

MFS HIGH YIELD MUNICIPAL TRUST
Form N-CSRS
July 18, 2018
Table of Contents

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)

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, 2018

Table of Contents

ITEM 1. REPORTS TO STOCKHOLDERS.

Table of Contents

Semiannual Report

May 31, 2018

MFS® High Yield Municipal Trust

CMU-SEM

Table of Contents

MFS® High Yield Municipal Trust

New York Stock Exchange Symbol: **CMU**

<u>Letter from the Executive Chairman</u>	1
<u>Portfolio composition</u>	2
<u>Portfolio managers _ profiles</u>	4
<u>Other notes</u>	4
<u>Portfolio of investments</u>	5
<u>Statement of assets and liabilities</u>	54
<u>Statement of operations</u>	55
<u>Statements of changes in net assets</u>	56
<u>Statement of cash flows</u>	57
<u>Financial highlights</u>	58
<u>Notes to financial statements</u>	61
<u>Report of independent registered public accounting firm</u>	72
<u>Proxy voting policies and information</u>	73
<u>Quarterly portfolio disclosure</u>	73
<u>Further information</u>	73
<u>Information about fund contracts and legal claims</u>	74
<u>Contact information</u> back cover	

NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

Table of Contents

LETTER FROM THE EXECUTIVE CHAIRMAN

Dear Shareholders:

Rising bond yields, international trade friction and geopolitical uncertainty have contributed to a measurable uptick in market volatility a departure from the

low-volatility environment that prevailed for much of 2017. In recent months, against this backdrop, global markets have given back some of the strong gains recorded during 2017 and early 2018. Global economic growth remains healthy, notwithstanding signs of a modest slowdown over the past few months, particularly in Europe.

Although the U.S. Federal Reserve continues to gradually raise interest rates and shrink its balance sheet, monetary policy remains accommodative around the world, with many central banks taking only tentative steps toward tighter policies. Newly

enacted U.S. tax reforms have been welcomed by equity markets, while emerging market economies have benefited from the solid macroeconomic backdrop.

Around the world, inflation remains largely subdued, but tight labor markets and solid global demand have investors on the lookout for its potential resurgence. Increased U.S. protectionism is also a growing concern, as investors fear that trade disputes could disrupt the synchronized rise in global growth.

As a global investment manager, MFS® strives to create long-term value and protect capital for clients through an active approach and an investment platform built on nearly a century of expertise. To make that long-term value meaningful for clients, we work to align with you on our beliefs, your needs and the time it takes to deliver on your desired outcomes.

Respectfully,

Robert J. Manning

Executive Chairman

MFS Investment Management

July 16, 2018

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	28.9%
Healthcare Revenue - Long Term Care	18.0%
Universities - Colleges	9.3%
Water & Sewer Utility Revenue	8.8%
Miscellaneous Revenue - Other	8.8%
Universities - Secondary Schools	8.2%
Tobacco	6.1%
General Obligations - General Purpose	6.1%
Tax - Other	4.9%
U.S. Treasury Securities (j)	(17.5)%

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

AAA	2.8%
AA	16.2%
A	28.7%
BBB	37.9%
BB	20.2%
B	5.1%
CCC	2.2%
CC	0.5%
C	3.7%
D	1.9%
Not Rated (j)	17.5%
Cash & Cash Equivalents (Less Liabilities)	(54.2)%
Other	17.5%

Portfolio facts (i)

Average Duration (d)	7.9
Average Effective Maturity (m)	16.0 yrs.

Table of Contents

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 and fixed income derivatives, 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, 2018.
- (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 (17.5)%, which reduce the fund's interest rate exposure but not its credit exposure.
- (m) In determining each 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, 2018. 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.

Cash & Cash Equivalents is negative due to the aggregate liquidation value of variable rate municipal term preferred shares.

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, 2018.

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

Table of Contents

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.

