

MFS HIGH YIELD MUNICIPAL TRUST
Form N-CSRS
July 27, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-4992

MFS HIGH YIELD MUNICIPAL TRUST

(Exact name of registrant as specified in charter)

111 Huntington Avenue, Boston, Massachusetts 02199

(Address of principal executive offices) (Zip code)

Christopher R. Bohane

Massachusetts Financial Services Company

111 Huntington Avenue

Boston, Massachusetts 02199

(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: May 31, 2017

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ITEM 1. REPORTS TO STOCKHOLDERS.

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SEMIANNUAL REPORT

May 31, 2017

MFS® HIGH YIELD MUNICIPAL TRUST

CMU-SEM

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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 EXECUTIVE CHAIRMAN

Dear Shareholders:

Despite policy uncertainty accompanying a new presidential administration in the United States and unease over looming Brexit negotiations, most markets have proved

resilient. U.S. share prices have reached new highs, and U.S. bond yields rose on hopes surrounding President Trump's proposed fiscal policies and indications that the U.S. Federal Reserve will continue to gradually hike interest rates. However, interest rates in most developed markets remain very low, with central banks maintaining accommodative monetary policies in hopes of reinvigorating slow-growing economies and lifting inflation.

Globally, economic growth has shown signs of recovery, led by China, the U.S. and the eurozone. Despite better growth, there are few immediate signs of worrisome inflation, as wage growth remains muted. Emerging market economies are recovering at a

somewhat slower pace amid fears that restrictive U.S. trade policies could further hamper the restrained pace of global trade growth. Looking ahead, markets will have to contend with elections in the United Kingdom and Germany in the months ahead, as well as geopolitical hot spots on the Korean peninsula and in the Middle East.

At MFS®, we believe time is an asset. A patient, long-term approach to investing can have a powerful impact on decision making and outcomes. Time arbitrage, as we call it, simply comes down to having the conviction and discipline to allow enough time for good investment ideas to play out. In our view, such an approach, along with the professional guidance of a financial advisor, will help you reach your investment objectives.

Respectfully,

Robert J. Manning

Executive Chairman

MFS Investment Management

July 14, 2017

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

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

Healthcare Revenue Hospitals	29.4%
Healthcare Revenue Long Term Care	16.7%
Tobacco	12.1%
Universities Colleges	9.5%
Water & Sewer Utility Revenue	8.9%
Universities Secondary Schools	7.9%
Miscellaneous Revenue Other	7.2%
General Obligations General Purpose	4.9%
Toll Roads	4.8%
U.S. Treasury Securities (j)	(19.0)%

Portfolio facts (i)

Average Duration (d)	8.4
Average Effective Maturity (m)	16.2 yrs.

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

AAA	4.5%
AA	18.3%
A	34.2%
BBB	32.7%
BB	18.9%
B	10.4%
CCC	2.6%
CC	0.3%
C	2.6%
D	1.1%
Not Rated (j)	9.7%
Cash & Cash Equivalents (less liabilities)	(54.3)%
Other	19.0%

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Portfolio Composition continued

- (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). Securities rated BBB or higher are considered investment grade. All ratings are subject to change. Not Rated includes fixed income securities, including fixed income futures contracts, which have not been rated by any rating agency. The fund may or may not have held all of these instruments on this date. The fund is not rated by these agencies.
- (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. This calculation is based on net assets applicable to common shares as of May 31, 2017.
- (i) For purposes of this presentation, the components include the value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. 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 value. The bond component will include any accrued interest amounts.
- (j) For the purpose of managing the fund's duration, the fund holds short treasury futures with a bond equivalent exposure of (19.0)%, 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. This calculation is based on gross assets, which consists of net assets applicable to common shares plus the value of preferred shares, as of May 31, 2017.

Where the fund holds convertible bonds, they are treated as part of the equity portion of the portfolio.

Cash & Cash Equivalents includes any cash, investments in money market funds, short-term securities, and other assets less liabilities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and other assets and liabilities.

From time to time Cash & Cash Equivalents may be negative due to the aggregate liquidation value of variable rate municipal term preferred shares and/or timing of cash receipts.

