Trustee	March 2005	2012	Private investor; New Profit, Inc. (venture philanthropy), Executive Partner (until 2010)	The Travelers Companies (property and casualty insurance), Director
Robert W. Uek (age 70)	Trustee	January 2006	2014	Consultant to investment company industry	N/A

**Table of Contents***Trustees and Officers continued*

Name, Age <b>OFFICERS</b>	Position(s) Held  with Fund	Trustee/Officer Since(h)	Term  Expiring	Principal Occupations	
				During  the Past Five Years	Other  Directorships(j)
John M. Corcoran (k)  (age 46)	President	October 2008	N/A	Massachusetts Financial Services Company, Senior Vice President (since October 2008); State Street Bank and Trust (financial services provider), Senior Vice President, (until September 2008)	N/A
Christopher R. Bohane (k) (age 37)	Assistant Secretary and Assistant Clerk	July 2005	N/A	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Kino Clark (k)  (age 43)	Assistant  Treasurer	January 2012	N/A	Massachusetts Financial Services Company,  Assistant Vice President	N/A
Ethan D. Corey(k) (age 48)	Assistant Secretary and Assistant Clerk	July 2005	N/A	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel	N/A
David L. DiLorenzo(k) (age 43)	Treasurer	July 2005	N/A	Massachusetts Financial Services Company, Vice President	N/A

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**Table of Contents***Trustees and Officers continued*

Name, Age	Position(s) Held	Trustee/Officer Since (h)	Term Expiring	Principal Occupations	
				During the Past Five Years	Other Directorships (j)
Robyn L. Griffin  (age 36)	Assistant Independent Chief Compliance Officer	August 2008	N/A	Griffin Compliance LLC (provider of compliance services), Principal (since August 2008); State Street Corporation (financial services provider), Mutual Fund Administration Assistant Vice President (October 2006 - July 2008); Liberty Mutual Group (insurance), Personal Market Assistant Controller (April 2006 - October 2006); Deloitte & Touche LLP (professional services firm).	N/A
Brian E. Langenfeld (k)  (age 38)	Assistant Secretary and Assistant Clerk	June 2006	N/A	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Ellen Moynihan (k) (age 54)	Assistant Treasurer	April 1997	N/A	Massachusetts Financial Services Company, Senior Vice President	N/A
Susan S. Newton (k)  (age 61)	Assistant Secretary and Assistant Clerk	May 2005	N/A	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel	N/A
Susan A. Pereira (k) (age 41)	Assistant Secretary and Assistant Clerk	July 2005	N/A	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Mark N. Polebaum (k) (age 59)	Secretary and Clerk	January 2006	N/A	Massachusetts Financial Services Company, Executive Vice President, General Counsel and Secretary	N/A

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*Trustees and Officers continued*

Name, Age	Position(s) Held	Trustee/Officer Since (h)	Term Expiring	Principal Occupations	
				During the Past Five Years	Other Directorships (j)
Frank L. Tarantino (age 67)	Independent Chief Compliance Officer	June 2004	N/A	Tarantino LLC (provider of compliance services), Principal	N/A
Richard S. Weitzel (k) (age 41)	Assistant Secretary and Assistant Clerk	October 2007	N/A	Massachusetts Financial Services Company, Vice President and Assistant General Counsel	N/A
James O. Yost (k) (age 51)	Deputy Treasurer	September 1990	N/A	Massachusetts Financial Services Company, Senior Vice President	N/A

(h) Date first appointed to serve as Trustee/officer of an MFS fund. Each Trustee has served continuously since appointment unless indicated otherwise. For the period from December 15, 2004 until February 22, 2005, Mr. Manning served as Advisory Trustee. For the period October 2008, until January 2012, Mr. Corcoran served as Treasurer of the Funds. Prior to January 2012, Messrs. DiLorenzo and Yost served as Assistant Treasurers of the Funds.

(j) Directorships or trusteeships of companies required to report to the Securities and Exchange Commission (i.e., public companies).

(k) Interested person of the Trust within the meaning of the Investment Company Act of 1940 (referred to as the 1940 Act), which is the principal federal law governing investment companies like the fund, as a result of position with MFS. The address of MFS is 500 Boylston Street, Boston, Massachusetts 02116. The Trust holds annual shareholder meetings for the purpose of electing Trustees, and Trustees are elected for fixed terms. Two Trustees, each holding a term of one year, are elected annually by holders of the Trust's preferred shares. The remaining Trustees are currently divided into three classes, each having a term of three years which term expires on the date of the third annual meeting following the election to office of the Trustee's class. Each year the term of one class expires. Each Trustee and officer will serve until next elected or his or her earlier death, resignation, retirement or removal.

Messrs. Butler, Kavanaugh, and Uek and Ms. Thomsen are members of the Fund's Audit Committee.

Each of the Fund's Trustees and officers holds comparable positions with certain other funds of which MFS or a subsidiary is the investment adviser or distributor, and, in the case of the officers, with certain affiliates of MFS. As of January 1, 2012, the Trustees served as board members of 131 funds within the MFS Family of Funds.

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*Trustees and Officers continued*

The Statement of Additional Information for the Fund includes further information about the Trustees and is available without charge upon request by calling 1-800-225-2606.

**Investment Adviser**

Massachusetts Financial Services Company  
500 Boylston Street, Boston, MA 02116-3741

**Portfolio Managers**

Gary Lasman  
Geoffrey Schechter

**Custodian**

State Street Bank and Trust  
1 Lincoln Street, Boston, MA 02111-2900

**Independent Registered Public Accounting Firm**

Ernst & Young LLP  
200 Clarendon Street, Boston, MA 02116



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## BOARD REVIEW OF INVESTMENT ADVISORY AGREEMENT

The Investment Company Act of 1940 requires that both the full Board of Trustees and a majority of the non-interested ( independent ) Trustees, voting separately, annually approve the continuation of the Fund's investment advisory agreement with MFS. The Trustees consider matters bearing on the Fund and its advisory arrangements at their meetings throughout the year, including a review of performance data at each regular meeting. In addition, the independent Trustees met several times over the course of three months beginning in May and ending in July, 2011 ( contract review meetings ) for the specific purpose of considering whether to approve the continuation of the investment advisory agreement for the Fund and the other investment companies that the Board oversees (the MFS Funds ). The independent Trustees were assisted in their evaluation of the Fund's investment advisory agreement by independent legal counsel, from whom they received separate legal advice and with whom they met separately from MFS during various contract review meetings. The independent Trustees were also assisted in this process by the MFS Funds' Independent Chief Compliance Officer, a full-time senior officer appointed by and reporting to the independent Trustees.

In connection with their deliberations regarding the continuation of the investment advisory agreement, the Trustees, including the independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. The investment advisory agreement for the Fund was considered separately, although the Trustees also took into account the common interests of all MFS Funds in their review. As described below, the Trustees considered the nature, quality, and extent of the various investment advisory, administrative, and shareholder services performed by MFS under the existing investment advisory agreement and other arrangements with the Fund.

In connection with their contract review meetings, the Trustees received and relied upon materials that included, among other items: (i) information provided by Lipper Inc., an independent third party, on the investment performance (based on net asset value) of the Fund for various time periods ended December 31, 2010 and the investment performance (based on net asset value) of a group of funds with substantially similar investment classifications/objectives (the Lipper performance universe ), (ii) information provided by Lipper Inc. on the Fund's advisory fees and other expenses and the advisory fees and other expenses of comparable funds identified by Lipper Inc. (the Lipper expense group ), (iii) information provided by MFS on the advisory fees of comparable portfolios of other clients of MFS, including institutional separate accounts and other clients, (iv) information as to whether and to what

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*Board Review of Investment Advisory Agreement continued*

extent applicable expense waivers, reimbursements or fee breakpoints are observed for the Fund, (v) information regarding MFS financial results and financial condition, including MFS and certain of its affiliates estimated profitability from services performed for the Fund and the MFS Funds as a whole, and compared to MFS institutional business, (vi) MFS views regarding the outlook for the mutual fund industry and the strategic business plans of MFS, (vii) descriptions of various functions performed by MFS for the Funds, such as compliance monitoring and portfolio trading practices, and (viii) information regarding the overall organization of MFS, including information about MFS senior management and other personnel providing investment advisory, administrative and other services to the Fund and the other MFS Funds. The comparative performance, fee and expense information prepared and provided by Lipper Inc. was not independently verified and the independent Trustees did not independently verify any information provided to them by MFS.