Table of Contents**PORTFOLIO OF INVESTMENTS**

5/31/18 (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 - 1.4%		
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 5.5%, 6/01/2030	\$ 85,000	\$ 93,343
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 5.75%, 6/01/2035	95,000	105,249
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 5.75%, 6/01/2045	130,000	143,004
Birmingham, AL, Special Care Facilities Financing Authority Rev. (Methodist Home for the Aging), 6%, 6/01/2050	135,000	150,286
Birmingham, AL, Waterworks Board Water Rev., A, 5.125%, 1/01/2034 (Prerefunded 1/01/2019)	220,000	224,431
Birmingham, AL, Waterworks Board Water Rev., A, ASSD GTY, 5.125%, 1/01/2034 (Prerefunded 1/01/2019)	375,000	382,552
Cullman County, AL, Health Care Authority (Cullman Regional Medical Center), A, 6.75%, 2/01/2029	60,000	61,156
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2026	105,000	77,521
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2029	150,000	90,363
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2034	210,000	88,196
Jefferson County, AL, Sewer Rev. Warrants, Capital Appreciation, Senior Lien, B, AGM, 0%, 10/01/2035	400,000	157,144
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2021	75,000	80,522
Jefferson County, AL, Sewer Rev. Warrants, Subordinate Lien, D, 5%, 10/01/2023	115,000	126,593
Pell City, AL, Special Care Facilities, Financing Authority Rev. (Noland Health Services, Inc.), 5%, 12/01/2039	175,000	188,993
		\$ 1,969,353
Arizona - 3.1%		
Arizona Industrial Development Authority Education Rev. (Academies of Math & Science), A, 5%, 7/01/2038	\$ 15,000	\$ 16,960
Arizona Industrial Development Authority Education Rev. (Academies of Math & Science), A, 5%, 7/01/2048	45,000	50,411
Arizona Industrial Development Authority Education Rev. (Academies of Math & Science), A, 5%, 7/01/2052	55,000	61,000
Arizona Industrial Development Authority Education Rev. (Basis Schools Projects), D, 5%, 7/01/2037	25,000	25,979

5

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

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Arizona - continued		
Arizona Industrial Development Authority Education Rev. (Basis Schools Projects), D , 5%, 7/01/2047	\$ 30,000	\$ 30,949
Arizona Industrial Development Authority Education Rev. (Basis Schools Projects), D , 5%, 7/01/2051	85,000	87,053
Glendale, AZ, Industrial Development Authority Refunding Rev. (The Terraces of Phoenix Project), A , 5%, 7/01/2048	55,000	57,655
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A , 5%, 7/01/2035	100,000	103,488
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A , 5%, 7/01/2035	35,000	36,221
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A , 5%, 7/01/2045	165,000	169,443
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Basis Schools Projects), A , 5%, 7/01/2046	90,000	92,369
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Choice Academies, Inc. Project), 5.625%, 9/01/2042	135,000	140,848
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Eagle College Prep Project), 5%, 7/01/2033	65,000	66,560
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Eagle College Prep Project), 5%, 7/01/2043	125,000	125,360
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Great Hearts Academies Project), A , 5%, 7/01/2034	350,000	373,170
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Great Hearts Academies Project), A , 5%, 7/01/2044	220,000	232,120
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 6.5%, 7/01/2034	115,000	127,941
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 5%, 7/01/2035	155,000	160,406
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 6.75%, 7/01/2044	180,000	200,603
Phoenix, AZ, Industrial Development Authority Education Facility Rev. (Legacy Traditional Schools Project), 5%, 7/01/2045	170,000	174,473
Phoenix, AZ, Industrial Development Authority Rev. (Guam Facilities Foundation, Inc.), 5.125%, 2/01/2034	345,000	323,865
Phoenix, AZ, Industrial Development Authority Rev. (Guam Facilities Foundation, Inc.), 5.375%, 2/01/2041	260,000	247,866
Phoenix, AZ, Industrial Development Authority Student Housing Refunding Rev. (Downtown Phoenix Student Housing, LLC-Arizona State University Project), A , 5%, 7/01/2042	80,000	88,607
Pima County, AZ, Industrial Development Authority Education Facility Rev. (American Leadership Academy Project), 4.75%, 6/15/2037	150,000	149,997
Surprise, AZ, Municipal Property Corp., 4.9%, 4/01/2032	700,000	704,522