Other includes equivalent exposure from currency derivatives and/or any offsets to derivative positions.

Percentages are based on net assets applicable to common shares as of May 31, 2017.

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

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PORTFOLIO MANAGERS PROFILES

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

OTHER NOTES

The fund's shares may trade at a discount or premium to 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 concurrent liquidation.

The fund's monthly distributions may include a return of capital to shareholders to the extent that distributions are in excess of the fund's net investment income and net capital gains, determined in accordance with federal income tax regulations. Distributions that are treated for federal income tax purposes as a return of capital will reduce each shareholder's basis in his or her shares and, to the extent the return of capital exceeds such basis, will be treated as gain to the shareholder from a sale of shares. Returns of shareholder capital may have the effect of reducing the fund's assets and increasing the fund's expense ratio.

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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5/31/17 (unaudited)

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by jurisdiction.

Municipal Bonds - 151.9%

Issuer	Shares/Par	Value (\$)
Alabama - 1.6%		
Alabama Incentives Financing Authority Special Obligation, A, 5%, 9/01/2037	\$ 65,000	\$ 72,303
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 5.5%, 6/01/2030	85,000	92,018
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 5.75%, 6/01/2035	95,000	104,521
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 5.75%, 6/01/2045	130,000	140,221
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 6%, 6/01/2050	135,000	149,114
Birmingham, AL, Waterworks Board Water Rev., A, 5.125%, 1/01/2034 (Prerefunded 1/01/2019)	220,000	234,542
Birmingham, AL, Waterworks Board Water Rev., A, ASSD GTY, 5.125%, 1/01/2034 (Prerefunded 1/01/2019)	375,000	399,788
Cullman County, AL, Health Care Authority (Cullman Regional Medical Center), A, 6.75%, 2/01/2029	60,000	62,329
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2026	105,000	75,413
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2029	150,000	88,295
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2034	210,000	86,134
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2035	400,000	154,364
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2017	65,000	65,677
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2018	70,000	72,335
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2021	75,000	80,498
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2023	115,000	124,446
Pell City, AL, Special Care Facilities, Financing Authority Rev. (Noland Health Services, Inc.), 5%, 12/01/2039	175,000	190,246
		\$ 2,192,244
Alaska - 0.2%		
Northern Tobacco Securitization Corp., AK, Asset Backed, A, 5%, 6/01/2046	\$ 245,000	\$ 236,672

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Arizona - 2.5%		
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A, 5%, 7/01/2035	\$ 100,000	\$ 102,671
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A, 5%, 7/01/2035	35,000	35,935
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A, 5%, 7/01/2045	165,000	168,069
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A, 5%, 7/01/2046	90,000	91,613
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Choice Academies, Inc. Project), 5.625%, 9/01/2042	135,000	142,602
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Great Hearts Academies Project), A, 5%, 7/01/2034	350,000	376,534
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Great Hearts Academies Project), A, 5%, 7/01/2044	220,000	233,864
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 6.5%, 7/01/2034	115,000	130,303
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 5%, 7/01/2035	155,000	159,351
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 6.75%, 7/01/2044	180,000	205,578
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 5%, 7/01/2045	170,000	172,705
Phoenix, AZ, Industrial Development Authority Education Rev. (Eagle College Prep Project), 5%, 7/01/2033	65,000	66,341
Phoenix, AZ, Industrial Development Authority Education Rev. (Eagle College Prep Project), 5%, 7/01/2043	125,000	126,166
Phoenix, AZ, Industrial Development Authority Rev. (Guam Facilities Foundation, Inc.), 5.125%, 2/01/2034	345,000	327,367
Phoenix, AZ, Industrial Development Authority Rev. (Guam Facilities Foundation, Inc.), 5.375%, 2/01/2041	260,000	250,052
Surprise, AZ, Municipal Property Corp., 4.9%, 4/01/2032	700,000	703,773
Tempe, AZ, Industrial Development Authority Rev. (Friendship Village), A, 6.25%, 12/01/2042	90,000	95,937
Tempe, AZ, Industrial Development Authority Rev. (Friendship Village), A, 6.25%, 12/01/2046	70,000	74,501
		\$ 3,463,362
Arkansas - 0.7%		
Arkansas Development Finance Authority Hospital Rev. (Washington Regional Medical Center), A, 5%, 2/01/2035	\$ 30,000	\$ 33,450
Arkansas Development Finance Authority Hospital Rev. (Washington Regional Medical Center), C, 5%, 2/01/2033	50,000	56,038
Arkansas Development Finance Authority, Tobacco Settlement Rev. (Cancer Research Center Project), Capital Appreciation, AMBAC, 0%, 7/01/2046	485,000	139,530