The Trustees conclusion as to the continuation of the investment advisory agreement was based on a comprehensive consideration of all information provided to the Trustees and not the result of any single factor. Some of the factors that figured particularly in the Trustees deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors. It is also important to recognize that the fee arrangements for the Fund and other MFS Funds are the result of years of review and discussion between the independent Trustees and MFS, that certain aspects of such arrangements may receive greater scrutiny in some years than in others, and that the Trustees conclusions may be based, in part, on their consideration of these same arrangements during the course of the year and in prior years.

In June 2007, shareholders approved an investment advisory agreement between the Fund and MFS. Effective June 30, 2007, in connection with the consummation of the asset purchase agreement between MFS and Columbia Management Advisors LLC, MFS assumed investment management responsibilities for the Fund.

Based on information provided by Lipper Inc., the Trustees reviewed the Fund's total return investment performance as well as the performance of peer groups of funds over various time periods. The Trustees placed particular emphasis on the total return performance of the Fund's common shares in comparison to the performance of funds in its Lipper performance universe over the three-year period ended December 31, 2010, which the Trustees believed was a long enough period to reflect differing market conditions. The total return performance of the Fund's common shares ranked 11th out of a total of 14 funds in the Lipper performance universe for this three-year period

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*Board Review of Investment Advisory Agreement continued*

(a ranking of first place out of the total number of funds in the performance universe indicating the best performer and a ranking of last place out of the total number of funds in the performance universe indicating the worst performer). The total return performance of the Fund's common shares ranked 11th out of a total of 14 funds for the one-year period and 12th out of a total of 13 funds for the five-year period ended December 31, 2010. Given the size of the Lipper performance universe and information previously provided by MFS regarding differences between the Fund and other funds in its Lipper performance universe, the Trustees also reviewed the Fund's performance in comparison to the Barclays Capital Municipal Bond Index. The Fund out-performed the Barclays Capital Municipal Bond Index for the one-year period ended December 31, 2010 (4.9% total return for the Fund versus 2.4% total return for the benchmark) and under-performed the Barclays Capital Municipal Bond Index for each of the three- and five-year periods ended December 31, 2010 (three-year: 0.4% total return for the Fund versus 4.1% total return for the benchmark; five-year: 0.3% total return for the Fund versus 4.1% total return for the benchmark). Because of the passage of time, these performance results are likely to differ from the performance results for more recent periods, including those shown elsewhere in this report.

The Trustees expressed continued concern to MFS about the substandard investment performance of the Fund. In the course of their deliberations, the Trustees took into account information provided by MFS in connection with the contract review meetings, as well as during investment review meetings conducted with portfolio management personnel during the course of the year, as to MFS' efforts to improve the Fund's performance. The Trustees also observed that the Fund out-performed the Barclays Capital Municipal Bond Index for the one-year period ended December 31, 2010 and experienced improved relative performance as compared with its Lipper performance universe during the first three months of 2011. In addition, the Trustees requested that they receive a separate update on the Fund's performance at each of their regular meetings. After reviewing these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the investment advisory agreement, that MFS' responses and efforts and plans to improve investment performance were sufficient to support approval of the continuance of the investment advisory agreement for an additional one-year period, but that they would continue to closely monitor the performance of the Fund.

In assessing the reasonableness of the Fund's advisory fee, the Trustees considered, among other information, the Fund's advisory fee and the total expense ratio of the Fund's common shares as a percentage of average daily net assets and the advisory fee and total expense ratios of peer groups of funds based on information provided by Lipper Inc. The Trustees considered that

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*Board Review of Investment Advisory Agreement continued*

MFS currently observes an expense limitation for the Fund, which may not be changed without the Trustees' approval. The Trustees also considered that, according to the Lipper data (which takes into account any fee reductions or expense limitations that were in effect during the Fund's last fiscal year), the Fund's effective advisory fee rate was higher than the Lipper expense group median and the Fund's total expense ratio was approximately at the Lipper expense group median.

The Trustees also considered the advisory fees charged by MFS to institutional accounts. In comparing these fees, the Trustees considered information provided by MFS as to the generally broader scope of services provided by MFS to the Fund in comparison to institutional accounts and the impact on MFS and expenses associated with the more extensive regulatory regime to which the Fund is subject in comparison to institutional accounts.

The Trustees considered that, as a closed-end fund, the Fund is unlikely to experience meaningful asset growth. As a result, the Trustees did not view the potential for realization of economies of scale as the Fund's assets grow to be a material factor in their deliberations. The Trustees noted that they would consider economies of scale in the future in the event the Fund experiences significant asset growth, such as through a material increase in the market value of the Fund's portfolio securities.

The Trustees also considered information prepared by MFS relating to MFS' costs and profits with respect to the Fund, the MFS Funds considered as a group, and other investment companies and accounts advised by MFS, as well as MFS' methodologies used to determine and allocate its costs to the MFS Funds, the Fund and other accounts and products for purposes of estimating profitability.

After reviewing these and other factors described herein, the Trustees concluded, within the context of their overall conclusions regarding the investment advisory agreement, that the advisory fees charged to the Fund represent reasonable compensation in light of the services being provided by MFS to the Fund.

In addition, the Trustees considered MFS' resources and related efforts to continue to retain, attract and motivate capable personnel to serve the Fund. The Trustees also considered current and developing conditions in the financial services industry, including the presence of large and well-capitalized companies which are spending, and appear to be prepared to continue to spend, substantial sums to engage personnel and to provide services to competing investment companies. In this regard, the Trustees also considered the financial resources of MFS and its ultimate parent, Sun Life Financial Inc. The Trustees also considered the advantages and possible disadvantages to the

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*Board Review of Investment Advisory Agreement continued*

Fund of having an adviser that also serves other investment companies as well as other accounts.

The Trustees also considered the nature, quality, cost, and extent of administrative services provided to the Fund by MFS under agreements other than the investment advisory agreement. The Trustees also considered the nature, extent and quality of certain other services MFS performs or arranges for on the Fund's behalf, which may include securities lending programs, directed expense payment programs, class action recovery programs, and MFS' interaction with third-party service providers, principally custodians and sub-custodians. The Trustees concluded that the various non-advisory services provided by MFS and its affiliates on behalf of the Fund were satisfactory.

The Trustees also considered benefits to MFS from the use of the Fund's portfolio brokerage commissions, if applicable, to pay for investment research and various other factors. Additionally, the Trustees considered so-called "fall-out benefits" to MFS such as reputational value derived from serving as investment manager to the Fund.

Based on their evaluation of factors that they deemed to be material, including those factors described above, the Board of Trustees, including a majority of the independent Trustees, concluded that the Fund's investment advisory agreement with MFS should be continued for an additional one-year period, commencing August 1, 2011.

A discussion regarding the Board's most recent review and renewal of the fund's Investment Advisory Agreement with MFS is available by clicking on the fund's name under "Closed End Funds" in the "Products and Performance" section of the MFS Web site ([mfs.com](http://mfs.com)).

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### **PROXY VOTING POLICIES AND INFORMATION**

A general description of the MFS funds' proxy voting policies and procedures is available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at <http://www.sec.gov>.

Information regarding how the fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at <http://www.sec.gov>.

### **QUARTERLY PORTFOLIO DISCLOSURE**

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. A shareholder can obtain the quarterly portfolio holdings report at *mfs.com*. The fund's Form N-Q is also available on the EDGAR database on the Commission's Internet Web site at <http://www.sec.gov>, and may be reviewed and copied at the:

Public Reference Room

Securities and Exchange Commission

100 F Street, NE, Room 1580

Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. Copies of the Fund's Form N-Q also may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing the Public Reference Section at the above address.

### **FURTHER INFORMATION**

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site (*mfs.com*). This information is available by visiting the News & Commentary section of *mfs.com* or by clicking on the fund's name under Closed End Funds in the Products and Performance section of *mfs.com*.

### **FEDERAL TAX INFORMATION (unaudited)**

The fund will notify shareholders of amounts for use in preparing 2011 income tax forms in January 2012. The following information is provided pursuant to provisions of the Internal Revenue Code.

Of the dividends paid from net investment income during the fiscal year, 99.35% is designated as exempt interest dividends for federal income tax purposes. If the fund has earned income on private activity bonds, a portion of the dividends paid may be considered a tax preference item for purposes of computing a shareholder's alternative minimum tax.

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**FACTS**

**WHAT DOES MFS DO WITH YOUR PERSONAL INFORMATION?**

**Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?**

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

Social Security number and account balances

Account transactions and transaction history

Checking account information and wire transfer instructions

When you are *no longer* our customer, we continue to share your information as described in this notice.