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

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Arizona - continued		
Tempe, AZ, Industrial Development Authority Rev. (Friendship Village), A , 6%, 12/01/2032	\$ 60,000	\$ 63,914
Tempe, AZ, Industrial Development Authority Rev. (Friendship Village), A , 6.25%, 12/01/2042	180,000	192,109
Tempe, AZ, Industrial Development Authority Rev. (Friendship Village), A , 6.25%, 12/01/2046	70,000	74,615
		\$ 4,178,504
Arkansas - 0.7%		
Arkansas Development Finance Authority Hospital Rev. (Washington Regional Medical Center), A , 5%, 2/01/2035	\$ 30,000	\$ 32,875
Arkansas Development Finance Authority Hospital Rev. (Washington Regional Medical Center), C , 5%, 2/01/2033	50,000	55,136
Arkansas Development Finance Authority, Tobacco Settlement Rev. (Cancer Research Center Project), Capital Appreciation, AAC, 0%, 7/01/2046	485,000	144,933
Pulaski County, AR, Public Facilities Board Healthcare Rev. (Baptist Health), 5%, 12/01/2039	505,000	555,106
Pulaski County, AR, Public Facilities Board Healthcare Rev. (Baptist Health), 5%, 12/01/2042	125,000	137,172
		\$ 925,222
California - 10.6%		
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2029	\$ 2,195,000	\$ 1,579,676
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2031	275,000	183,458
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2032	280,000	179,127
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 8/01/2033	560,000	342,496
California Department of Water Resources, Center Valley Project Rev., AJ , 5%, 12/01/2035 (Prerefunded 12/01/2021)	1,010,000	1,122,524
California Educational Facilities Authority Rev. (Chapman University), 5%, 4/01/2031	145,000	156,471
California Health Facilities Financing Authority Rev. (St. Joseph Health System), A , 5.75%, 7/01/2039	185,000	193,066
California Health Facilities Financing Authority Rev. (Sutter Health), B , 5.875%, 8/15/2031 (Prerefunded 8/15/2020)	660,000	719,908
California M-S-R Energy Authority Gas Rev., A , 7%, 11/01/2034	155,000	220,584
California M-S-R Energy Authority Gas Rev., A , 6.5%, 11/01/2039	275,000	389,697
California Municipal Finance Authority Rev. (Biola University), 5.8%, 10/01/2028 (Prerefunded 10/01/2018)	100,000	101,426

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

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
California - continued		
California Municipal Finance Authority Rev. (Community Medical Centers), A , 5%, 2/01/2042	\$ 85,000	\$ 93,848
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), 5%, 11/01/2035	35,000	37,927
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), A , 5.25%, 11/01/2036	85,000	94,120
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), A , 5.25%, 11/01/2041	80,000	88,401
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), A , 5.25%, 11/01/2047	15,000	16,484
California Pollution Control Financing Authority, Solid Waste Disposal Rev. (Calplant I Project), 8%, 7/01/2039	385,000	417,502
California Pollution Control Financing Authority, Water Furnishing Rev. (Poseidon Resources Desalination Project), 5%, 11/21/2045	420,000	447,502
California Pollution Control Financing Authority, Water Furnishing Rev. (San Diego County Water Desalination Project Pipeline), 5%, 11/21/2045	270,000	274,657
California Public Works Board Lease Rev., Department of Corrections and Rehabilitation (Various Correctional Facilities), A , 5%, 9/01/2033	1,025,000	1,169,658
California School Finance Authority, School Facility Rev. (Alliance for College-Rea		