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Arkansas - continued		
Pulaski County, AR, Public Facilities Board Healthcare Rev. (Baptist Health), 5%, 12/01/2039	\$ 505,000	\$ 565,544
Pulaski County, AR, Public Facilities Board Healthcare Rev. (Baptist Health), 5%, 12/01/2042	125,000	139,633
		\$ 934,195
California - 12.2%		
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2029	\$ 2,195,000	\$ 1,551,755
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2031	275,000	178,354
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2032	280,000	173,776
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2033	560,000	333,066
California Department of Water Resources, Center Valley Project Rev., AJ, 5%, 12/01/2035 (Prerefunded 12/01/2021)	1,010,000	1,181,094
California Educational Facilities Authority Rev. (Chapman University), 5%, 4/01/2031	145,000	161,356
California Health Facilities Financing Authority Rev. (St. Joseph Health System), A, 5.75%, 7/01/2039	185,000	200,666
California Health Facilities Financing Authority Rev. (Sutter Health), B, 5.875%, 8/15/2031	660,000	754,261
California Housing Finance Agency Rev. (Home Mortgage), G, 4.95%, 8/01/2023	1,340,000	1,343,337
California M-S-R Energy Authority Gas Rev., A, 7%, 11/01/2034	155,000	224,525
California M-S-R Energy Authority Gas Rev., A, 6.5%, 11/01/2039	275,000	393,203
California Municipal Finance Authority Rev. (Biola University), 5.8%, 10/01/2028 (Prerefunded 10/01/2018)	100,000	106,533
California Municipal Finance Authority Rev. (Community Medical Centers), A, 5%, 2/01/2042	85,000	95,897
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), 5%, 11/01/2035	35,000	38,764
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), A, 5.25%, 11/01/2036	85,000	97,357
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), A, 5.25%, 11/01/2041	80,000	90,734
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), A, 5.25%, 11/01/2047	15,000	16,856
California Pollution Control Financing Authority, Solid Waste Disposal Rev. (Calplant I Project), 8%, 7/01/2039	385,000	413,863
California Pollution Control Financing Authority, Solid Waste Disposal Rev. (Republic Services, Inc.), B, 5.25%, 6/01/2023 (Put Date 12/01/2017)	135,000	137,349

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
California - continued		
California Pollution Control Financing Authority, Water Furnishing Rev. (Poseidon Resources Desalination Project), 5%, 11/21/2045	\$ 420,000	\$ 448,749
California Pollution Control Financing Authority, Water Furnishing Rev. (San Diego County Water Desalination Project Pipeline), 5%, 11/21/2045	275,000	275,520
California Public Works Board Lease Rev., Department of Corrections and Rehabilitation (Various Correctional Facilities), A, 5%, 9/01/2033	1,025,000	1,191,706
California School Finance Authority, School Facility Rev. (Alliance for College-Ready Public Schools Projects), A, 5%, 7/01/2030	35,000	38,694
California School Finance Authority, School Facility Rev. (Alliance for College-Ready Public Schools Projects), A, 5%, 7/01/2045	100,000	107,131
California School Finance Authority, School Facility Rev. (ICEF View Park Elementary and Middle Schools), A, 5.875%, 10/01/2044	115,000	123,108
California Statewide Communities Development Authority Environmental Facilities Rev. (Microgy Holdings Project), 9%, 12/01/2038 (a)(d)	50,491	252
California Statewide Communities Development Authority Rev. (899 Charleston Project), A, 5.25%, 11/01/2044	40,000	41,098
California Statewide Communities Development Authority Rev. (899 Charleston Project), A, 5.375%, 11/01/2049		