**How?**

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons MFS chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does MFS share?	Can you limit this sharing?
<b>For our everyday business purposes</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes</b> to offer our products and services to you	No	We don't share
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes</b> information about your transactions and experiences	No	We don't share
<b>For our affiliates' everyday business purposes</b> information about your creditworthiness	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

**Questions?**

Call **800-225-2606** or go to **mfs.com**.



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**Who we are**

**Who is providing this notice?**

MFS Funds, MFS Investment Management, MFS Institutional Advisors, Inc., MFS Fund Distributors, Inc., MFS Heritage Trust Company, and MFS Service Center, Inc.

**What we do**

**How does MFS protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include procedural, electronic, and physical safeguards for the protection of the personal information we collect about you.

**How does MFS collect my personal information?**

We collect your personal information, for example, when you

open an account or provide account information

direct us to buy securities or direct us to sell your securities

make a wire transfer

**Why can't I limit all sharing?**

We also collect your personal information from others, such as credit bureaus, affiliates and other companies.

Federal law gives you the right to limit only

sharing for affiliates everyday business purposes information about your creditworthiness

affiliates from using your information to market to you

sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

**Definitions**

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

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### **Nonaffiliates**

*MFS does not share personal information with affiliates, except for everyday business purposes as described on page one of this notice.*

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

### **Joint Marketing**

*MFS does not share with nonaffiliates so they can market to you.*

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

*MFS doesn't jointly market.*

### **Other important information**

If you own an MFS product or receive an MFS service in the name of a third party such as a bank or broker-dealer, their privacy policy may apply to you instead of ours.

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**CONTACT US**

**Transfer agent, Registrar, and**

**Dividend Disbursing Agent**

**Call**

1-800-637-2304

9 a.m. to 5 p.m. Eastern time

**Write**

Computershare Trust Company, N.A.

P.O. Box 43078

Providence, RI 02940-3078

New York Stock Exchange Symbol: **CMU**

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**ITEM 2. CODE OF ETHICS.**

The Registrant has adopted a Code of Ethics pursuant to Section 406 of the Sarbanes-Oxley Act and as defined in Form N-CSR that applies to the Registrant's principal executive officer and principal financial and accounting officer. During the period covered by this report, the Registrant has not amended any provision in its Code of Ethics (the "Code") that relates to an element of the Code's definitions enumerated in paragraph (b) of Item 2 of this Form N-CSR. During the period covered by this report, the Registrant did not grant a waiver, including an implicit waiver, from any provision of the Code.

A copy of the Code of Ethics is filed as an exhibit to this Form N-CSR.

**ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.**

Messrs. Robert E. Butler, John P. Kavanaugh and Robert W. Uek and Ms. Laurie J. Thomsen, members of the Audit Committee, have been determined by the Board of Trustees in their reasonable business judgment to meet the definition of "audit committee financial expert" as such term is defined in Form N-CSR. In addition, Messrs. Butler, Kavanaugh and Uek, and Ms. Thomsen are "independent" members of the Audit Committee (as such term has been defined by the Securities and Exchange Commission in regulations implementing Section 407 of the Sarbanes-Oxley Act of 2002). The Securities and Exchange Commission has stated that the designation of a person as an audit committee financial expert pursuant to this Item 3 on the Form N-CSR does not impose on such a person any duties, obligations or liability that are greater than the duties, obligations or liability imposed on such person as a member of the Audit Committee and the Board of Trustees in the absence of such designation or identification.

**ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

**Items 4(a) through 4(d) and 4(g):**

The Board of Trustees has appointed Ernst & Young LLP ("E&Y") to serve as independent accountants to the Registrant (hereinafter the "Registrant" or the "Fund"). The tables below set forth the audit fees billed to the Fund as well as fees for non-audit services provided to the Fund and/or to the Fund's investment adviser, Massachusetts Financial Services Company ("MFS"), and to various entities either controlling, controlled by, or under common control with MFS that provide ongoing services to the Fund ("MFS Related Entities").

For the fiscal years ended November 30, 2011 and 2010, audit fees billed to the Fund by E&Y were as follows:

	Audit Fees	
	2011	2010
<b>Fees billed by E&amp;Y:</b>		
MFS High Yield Municipal Trust	49,658	49,127

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For the fiscal years ended November 30, 2011 and 2010, fees billed by E&Y for audit-related, tax and other services provided to the Fund and for audit-related, tax and other services provided to MFS and MFS Related Entities were as follows:

	Audit-Related Fees <sup>1</sup>		Tax Fees <sup>2</sup>		All Other Fees <sup>3</sup>	
	2011	2010	2011	2010	2011	2010
<b>Fees billed by E&amp;Y:</b>						
To MFS High Yield Municipal Trust	10,110	10,000	9,125	9,026	0	0
To MFS and MFS Related Entities of MFS High Yield Municipal Trust*	0	0	0	0	0	0

	2011	2010
<b>Aggregate fees for non-audit services:</b>		
To MFS High Yield Municipal Trust, MFS and MFS Related Entities#	356,746	253,155

- \* This amount reflects the fees billed to MFS and MFS Related Entities for non-audit services relating directly to the operations and financial reporting of the Fund (portions of which services also related to the operations and financial reporting of other funds within the MFS Funds complex).
- # This amount reflects the aggregate fees billed by E&Y for non-audit services rendered to the Fund and for non-audit services rendered to MFS and the MFS Related Entities.
- <sup>1</sup> The fees included under **Audit-Related Fees** are fees related to assurance and related services that are reasonably related to the performance of the audit or review of financial statements, but not reported under **Audit Fees**, including accounting consultations, agreed-upon procedure reports, attestation reports, comfort letters and internal control reviews.
- <sup>2</sup> The fees included under **Tax Fees** are fees associated with tax compliance, tax advice and tax planning, including services relating to the filing or amendment of federal, state or local income tax returns, regulated investment company qualification reviews and tax distribution and analysis.
- <sup>3</sup> The fees under **All Other Fees** are fees for products and services provided by E&Y other than those reported under **Audit Fees**, **Audit-Related Fees** and **Tax Fees**.

#### **Item 4(e)(1):**

Set forth below are the policies and procedures established by the Audit Committee of the Board of Trustees relating to the pre-approval of audit and non-audit related services:

To the extent required by applicable law, pre-approval by the Audit Committee of the Board is needed for all audit and permissible non-audit services rendered to the Fund and all permissible non-audit services rendered to MFS or MFS Related Entities if the services

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relate directly to the operations and financial reporting of the Registrant. Pre-approval is currently on an engagement-by-engagement basis. In the event pre-approval of such services is necessary between regular meetings of the Audit Committee and it is not practical to wait to seek pre-approval at the next regular meeting of the Audit Committee, pre-approval of such services may be referred to the Chair of the Audit Committee for approval; provided that the Chair may not pre-approve any individual engagement for such services exceeding \$50,000 or multiple engagements for such services in the aggregate exceeding \$100,000 between such regular meetings of the Audit Committee. Any engagement pre-approved by the Chair between regular meetings of the Audit Committee shall be presented for ratification by the entire Audit Committee at its next regularly scheduled meeting.

**Item 4(e)(2):**

None, or 0%, of the services relating to the Audit-Related Fees, Tax Fees and All Other Fees paid by the Fund and MFS and MFS Related Entities relating directly to the operations and financial reporting of the Registrant disclosed above were approved by the audit committee pursuant to paragraphs (c)(7)(i)(C) of Rule 2-01 of Regulation S-X (which permits audit committee approval after the start of the engagement with respect to services other than audit, review or attest services, if certain conditions are satisfied).

**Item 4(f):** Not applicable.

**Item 4(h):** The Registrant's Audit Committee has considered whether the provision by a Registrant's independent registered public accounting firm of non-audit services to MFS and MFS Related Entities that were not pre-approved by the Committee (because such services were provided prior to the effectiveness of SEC rules requiring pre-approval or because such services did not relate directly to the operations and financial reporting of the Registrant) was compatible with maintaining the independence of the independent registered public accounting firm as the Registrant's principal auditors.

**ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.**

The Registrant has an Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Audit Committee are Messrs. Robert E. Butler, John P. Kavanaugh, and Robert W. Uek and Ms. Laurie J. Thomsen.

**ITEM 6. SCHEDULE OF INVESTMENTS**

A schedule of investments of the Registrant is included as part of the report to shareholders of the Registrant under Item 1 of this Form N-CSR.

**ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**

*MASSACHUSETTS FINANCIAL SERVICES COMPANY*

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PROXY VOTING POLICIES AND PROCEDURES

February 1, 2011

Massachusetts Financial Services Company, MFS Institutional Advisors, Inc., MFS International (UK) Limited, MFS Heritage Trust Company, and MFS other subsidiaries that perform discretionary investment management activities (collectively, MFS ) have adopted proxy voting policies and procedures, as set forth below ( MFS Proxy Voting Policies and Procedures ), with respect to securities owned by the clients for which MFS serves as investment adviser and has the power to vote proxies, including the registered investment companies sponsored by MFS (the MFS Funds ). References to clients in these policies and procedures include the MFS Funds and other clients of MFS, such as funds organized offshore, sub-advised funds and separate account clients, to the extent these clients have delegated to MFS the responsibility to vote proxies on their behalf under the MFS Proxy Voting Policies and Procedures.

The MFS Proxy Voting Policies and Procedures include:

- A. Voting Guidelines;
- B. Administrative Procedures;
- C. Records Retention; and
- D. Reports.

A. *VOTING GUIDELINES*

1. General Policy; Potential Conflicts of Interest

MFS policy is that proxy voting decisions are made in what MFS believes to be the best long-term economic interests of MFS clients, and not in the interests of any other party or in MFS corporate interests, including interests such as the distribution of MFS Fund shares and institutional client relationships.

In developing these proxy voting guidelines, MFS reviews corporate governance issues and proxy voting matters that are presented for shareholder vote by either management or shareholders of public companies. Based on the overall principle that all votes cast by MFS on behalf of its clients must be in what MFS believes to be the best long-term economic interests of such clients, MFS has adopted proxy voting guidelines, set forth below, that govern how MFS generally will vote on specific matters presented for shareholder vote.

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As a general matter, MFS votes consistently on similar proxy proposals across all shareholder meetings. However, some proxy proposals, such as certain excessive executive compensation, environmental, social and governance matters, are analyzed on a case-by-case basis in light of all the relevant facts and circumstances of the proposal. Therefore, MFS may vote similar proposals differently at different shareholder meetings based on the specific facts and circumstances of the issuer or the terms of the proposal. In addition, MFS also reserves the right to override the guidelines with respect to a particular proxy proposal when such an override is, in MFS' best judgment, consistent with the overall principle of voting proxies in the best long-term economic interests of MFS' clients.

MFS also generally votes consistently on the same matter when securities of an issuer are held by multiple client accounts, unless MFS has received explicit voting instructions to vote differently from a client for its own account. From time to time, MFS may also receive comments on the MFS Proxy Voting Policies and Procedures from its clients. These comments are carefully considered by MFS when it reviews these guidelines and revises them as appropriate.

These policies and procedures are intended to address any potential material conflicts of interest on the part of MFS or its subsidiaries that are likely to arise in connection with the voting of proxies on behalf of MFS' clients. If such potential material conflicts of interest do arise, MFS will analyze, document and report on such potential material conflicts of interest (see Sections B.2 and D below), and shall ultimately vote the relevant proxies in what MFS believes to be the best long-term economic interests of its clients. The MFS Proxy Voting Committee is responsible for monitoring and reporting with respect to such potential material conflicts of interest.

MFS is also a signatory to the United Nations Principles for Responsible Investment. In developing these guidelines, MFS considered environmental, social and corporate governance issues in light of MFS' fiduciary obligation to vote proxies in the best long-term economic interest of its clients.

### 2. MFS' Policy on Specific Issues

#### *Election of Directors*

MFS believes that good governance should be based on a board with at least a simple majority of directors who are independent of management, and whose key committees (e.g., compensation, nominating, and audit committees) are comprised entirely of independent directors. While MFS generally supports the board's nominees in uncontested or non-contentious elections, we will not support a nominee to a board of a U.S. issuer if, as a result of such nominee being elected to the board, the board would be comprised of a majority of members who are not



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independent or, alternatively, the compensation, nominating (including instances in which the full board serves as the compensation or nominating committee) or audit committees would include members who are not independent.

MFS will also not support a nominee to a board if we can determine that he or she failed to attend at least 75% of the board and/or relevant committee meetings in the previous year without a valid reason stated in the proxy materials or other company communications. In addition, MFS may not support all nominees standing for re-election to a board if we can determine: (1) the board or its compensation committee has re-priced or exchanged underwater stock options since the last annual meeting of shareholders and without shareholder approval; (2) the board or relevant committee has not taken adequately responsive action to a majority-approved shareholder proposal that MFS has supported; or (3) the board has implemented a poison pill without shareholder approval since the last annual meeting, (including those related to net-operating loss carryforwards).

MFS may not support certain board nominees of U.S. issuers under certain circumstances where MFS deems compensation to be egregious due to pay-for-performance issues and/or poor pay practices. Please see the section below titled MFS Policy on Specific Issues - Advisory Votes on Compensation for further details.

MFS evaluates a contested or contentious election of directors on a case-by-case basis considering the long-term financial performance of the company relative to its industry, management's track record, the qualifications of all nominees, and an evaluation of what each side is offering shareholders.

### *Majority Voting and Director Elections*

MFS votes for reasonably crafted proposals calling for directors to be elected with an affirmative majority of votes cast and/or the elimination of the plurality standard for electing directors (including binding resolutions requesting that the board amend the company's bylaws), provided the proposal includes a carve-out for a plurality voting standard when there are more director nominees than board seats (*e.g.*, contested elections) (Majority Vote Proposals). MFS considers voting against Majority Vote Proposals if the company has adopted, or has proposed to adopt in the proxy statement, formal corporate governance principles that present a meaningful alternative to the majority voting standard and provide an adequate response to both new nominees as well as incumbent nominees who fail to receive a majority of votes cast. MFS believes that a company's election policy should address the specific circumstances at that company. In determining whether the issuer has a meaningful alternative to the majority voting standard, MFS considers whether a company's election policy articulates the following elements to address each director nominee who fails to receive an affirmative majority of votes cast in an election:

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Establish guidelines for the process by which the company determines the status of nominees who fail to receive an affirmative majority of votes cast and disclose the guidelines in the annual proxy statement;

Guidelines should include a reasonable timetable for resolution of the nominee's status and a requirement that the resolution be disclosed together with the reasons for the resolution;

Vest management of the process in the company's independent directors, other than the nominee in question; and

Outline the range of remedies that the independent directors may consider concerning the nominee.

*Classified Boards*

MFS generally supports proposals to declassify a board (e.g. a board in which only one-third of board members is elected each year) for all issuers other than for certain closed-end investment companies. MFS generally opposes proposals to classify a board for issuers other than for certain closed-end investment companies.

*Stock Plans*

MFS opposes stock option programs and restricted stock plans that provide unduly generous compensation for officers, directors or employees, or that could result in excessive dilution to other shareholders. As a general guideline, MFS votes against restricted stock, stock option, non-employee director, omnibus stock plans and any other stock plan if all such plans for a particular company involve potential dilution, in the aggregate, of more than 15%. However, MFS will also vote against stock plans that involve potential dilution, in aggregate, of more than 10% at U.S. issuers that are listed in the Standard and Poor's 100 index as of December 31 of the previous year.

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MFS also opposes stock option programs that allow the board or the compensation committee to re-price underwater options or to automatically replenish shares without shareholder approval. MFS also votes against stock option programs for officers, employees or non-employee directors that do not require an investment by the optionee, that give free rides on the stock price, or that permit grants of stock options with an exercise price below fair market value on the date the options are granted. MFS will consider proposals to exchange existing options for newly issued options, restricted stock or cash on a case-by-case basis, taking into account certain factors, including, but not limited to, whether there is a reasonable value-for-value exchange and whether senior executives are excluded from participating in the exchange.

MFS supports the use of a broad-based employee stock purchase plans to increase company stock ownership by employees, provided that shares purchased under the plan are acquired for no less than 85% of their market value and do not result in excessive dilution.

### *Shareholder Proposals on Executive Compensation*

MFS believes that competitive compensation packages are necessary to attract, motivate and retain executives. However, MFS also recognizes that certain executive compensation practices can be excessive and not in the best, long-term economic interest of a company's shareholders. We believe that the election of an issuer's board of directors (as outlined above), votes on stock plans (as outlined above) and advisory votes on pay (as outlined below) are typically the most effective mechanisms to express our view on a company's compensation practices.

MFS generally opposes shareholder proposals that seek to set rigid restrictions on executive compensation as MFS believes that compensation committees should retain some flexibility to determine the appropriate pay package for executives. Although we support linking executive stock option grants to a company's performance, MFS also opposes shareholder proposals that mandate a link of performance-based options to a specific industry or peer group stock index. MFS generally supports reasonably crafted shareholder proposals that (i) require the issuer to adopt a policy to recover the portion of performance-based bonuses and awards paid to senior executives that were not earned based upon a significant negative restatement of earnings unless the company already has adopted a satisfactory policy on the matter, or (ii) expressly prohibit the backdating of stock options.

