

MFS HIGH YIELD MUNICIPAL TRUST
Form N-CSRS
July 26, 2016
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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)

Kristin V. Collins

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, 2016

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ITEM 1. REPORTS TO STOCKHOLDERS.

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SEMIANNUAL REPORT

May 31, 2016

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 CHAIRMAN

Dear Shareholders:

While economic growth remains subpar on a global basis, markets had largely recovered after a bout of volatility early this year only to be blindsided by the

unexpected vote by the United Kingdom to leave the European Union. Central bank policy remains accommodative globally, with the U.S. Federal Reserve recently signaling it will move slowly in tightening monetary policy as the labor market cools and inflation remains in check. This suggests a continuation of the lower for longer interest rate environment.

Overcapacity in the manufacturing sector has been restraining prices and profits around the world. China continues to grapple with challenges posed by its attempt to shift from an investment-led, export-driven model to a consumer-driven

economy, amplifying the global manufacturing glut. Emerging markets have been mixed of late, supported by firmer commodity prices but constrained by the prospect of tighter financial conditions in the wake of the Brexit vote.

At MFS®, we believe it is best to view markets through a long lens and not react to short-term swings. That makes it possible to filter out market noise and focus on long-term fundamentals.

In our view, the professional guidance of a financial advisor, along with a patient, long-term approach, will help you reach your investment objectives.

Respectfully,

Robert J. Manning

Chairman

MFS Investment Management

July 18, 2016

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	31.4%
Healthcare Revenue Long Term Care	16.5%
Tobacco	11.2%
Universities Colleges	10.1%
Water & Sewer Utility Revenue	9.7%
Miscellaneous Revenue Other	7.6%
Universities Secondary Schools	6.0%
Tax Assessment	4.9%
Toll Roads	4.6%
U.S. Treasury Securities (j)	(19.0)%

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

AAA	4.5%
AA	21.5%
A	34.7%
BBB	30.9%
BB	13.0%
B	14.3%
CCC	1.6%
CC	1.8%
C	0.9%
D	0.8%
Not Rated (j)	9.4%
Cash & Cash Equivalents	(52.4)%
Other	19.0%

Portfolio facts (i)

Average Duration (d)	7.9
Average Effective Maturity (m)	17.4 yrs.

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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 not hold all of these instruments. 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 5/31/16.
- (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 5/31/16.

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

Where the fund holds convertible bonds, these 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.

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

Percentages are based on net assets applicable to common shares as of 5/31/16.

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 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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5/31/16 (unaudited)

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

Municipal Bonds - 150.1%		
Issuer	Shares/Par	Value (\$)
Alabama - 1.6%		
Alabama Incentives Financing Authority Special Obligation, A, 5%, 9/01/2037	\$ 65,000	\$ 74,793
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 5.5%, 6/01/2030	85,000	87,236
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 5.75%, 6/01/2035	95,000	97,951
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 5.75%, 6/01/2045	130,000	133,228
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 6%, 6/01/2050	135,000	139,929
Birmingham, AL, Waterworks Board Water Rev., A, 5.125%, 1/01/2034 (Prerefunded 1/01/2019)	220,000	243,503
Birmingham, AL, Waterworks Board Water Rev., A, ASSD GTY, 5.125%, 1/01/2034	375,000	411,218
Cullman County, AL, Health Care Authority (Cullman Regional Medical Center), A, 6.75%, 2/01/2029	60,000	64,967
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2025	10,000	7,201
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2026	105,000	71,335
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2029	150,000	82,905
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2034	210,000	81,633
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2035	400,000	144,628
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2016	50,000	50,676
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2017	65,000	68,154
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2018	70,000	75,436
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2021	75,000	83,888
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2023	115,000	129,963
Pell City, AL, Special Care Facilities, Financing Authority Rev. (Noland Health Services, Inc.), 5%, 12/01/2039	175,000	193,184
		\$ 2,241,828