### *Advisory Votes on Executive Compensation*

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MFS will analyze advisory votes on executive compensation on a case-by-case basis. MFS will vote against an advisory vote on executive compensation if MFS determines that the issuer has adopted excessive executive compensation practices and will vote in favor of an advisory vote on executive compensation if MFS has not determined that the issuer has adopted excessive executive compensation practices. Examples of excessive executive compensation practices may include, but are not limited to, a pay-for-performance disconnect, employment contract terms such as guaranteed bonus provisions, unwarranted pension payouts, backdated stock options, overly generous hiring bonuses for chief executive officers, unnecessary perquisites, or the potential reimbursement of excise taxes to an executive in regards to a severance package. In cases where MFS (i) votes against consecutive advisory pay votes, or (ii) determines that a particularly egregious excessive executive compensation practice has occurred, then MFS may also vote against certain board nominees. MFS may also vote against certain board nominees if an advisory pay vote for a U.S. issuer is not on the agenda and the company has not implemented the advisory vote frequency supported by a plurality of shareholders.

MFS generally supports proposals to include an advisory shareholder vote on an issuer's executive compensation practices on an annual basis.

### *Golden Parachutes*

From time to time, MFS may evaluate a separate, advisory vote on severance packages or golden parachutes to certain executives at the same time as a vote on a proposed merger or acquisition. MFS will support an advisory vote on a severance package on a case-by-case basis, and MFS may vote against the severance package regardless of whether MFS supports the proposed merger or acquisition.

Shareholders of companies may also submit proxy proposals that would require shareholder approval of severance packages for executive officers that exceed certain predetermined thresholds. MFS votes in favor of such shareholder proposals when they would require shareholder approval of any severance package for an executive officer that exceeds a certain multiple of such officer's annual compensation that is not determined in MFS's judgment to be excessive.

### *Anti-Takeover Measures*

In general, MFS votes against any measure that inhibits capital appreciation in a stock, including proposals that protect management from action by shareholders. These types of proposals take many forms, ranging from poison pills and shark repellents to super-majority requirements.

MFS generally votes for proposals to rescind existing poison pills and proposals that would require shareholder approval to adopt prospective poison

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poison pills, unless the company already has adopted a clearly satisfactory policy on the matter. MFS may consider the adoption of a prospective poison pill or the continuation of an existing poison pill if we can determine that the following two conditions are met: (1) the poison pill allows MFS clients to hold an aggregate position of up to 15% of a company's total voting securities (and of any class of voting securities); and (2) either (a) the poison pill has a term of not longer than five years, provided that MFS will consider voting in favor of the poison pill if the term does not exceed seven years and the poison pill is linked to a business strategy or purpose that MFS believes is likely to result in greater value for shareholders; or (b) the terms of the poison pill allow MFS clients the opportunity to accept a fairly structured and attractively priced tender offer (e.g. a chewable poison pill that automatically dissolves in the event of an all cash, all shares tender offer at a premium price). MFS will also consider on a case-by-case basis proposals designed to prevent tenders which are disadvantageous to shareholders such as tenders at below market prices and tenders for substantially less than all shares of an issuer.

MFS will consider any poison pills designed to protect a company's net-operating loss carryforwards on a case-by-case basis, weighing the accounting and tax benefits of such a pill against the risk of deterring future acquisition candidates.

### *Reincorporation and Reorganization Proposals*

When presented with a proposal to reincorporate a company under the laws of a different state, or to effect some other type of corporate reorganization, MFS considers the underlying purpose and ultimate effect of such a proposal in determining whether or not to support such a measure. MFS generally votes with management in regards to these types of proposals, however, if MFS believes the proposal is in the best long-term economic interests of its clients, then MFS may vote against management (e.g. the intent or effect would be to create additional inappropriate impediments to possible acquisitions or takeovers).

### *Issuance of Stock*

There are many legitimate reasons for the issuance of stock. Nevertheless, as noted above under Non-Salary Compensation Programs, when a stock option plan (either individually or when aggregated with other plans of the same company) would substantially dilute the existing equity (e.g. by approximately 10-15% as described above), MFS generally votes against the plan. In addition, MFS typically votes against proposals where management is asking for authorization to issue common or preferred stock with no reason stated (a blank check) because the unexplained authorization could work as a potential anti-takeover device. MFS may also vote against the authorization or issuance of common or preferred stock if MFS determines that the requested authorization is excessive and not warranted.

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### *Repurchase Programs*

MFS supports proposals to institute share repurchase plans in which all shareholders have the opportunity to participate on an equal basis. Such plans may include a company acquiring its own shares on the open market, or a company making a tender offer to its own shareholders.

### *Cumulative Voting*

MFS opposes proposals that seek to introduce cumulative voting and for proposals that seek to eliminate cumulative voting. In either case, MFS will consider whether cumulative voting is likely to enhance the interests of MFS clients as minority shareholders. In our view, shareholders should provide names of qualified candidates to a company's nominating committee, which, in our view, should be comprised solely of independent directors.

### *Written Consent and Special Meetings*

The right to call a special meeting or act by written consent can be a powerful tool for shareholders. As such, MFS supports proposals requesting the right for shareholders who hold at least 10% of the issuer's outstanding stock to call a special meeting. MFS also supports proposals requesting the right for shareholders to act by written consent.

### *Independent Auditors*

MFS believes that the appointment of auditors for U.S. issuers is best left to the board of directors of the company and therefore supports the ratification of the board's selection of an auditor for the company. Some shareholder groups have submitted proposals to limit the non-audit activities of a company's audit firm or prohibit any non-audit services by a company's auditors to that company. MFS opposes proposals recommending the prohibition or limitation of the performance of non-audit services by an auditor, and proposals recommending the removal of a company's auditor due to the performance of non-audit work for the company by its auditor. MFS believes that the board, or its audit committee, should have the discretion to hire the company's auditor for specific pieces of non-audit work in the limited situations permitted under current law.

### *Environmental, Social and Governance ( ESG ) Issues*

MFS believes that a company's ESG practices may have an impact on the company's long-term economic financial performance and will generally support proposals relating to ESG issues that MFS believes are in the best long-term economic interest of the company's shareholders. For those ESG proposals for

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which a specific policy has not been adopted, MFS considers such ESG proposals on a case-by-case basis. As a result, it may vote similar proposals differently at various shareholder meetings based on the specific facts and circumstances of such proposal.

MFS generally supports proposals that seek to remove governance structures that insulate management from shareholders (i.e., anti-takeover measures) or that seek to enhance shareholder rights. Many of these governance-related issues, including compensation issues, are outlined within the context of the above guidelines. In addition, MFS typically supports proposals that require an issuer to reimburse successful dissident shareholders (who are not seeking control of the company) for reasonable expenses that such dissident incurred in soliciting an alternative slate of director candidates. MFS also generally supports reasonably crafted shareholder proposals requesting increased disclosure around the company's use of collateral in derivatives trading. MFS typically does not support proposals to separate the chairman and CEO positions as we believe that the most beneficial leadership structure of a company should be determined by the company's board of directors. For any governance-related proposal for which an explicit guideline is not provided above, MFS will consider such proposals on a case-by-case basis and will support such proposals if MFS believes that it is in the best long-term economic interest of the company's shareholders.

MFS generally supports proposals that request disclosure on the impact of environmental issues on the company's operations, sales, and capital investments. However, MFS may not support such proposals based on the facts and circumstances surrounding a specific proposal, including, but not limited to, whether (i) the proposal is unduly costly, restrictive, or burdensome, (ii) the company already provides publicly-available information that is sufficient to enable shareholders to evaluate the potential opportunities and risks that environmental matters pose to the company's operations, sales and capital investments, or (iii) the proposal seeks a level of disclosure that exceeds that provided by the company's industry peers. MFS will analyze all other environmental proposals on a case-by-case basis and will support such proposals if MFS believes such proposal is in the best long-term economic interest of the company's shareholders.

MFS will analyze social proposals on a case-by-case basis. MFS will support such proposals if MFS believes that such proposal is in the best long-term economic interest of the company's shareholders. Generally, MFS will support shareholder proposals that (i) seek to amend a company's equal employment opportunity policy to prohibit discrimination based on sexual orientation and gender identity; and (ii) request additional disclosure regarding a company's political contributions (unless the company already provides publicly-available information that is sufficient to enable shareholders to evaluate the potential opportunities and risks that such contributions pose to the company's operations, sales and capital investments).

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The laws of various states or countries may regulate how the interests of certain clients subject to those laws (e.g. state pension plans) are voted with respect to social issues. Thus, it may be necessary to cast ballots differently for certain clients than MFS might normally do for other clients.

### *Foreign Issuers*

MFS generally supports the election of a director nominee standing for re-election in uncontested or non-contentious elections unless it can be determined that (1) he or she failed to attend at least 75% of the board and/or relevant committee meetings in the previous year without a valid reason given in the proxy materials; (2) since the last annual meeting of shareholders and without shareholder approval, the board or its compensation committee has re-priced underwater stock options; or (3) since the last annual meeting, the board has either implemented a poison pill without shareholder approval or has not taken responsive action to a majority shareholder approved resolution recommending that the poison pill be rescinded. Also, certain markets outside of the U.S. have adopted best practice guidelines relating to corporate governance matters (e.g. the United Kingdom's Corporate Governance Code). Many of these guidelines operate on a "comply or explain" basis. As such, MFS will evaluate any explanations by companies relating to their compliance with a particular corporate governance guideline on a case-by-case basis and may vote against the board nominees or other relevant ballot item if such explanation is not satisfactory.

MFS generally supports the election of auditors, but may determine to vote against the election of a statutory auditor in certain markets if MFS reasonably believes that the statutory auditor is not truly independent.

Some international markets have also adopted mandatory requirements for all companies to hold shareholder votes on executive compensation. MFS will not support such proposals if MFS determines that a company's executive compensation practices are excessive, considering such factors as the specific market's best practices that seek to maintain appropriate pay-for-performance alignment and to create long-term shareholder value.

Many other items on foreign proxies involve repetitive, non-controversial matters that are mandated by local law. Accordingly, the items that are generally deemed routine and which do not require the exercise of judgment under these guidelines (and therefore voted with management) for foreign issuers include, but are not limited to, the following: (i) receiving financial statements or other reports from the board; (ii) approval of declarations of dividends; (iii) appointment of shareholders to sign board meeting minutes; (iv) discharge of management and supervisory boards; and (v) approval of share repurchase programs (absent any anti-takeover concerns). MFS will evaluate all other items on proxies for foreign companies in the context of the guidelines described above, but will generally vote



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against an item if there is not sufficient information disclosed in order to make an informed voting decision.

In accordance with local law or business practices, many foreign companies or custodians prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting ( share blocking ). Depending on the country in which a company is domiciled, the blocking period may begin a stated number of days prior or subsequent to the meeting (e.g. one, three or five days) or on a date established by the company. While practices vary, in many countries the block period can be continued for a longer period if the shareholder meeting is adjourned and postponed to a later date. Similarly, practices vary widely as to the ability of a shareholder to have the block restriction lifted early (e.g. in some countries shares generally can be unblocked up to two days prior to the meeting whereas in other countries the removal of the block appears to be discretionary with the issuer's transfer agent). Due to these restrictions, MFS must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. For companies in countries with share blocking periods or in markets where some custodians may block shares, the disadvantage of being unable to sell the stock regardless of changing conditions generally outweighs the advantages of voting at the shareholder meeting for routine items. Accordingly, MFS will not vote those proxies in the absence of an unusual, significant vote that outweighs the disadvantage of being unable to sell the stock.

In limited circumstances, other market specific impediments to voting shares may limit our ability to cast votes, including, but not limited to, late delivery of proxy materials, power of attorney and share re-registration requirements, or any other unusual voting requirements. In these limited instances, MFS votes securities on a best efforts basis in the context of the guidelines described above.

## **B. ADMINISTRATIVE PROCEDURES**

### *1. MFS Proxy Voting Committee*

The administration of these MFS Proxy Voting Policies and Procedures is overseen by the MFS Proxy Voting Committee, which includes senior personnel from the MFS Legal and Global Investment Support Departments. The Proxy Voting Committee does not include individuals whose primary duties relate to client relationship management, marketing, or sales. The MFS Proxy Voting Committee:

- a. Reviews these MFS Proxy Voting Policies and Procedures at least annually and recommends any amendments considered to be necessary or advisable;

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- b. Determines whether any potential material conflict of interest exists with respect to instances in which MFS (i) seeks to override these MFS Proxy Voting Policies and Procedures; (ii) votes on ballot items not governed by these MFS Proxy Voting Policies and Procedures; (iii) evaluates an excessive executive compensation issue in relation to the election of directors; or (iv) requests a vote recommendation from an MFS portfolio manager or investment analyst (e.g. mergers and acquisitions); and
  
- c. Considers special proxy issues as they may arise from time to time.

*2. Potential Conflicts of Interest*

The MFS Proxy Voting Committee is responsible for monitoring potential material conflicts of interest on the part of MFS or its subsidiaries that could arise in connection with the voting of proxies on behalf of MFS clients. Due to the client focus of our investment management business, we believe that the potential for actual material conflict of interest issues is small. Nonetheless, we have developed precautions to assure that all proxy votes are cast in the best long-term economic interest of shareholders.<sup>1</sup> Other MFS internal policies require all MFS employees to avoid actual and potential conflicts of interests between personal activities and MFS client activities. If an employee identifies an actual or potential conflict of interest with respect to any voting decision, then that employee must recuse himself/herself from participating in the voting process. Additionally, with respect to decisions concerning all Non-Standard Votes, as defined below, MFS will review the securities holdings reported by investment professionals that participate in such decisions to determine whether such person has a direct economic interest in the decision, in which case such person shall not further participate in making the decision. Any significant attempt by an employee of MFS or its subsidiaries to unduly influence MFS voting on a particular proxy matter should also be reported to the MFS Proxy Voting Committee.

In cases where proxies are voted in accordance with these MFS Proxy Voting Policies and Procedures, no material conflict of interest will be deemed to exist. In cases where (i) MFS is considering overriding these MFS Proxy Voting Policies and Procedures, (ii) matters presented for vote are not governed by these MFS Proxy Voting Policies and Procedures, (iii) MFS evaluates a potentially excessive executive compensation issue in relation to the election of directors or advisory pay or severance package vote, or (iv) a vote recommendation is requested from an MFS portfolio manager or investment analyst (e.g. mergers and acquisitions) (collectively, Non-Standard Votes); the MFS Proxy Voting Committee will follow these procedures:

<sup>1</sup> For clarification purposes, note that MFS votes in what we believe to be the best, long-term economic interest of our clients entitled to vote at the shareholder meeting, regardless of whether other MFS clients hold short positions in the same issuer.

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- a. Compare the name of the issuer of such proxy against a list of significant current (i) distributors of MFS Fund shares, and (ii) MFS institutional clients (the MFS Significant Client List );
- b. If the name of the issuer does not appear on the MFS Significant Client List, then no material conflict of interest will be deemed to exist, and the proxy will be voted as otherwise determined by the MFS Proxy Voting Committee;
- c. If the name of the issuer appears on the MFS Significant Client List, then the MFS Proxy Voting Committee will be apprised of that fact and each member of the MFS Proxy Voting Committee will carefully evaluate the proposed vote in order to ensure that the proxy ultimately is voted in what MFS believes to be the best long-term economic interests of MFS clients, and not in MFS corporate interests; and
- d. For all potential material conflicts of interest identified under clause (c) above, the MFS Proxy Voting Committee will document: the name of the issuer, the issuer's relationship to MFS, the analysis of the matters submitted for proxy vote, the votes as to be cast and the reasons why the MFS Proxy Voting Committee determined that the votes were cast in the best long-term economic interests of MFS clients, and not in MFS corporate interests. A copy of the foregoing documentation will be provided to MFS Conflicts Officer.

The members of the MFS Proxy Voting Committee are responsible for creating and maintaining the MFS Significant Client List, in consultation with MFS distribution and institutional business units. The MFS Significant Client List will be reviewed and updated periodically, as appropriate.

From time to time, certain MFS Funds (the top tier fund ) may own shares of other MFS Funds (the underlying fund ). If an underlying fund submits a matter to a shareholder vote, the top tier fund will generally vote its shares in the same proportion as the other shareholders of the underlying fund. If there are no other shareholders in the top tier fund, the top tier fund will vote in what MFS believes to be in the top tier fund's best long-term economic interest.

*3. Gathering Proxies*

Most proxies received by MFS and its clients originate at Broadridge Financial Solutions, Inc. ( Broadridge ). Broadridge and other service providers, on behalf of custodians, send proxy related material to the record holders of the shares beneficially owned by MFS clients, usually to the client's proxy voting administrator or, less

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commonly, to the client itself. This material will include proxy ballots reflecting the shareholdings of Funds and of clients on the record dates for such shareholder meetings, as well as proxy materials with the issuer's explanation of the items to be voted upon.