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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	\$ 106,219
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A, 5%, 7/01/2035	35,000	37,204
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A, 5%, 7/01/2045	165,000	172,341
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A, 5%, 7/01/2046	90,000	93,983
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 5%, 7/01/2035	155,000	163,201
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 5%, 7/01/2045	170,000	176,917
Phoenix, AZ, Industrial Development Authority Education Rev. (Choice Academies, Inc. Project), 5.625%, 9/01/2042	135,000	144,092
Phoenix, AZ, Industrial Development Authority Education Rev. (Eagle College Prep Project), 5%, 7/01/2033	65,000	67,693
Phoenix, AZ, Industrial Development Authority Education Rev. (Eagle College Prep Project), 5%, 7/01/2043	125,000	128,558
Phoenix, AZ, Industrial Development Authority Education Rev. (Great Hearts Academies Project), A, 5%, 7/01/2034	350,000	387,716
Phoenix, AZ, Industrial Development Authority Education Rev. (Great Hearts Academies Project), A, 5%, 7/01/2044	220,000	239,336
Phoenix, AZ, Industrial Development Authority Education Rev. (Legacy Traditional Schools Project), 6.5%, 7/01/2034	115,000	135,555
Phoenix, AZ, Industrial Development Authority Education Rev. (Legacy Traditional Schools Project), 6.75%, 7/01/2044	180,000	214,853
Phoenix, AZ, Industrial Development Authority Rev. (Guam Facilities Foundation, Inc.), 5.125%, 2/01/2034	345,000	351,324
Phoenix, AZ, Industrial Development Authority Rev. (Guam Facilities Foundation, Inc.), 5.375%, 2/01/2041	260,000	266,378
Surprise, AZ, Municipal Property Corp., 4.9%, 4/01/2032	700,000	710,780
Tempe, AZ, Industrial Development Authority Rev. (Friendship Village), A, 6.25%, 12/01/2042	90,000	98,423
Tempe, AZ, Industrial Development Authority Rev. (Friendship Village), A, 6.25%, 12/01/2046	70,000	76,436
		\$ 3,571,009
Arkansas - 0.7%		
Arkansas Development Finance Authority Hospital Rev. (Washington Regional Medical Center), A, 5%, 2/01/2035	\$ 30,000	\$ 34,697
Arkansas Development Finance Authority Hospital Rev. (Washington Regional Medical Center), C, 5%, 2/01/2033	50,000	58,119
Arkansas Development Finance Authority, Tobacco Settlement Rev. (Cancer Research Center Project), Capital Appreciation, AMBAC, 0%, 7/01/2046	485,000	152,644

Table of Contents*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	\$ 582,740
Pulaski County, AR, Public Facilities Board Healthcare Rev. (Baptist Health), 5%, 12/01/2042	125,000	144,345
		\$ 972,545
California - 13.8%		
Alameda, CA, Corridor Transportation Authority Second Subordinate Lien Rev., B, 5%, 10/01/2037	\$ 55,000	\$ 65,572
Alameda, CA, Corridor Transportation Authority Second Subordinate Lien Rev., B, AGM, 5%, 10/01/2037	10,000	12,052
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2029	2,195,000	1,590,497
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2031	275,000	184,195
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2032	280,000	182,361
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2033	560,000	353,976
California Department of Water Resources, Center Valley Project Rev., AJ, 5%, 12/01/2035	1,010,000	1,177,175
California Educational Facilities Authority Rev., 5%, 2/01/2026	235,000	239,103
California Educational Facilities Authority Rev. (Chapman University), 5%, 4/01/2031	145,000	166,385
California Educational Facilities Authority Rev. (University of Southern California), A, 5.25%, 10/01/2038	1,270,000	1,398,969
California Health Facilities Financing Authority Rev. (St. Joseph Health System), A, 5.75%, 7/01/2039	185,000	211,918
California Health Facilities Financing Authority Rev. (Sutter Health), B, 5.875%, 8/15/2031	660,000	796,112
California Housing Finance Agency Rev. (Home Mortgage), G, 4.95%, 8/01/2023	1,340,000	1,369,252
California Housing Finance Agency Rev. (Home Mortgage), G, 5.5%, 8/01/2042	35,000	35,845
California Housing Finance Agency Rev. (Home Mortgage), I, 4.8%, 8/01/2036	50,000	50,062
California M-S-R Energy Authority Gas Rev., A, 7%, 11/01/2034	155,000	232,006
California M-S-R Energy Authority Gas Rev., A, 6.5%, 11/01/2039	275,000	395,450
California Municipal Finance Authority Rev. (Biola University), 5.8%, 10/01/2028	100,000	107,877
California Municipal Finance Authority Rev. (Northbay Healthcare Group), 5%, 11/01/2035	35,000	39,671

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

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
California - continued		
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	\$ 142,834
California Pollution Control Financing Authority, Water Furnishing Rev. (Poseidon Resources Desalination Project), 5%, 11/21/2045	420,000	462,454
California Pollution Control Financing Authority, Water Furnishing Rev. (San Diego County Water Desalination Project Pipeline), 5%, 11/21/2045	275,000	284,543
California Public Works Board Lease Rev., Department of Corrections and Rehabilitation (Various Correctional Facilities), A , 5%, 9/01/2033	1,025,000	1,237,841
California School Finance Authority, School Facility Rev. (Alliance for College-Ready Public Schools Projects), A , 5%, 7/01/2030	35,000	39,170
California School Finance Authority, School Facility Rev. (Alliance for College-Ready Public Schools Projects), A , 5%, 7/01/2045	100,000	108,741
California School Finance Authority, School Facility Rev. (ICEF View Park Elementary and Middle Schools), A , 5.875%, 10/01/2044	115,000	125,922
California Statewide Communities Development Authority Environmental Facilities Rev. (Microgy Holdings Project), 9%, 12/01/2038 (a)(d)	50,491	379
California Statewide Communities Development Authority Rev. (899 Charleston Project), A , 5.25%, 11/01/2044	40,000	42,731
California Statewide Communities Development Authority Rev. (899 Charleston Project), A , 5.375%, 11/01/2049	55,000	58,947
California Statewide Communities Development Authority Rev. (American Baptist Homes of the West), 6.25%, 10/01/2039	215,000	246,414
California Statewide Communities Development Authority Rev. (California Baptist University), A , 6.125%, 11/01/2033	100,000	