MFS, on behalf of itself and certain of its clients (including the MFS Funds) has entered into an agreement with an independent proxy administration firm pursuant to which the proxy administration firm performs various proxy vote related administrative services such as vote processing and recordkeeping functions. Except as noted below, the proxy administration firm for MFS and its clients, including the MFS Funds, is Institutional Shareholder Services, Inc. (ISS). The proxy administration firm for MFS Development Funds, LLC is Glass, Lewis & Co., Inc. (Glass Lewis); Glass Lewis and ISS are each hereinafter referred to as the Proxy Administrator).

The Proxy Administrator receives proxy statements and proxy ballots directly or indirectly from various custodians, logs these materials into its database and matches upcoming meetings with MFS Fund and client portfolio holdings, which are input into the Proxy Administrator's system by an MFS holdings data-feed. Through the use of the Proxy Administrator system, ballots and proxy material summaries for all upcoming shareholders' meetings are available on-line to certain MFS employees and members of the MFS Proxy Voting Committee.

It is the responsibility of the Proxy Administrator and MFS to monitor the receipt of ballots. When proxy ballots and materials for clients are received by the Proxy Administrator, they are input into the Proxy Administrator's on-line system. The Proxy Administrator then reconciles a list of all MFS accounts that hold shares of a company's stock and the number of shares held on the record date by these accounts with the Proxy Administrator's list of any upcoming shareholder's meeting of that company. If a proxy ballot has not been received, the Proxy Administrator contacts the custodian requesting the reason as to why a ballot has not been received.

#### *4. Analyzing Proxies*

Proxies are voted in accordance with these MFS Proxy Voting Policies and Procedures. The Proxy Administrator, at the prior direction of MFS, automatically votes all proxy matters that do not require the particular exercise of discretion or judgment with respect to these MFS Proxy Voting Policies and Procedures as determined by MFS. With respect to proxy matters that require the particular exercise of discretion or judgment, the MFS Proxy Voting Committee considers and votes on those proxy matters. MFS also receives research and recommendations from the Proxy Administrator which it may take into account in deciding how to vote. MFS uses the research of ISS to identify (i) circumstances in which a board may have approved excessive executive compensation, (ii) environmental and social proposals that warrant consideration or (iii) circumstances in which a non-U.S. company is not in compliance with local

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governance best practices. In those situations where the only MFS fund that is eligible to vote at a shareholder meeting has Glass Lewis as its Proxy Administrator, then we will rely on research from Glass Lewis to identify such issues. Representatives of the MFS Proxy Voting Committee review, as appropriate, votes cast to ensure conformity with these MFS Proxy Voting Policies and Procedures.

As a general matter, portfolio managers and investment analysts have little or no involvement in most votes taken by MFS. This is designed to promote consistency in the application of MFS voting guidelines, to promote consistency in voting on the same or similar issues (for the same or for multiple issuers) across all client accounts, and to minimize the potential that proxy solicitors, issuers, or third parties might attempt to exert inappropriate influence on the vote. In limited types of votes (e.g. mergers and acquisitions, capitalization matters, potentially excessive executive compensation issues, or shareholder proposals relating to environmental and social issues), a representative of MFS Proxy Voting Committee may consult with or seek recommendations from MFS portfolio managers or investment analysts.<sup>2</sup> However, the MFS Proxy Voting Committee would ultimately determine the manner in which all proxies are voted.

As noted above, MFS reserves the right to override the guidelines when such an override is, in MFS best judgment, consistent with the overall principle of voting proxies in the best long-term economic interests of MFS clients. Any such override of the guidelines shall be analyzed, documented and reported in accordance with the procedures set forth in these policies.

### *5. Voting Proxies*

In accordance with its contract with MFS, the Proxy Administrator also generates a variety of reports for the MFS Proxy Voting Committee, and makes available on-line various other types of information so that the MFS Proxy Voting Committee may review and monitor the votes cast by the Proxy Administrator on behalf of MFS clients.

### *6. Securities Lending*

From time to time, the MFS Funds or other pooled investment vehicles sponsored by MFS may participate in a securities lending program. In the event MFS or its agent receives timely notice of a shareholder meeting for a U.S. security, MFS and its agent will attempt to recall any securities on loan before the meeting's record date so that MFS will be entitled to vote these shares. However, there may be instances in which MFS is unable to timely recall securities on loan

<sup>2</sup> From time to time, due to travel schedules and other commitments, an appropriate portfolio manager or research analyst may not be available to provide a vote recommendation. If such a recommendation cannot be obtained within a reasonable time prior to the cut-off date of the shareholder meeting, the MFS Proxy Voting Committee may determine to abstain from voting.

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for a U.S. security, in which cases MFS will not be able to vote these shares. MFS will report to the appropriate board of the MFS Funds those instances in which MFS is not able to timely recall the loaned securities. MFS generally does not recall non-U.S. securities on loan because there may be insufficient advance notice of proxy materials, record dates, or vote cut-off dates to allow MFS to timely recall the shares in certain markets. As a result, non-U.S. securities that are on loan will not generally be voted. If MFS receives timely notice of what MFS determines to be an unusual, significant vote for a non-U.S. security whereas MFS shares are on loan, and determines that voting is in the best long-term economic interest of shareholders, then MFS will attempt to timely recall the loaned shares.

*7. Engagement*

The MFS Proxy Voting Policies and Procedures are available on [www.mfs.com](http://www.mfs.com) and may be accessed by both MFS clients and the companies in which MFS clients invest. From time to time, MFS may determine that it is appropriate and beneficial for representatives from the MFS Proxy Voting Committee to engage in a dialogue or written communication with a company or other shareholders regarding certain matters on the company's proxy statement that are of concern to shareholders, including environmental, social and governance matters. A company or shareholder may also seek to engage with representatives of the MFS Proxy Voting Committee in advance of the company's formal proxy solicitation to review issues more generally or gauge support for certain contemplated proposals.

*C. RECORDS RETENTION*

MFS will retain copies of these MFS Proxy Voting Policies and Procedures in effect from time to time and will retain all proxy voting reports submitted to the Board of Trustees and Board of Managers of the MFS Funds for the period required by applicable law. Proxy solicitation materials, including electronic versions of the proxy ballots completed by representatives of the MFS Proxy Voting Committee, together with their respective notes and comments, are maintained in an electronic format by the Proxy Administrator and are accessible on-line by the MFS Proxy Voting Committee. All proxy voting materials and supporting documentation, including records generated by the Proxy Administrator's system as to proxies processed, including the dates when proxy ballots were received and submitted, and the votes on each company's proxy issues, are retained as required by applicable law.

*D. REPORTS*

MFS Funds

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MFS publicly discloses the proxy voting records of the MFS Funds on an annual basis, as required by law. MFS will also report the results of its voting to the Board of Trustees and Board of Managers of the MFS Funds. These reports will include: (i) a summary of how votes were cast (including advisory votes on pay and golden parachutes); (ii) a summary of votes against management's recommendation; (iii) a review of situations where MFS did not vote in accordance with the guidelines and the rationale therefore; (iv) a review of the procedures used by MFS to identify material conflicts of interest and any matters identified as a material conflict of interest; (v) a review of these policies and the guidelines; (vi) a report and impact assessment of instances in which the recall of loaned securities of a U.S. issuer was unsuccessful; and (vii) as necessary or appropriate, any proposed modifications thereto to reflect new developments in corporate governance and other issues. Based on these reviews, the Trustees and Managers of the MFS Funds will consider possible modifications to these policies to the extent necessary or advisable.

All MFS Advisory Clients

MFS may publicly disclose the proxy voting records of certain clients or the votes it casts with respect to certain matters as required by law. At any time, a report can also be printed by MFS for each client who has requested that MFS furnish a record of votes cast. The report specifies the proxy issues which have been voted for the client during the year and the position taken with respect to each issue and, upon request, may identify situations where MFS did not vote in accordance with the MFS Proxy Voting Policies and Procedures.

Except as described above, MFS generally will not divulge actual voting practices to any party other than the client or its representatives because we consider that information to be confidential and proprietary to the client. However, as noted above, MFS may determine that it is appropriate and beneficial to engage in a dialogue with a company regarding certain matters. During such dialogue with the company, MFS may disclose the vote it intends to cast in order to potentially effect positive change at a company in regards to environmental, social or governance issues.

**ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**

**General.** Information regarding the portfolio manager(s) of the MFS High Yield Municipal Trust (the Fund) is set forth below.

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<b>Portfolio Manager</b>	<b>Primary Role</b>	<b>Since</b>	<b>Title and Five Year History</b>
Geoffrey L. Schechter	Portfolio Manager	2007	Investment Officer of MFS; employed in the investment area of MFS since 1993.
Gary A. Lasman	Portfolio Manager	2007	Investment Officer of MFS; employed in the investment area of MFS since 2002.

**Compensation.**

Portfolio manager compensation is reviewed annually. As of December 31, 2010, portfolio manager total cash compensation is a combination of base salary and performance bonus:

*Base Salary* Base salary represents a smaller percentage of portfolio manager total cash compensation than performance bonus.

*Performance Bonus* Generally, the performance bonus represents more than a majority of portfolio manager total cash compensation.

The performance bonus is based on a combination of quantitative and qualitative factors, generally with more weight given to the former and less weight given to the latter.

The quantitative portion is based on the pre-tax performance of assets managed by the portfolio manager over one-, three-, and five-year periods relative to peer group universes and/or indices ( benchmarks ). As of December 31, 2010, the following benchmarks were used to measure performance for the Fund:

<b>Portfolio Manager</b>	<b>Benchmark(s)</b>
Geoffrey L. Schechter	Barclay s Capital Municipal Bond Index
Gary A. Lasman	Barclay s Capital Municipal Bond Index

Additional or different benchmarks, including versions of indices and custom indices may also be used. Primary weight is given to portfolio performance over a three-year time period with lesser consideration given to portfolio performance over one-year and five-year periods (adjusted as appropriate if the portfolio manager has served for less than five years).

The qualitative portion is based on the results of an annual internal peer review process (conducted by other portfolio managers, analysts, and traders) and management s assessment of overall portfolio manager contributions to investor relations and the investment process (distinct from fund and other account performance).

Portfolio managers also typically benefit from the opportunity to participate in the MFS Equity Plan. Equity interests and/or options to acquire equity interests in MFS or its parent company are awarded by management, on a discretionary basis, taking into account tenure at MFS, contribution to the investment process, and other factors.

Finally, portfolio managers also participate in benefit plans (including a defined contribution plan and health and other insurance plans) and programs available generally to other employees of MFS. The percentage such benefits represent of any portfolio



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manager's compensation depends upon the length of the individual's tenure at MFS and salary level, as well as other factors.

**Ownership of Fund Shares.** The following table shows the dollar range of equity securities of the Fund beneficially owned by the Fund's portfolio manager(s) as of the fund's fiscal year ended November 30, 2011. The following dollar ranges apply:

- N. None
- A. \$1 - \$10,000
- B. \$10,001 - \$50,000
- C. \$50,001 - \$100,000
- D. \$100,001 - \$500,000
- E. \$500,001 - \$1,000,000
- F. Over \$1,000,000

**Dollar Range of Equity**

Name of Portfolio Manager	Securities in Fund
Geoffrey L. Schechter	N
Gary A. Lasman	N

**Other Accounts.** In addition to the Fund, the Fund's portfolio manager is named as a portfolio manager of certain other accounts managed or subadvised by MFS or an affiliate, the number and assets of which, as of the fund's fiscal year ended November 30, 2011.

Name	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number of Accounts*	Total Assets*	Number of Accounts	Total Assets	Number of Accounts	Total Assets
Geoffrey L. Schechter	13	\$ 9.2 billion	1	\$ 491.0 million	0	N/A
Gary A. Lasman	4	\$ 3.0 billion	0	N/A	0	N/A

\* Includes the Fund.

Advisory fees are not based upon performance of any of the accounts identified in the table above.

**Potential Conflicts of Interest.**

The Adviser seeks to identify potential conflicts of interest resulting from a portfolio manager's management of both the Fund and other accounts, and has adopted policies and procedures designed to address such potential conflicts.

The management of multiple funds and accounts (including proprietary accounts) gives rise to potential conflicts of interest if the funds and accounts have different objectives and strategies, benchmarks, time horizons and fees as a portfolio manager must allocate his or her time and investment ideas across multiple funds and accounts. In certain instances there are securities which are suitable for the Fund's portfolio as well as for accounts of the

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Adviser or its subsidiaries with similar investment objectives. The Fund's trade allocation policies may give rise to conflicts of interest if the Fund's orders do not get fully executed or are delayed in getting executed due to being aggregated with those of other accounts of the Adviser or its subsidiaries. A portfolio manager may execute transactions for another fund or account that may adversely affect the value of the Fund's investments. Investments selected for funds or accounts other than the Fund may outperform investments selected for the Fund.

When two or more clients are simultaneously engaged in the purchase or sale of the same security, the securities are allocated among clients in a manner believed by the Adviser to be fair and equitable to each. It is recognized that in some cases this system could have a detrimental effect on the price or volume of the security as far as the Fund is concerned. In most cases, however, the Adviser believes that the Fund's ability to participate in volume transactions will produce better executions for the Fund.

The Adviser and/or a portfolio manager may have a financial incentive to allocate favorable or limited opportunity investments or structure the timing of investments to favor accounts other than the Fund, for instance, those that pay a higher advisory fee and/or have a performance adjustment and/or include an investment by the portfolio manager.

**ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.**

**MFS High Yield Municipal Trust**

<b>Period</b>	<b>(a) Total number of Shares Purchased</b>	<b>(b) Average Price Paid per Share</b>	<b>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs</b>
12/01/10-12/31/10	0	N/A	0	2,797,087
1/01/11-1/31/11	0	N/A	0	2,797,087
2/01/11-2/28/11	0	N/A	0	2,797,087
3/01/11-3/31/11	0	N/A	0	2,807,701
4/01/11-4/30/11	0	N/A	0	2,807,701
5/01/11-5/31/11	0	N/A	0	2,807,701
6/01/11-6/30/11	0	N/A	0	2,807,701
7/01/11-7/31/11	0	N/A	0	2,807,701
8/01/11-8/31/11	0	N/A	0	2,807,701
9/01/11-9/30/11	0	N/A	0	2,807,701
10/01/11-10/31/11	0	N/A	0	2,807,701
11/01/11-11/30/11	0	N/A	0	2,807,701
<b>Total</b>	<b>0</b>		<b>0</b>	

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Note: The Board of Trustees approves procedures to repurchase shares annually. The notification to shareholders of the program is part of the semi-annual and annual reports sent to shareholders. These annual programs begin on March 1<sup>st</sup> of each year. The programs conform to the conditions of Rule 10b-18 of the securities Exchange Act of 1934 and limit the aggregate number of shares that may be purchased in each annual period (March 1 through the following February 28) to 10% of the Registrant's outstanding shares as of the first day of the plan year (March 1). The aggregate number of shares available for purchase for the March 1, 2011 plan year is 2,807,701.

**ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

There were no material changes to the procedures by which shareholders may send recommendations to the Board for nominees to the Registrant's Board since the Registrant last provided disclosure as to such procedures in response to the requirements of Item 407 (c)(2)(iv) of Regulation S-K or this Item.

**ITEM 11. CONTROLS AND PROCEDURES.**

- (a) Based upon their evaluation of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the Act)) as conducted within 90 days of the filing date of this Form N-CSR, the registrant's principal financial officer and principal executive officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.
- (b) There were no changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the second fiscal quarter covered by the report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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**ITEM 12. EXHIBITS.**

(a) File the exhibits listed below as part of this form. Letter or number the exhibits in the sequence indicated.

(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Code of Ethics attached hereto.

(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2): Attached hereto.

(3) Any written solicitation to purchase securities under Rule 23c-1 under the Act sent or given during the period covered by the report by or on behalf of the Registrant to 10 or more persons. Not applicable.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)), Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed filed for the purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference: Attached hereto.

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**Notice**

A copy of the Agreement and Declaration of Trust, as amended, of the Registrant is on file with the Secretary of State of the Commonwealth of Massachusetts and notice is hereby given that this instrument is executed on behalf of the Registrant by an officer of the Registrant as an officer and not individually and the obligations of or arising out of this instrument are not binding upon any of the Trustees or shareholders individually, but are binding only upon the assets and property of the respective constituent series of the Registrant.

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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.

Registrant MFS HIGH YIELD MUNICIPAL TRUST

By (Signature and Title)\* JOHN M. CORCORAN  
John M. Corcoran, President

Date: January 13, 2012

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 (Signature and Title)\* JOHN M. CORCORAN  
John M. Corcoran, President

(Principal Executive Officer)

Date: January 13, 2012

By (Signature and Title)\* DAVID L. DILORENZO  
David L. DiLorenzo, Treasurer

(Principal Financial Officer

and Accounting Officer)

Date: January 13, 2012

\* Print name and title of each signing officer under his or her signature.