

MFS HIGH YIELD MUNICIPAL TRUST
Form N-CSR
February 06, 2009
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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)

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, 2008

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Annual report

MFS® High Yield Municipal Trust

11/30/08

CMU-ANN

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MFS® High Yield Municipal Trust

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New York Stock Exchange Symbol: CMU

NOT FDIC INSURED MAY LOSE VALUE

NO BANK GUARANTEE

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LETTER FROM THE CEO

Dear Shareholders:

The global economy is not a very welcoming place these days. Headlines tell the story of slowing growth, accelerating inflation, and credit collapse. We have watched the rampant selling that has typified equity and credit markets since the strains in the financial system first became apparent last year.

The volatility in commodity and currency markets has further complicated investment choices. There are so many parts moving in so many directions; it has become very easy to get overwhelmed.

At MFS® we remind investors to keep their eye on the long term and not become panicked by the uncertainty of the day to day.

Remember that what goes down could very easily come back up. And that is where we as money managers like to turn our focus.

Investment opportunities may arise in declining markets. When markets experience substantial selloffs, assets often become undervalued. At MFS, we have a team of global sector analysts located in Boston, London, Mexico City, Singapore, Sydney, and Tokyo working together to do the kind of bottom-up research that will root out these investment opportunities.

In times like these, we encourage our investors to check in with their advisors to ensure they have an investment plan in place that will pay heed to the present, but that is firmly tailored to the future.

Respectfully,

Robert J. Manning

Chief Executive Officer and Chief Investment Officer

MFS Investment Management®

January 15, 2009

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****Top five industries (i)**

Healthcare Revenue	Hospitals	22.3%
Healthcare Revenue	Long-term Care	17.3%
Tax Assessment		8.1%
Tobacco		6.2%
Multi-Family Housing Revenue		5.2%

Credit quality of bonds (r)

AAA	11.6%
AA	8.8%
A	10.3%
BBB	26.3%
BB	6.1%
B	1.6%
CCC	1.6%
Not Rated	33.7%

Portfolio structure reflecting equivalent exposure of derivative positions (i)**Portfolio facts**

Average Duration (d)(i)	9.1
Average Life (i)(m)	13.8 yrs.
Average Maturity (i)(m)	16.3 yrs.
Average Credit Quality of Rated Securities (long-term) (a)	A-

(a) The average credit quality of rated securities is based upon a market weighted average of portfolio holdings that are rated by public rating 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.

(i) For purposes of this presentation, the bond component includes accrued interest amounts and may be positively or negatively impacted by the equivalent exposure from any derivative holdings, if applicable.

* The fund holds short treasury futures with equivalent bond exposure of (36.9)% for the purposes of managing the fund's duration.

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- (m) The average maturity shown is calculated using the final stated maturity on the portfolio's holdings without taking into account any holdings which have been pre-refunded or pre-paid to an earlier date or which have a mandatory put date prior to the stated maturity. The average life shown takes into account these earlier dates.

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Portfolio Composition continued

(r) Each security is assigned a rating from Moody's Investors Service. If not rated by Moody's, the rating will be that assigned by Standard & Poor's. Likewise, if not assigned a rating by Standard & Poor's, it will be based on the rating assigned by Fitch, Inc. For those portfolios that hold a security which is not rated by any of the three agencies, the security is considered Not Rated. Holdings in U.S. Treasuries and government agency mortgage-backed securities, if any, are included in the AAA-rating category. Percentages are based on the total market value of investments as of 11/30/08.

Percentages are based on net assets, including the value of auction preferred shares, as of 11/30/08, unless otherwise noted.

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

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MANAGEMENT REVIEW

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

For the twelve months ended November 30, 2008, shares of the MFS High Yield Municipal Trust provided a total return of 29.90%, at net asset value. This compares with a return of 3.61% for the fund's benchmark, the Barclays Capital Municipal Bond Index (formerly the Lehman Brothers Municipal Bond Index).

Market Environment

The U.S. economy and financial markets experienced significant deterioration and extraordinary volatility over the reporting period. U.S. economic growth slowed significantly, despite the short-term bounce from the second quarter fiscal stimulus. Strong domestic headwinds included accelerated deterioration in the housing market, anemic corporate investment, a markedly weaker job market, and a much tighter credit environment. During the second half of the period, a seemingly continuous series of tumultuous financial events hammered markets, including: the distressed sale of failing Bear Stearns to JPMorgan, the conservatorship of Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac, the bankruptcy of investment bank Lehman Brothers, the Federal Reserve Bank's complex intervention of insurance company American International Group (AIG), the nationalization of several large European banks, the failure of Washington Mutual, and the distressed sale of Wachovia. As a result of this barrage of turbulent news, global equity markets pushed significantly lower and credit markets witnessed the worst dislocation since the beginning of the credit crisis.

While reasonably resilient during the first half of the period, the global economy and financial system increasingly experienced considerable negative spillovers from the U.S. slowdown. Not only did Europe and Japan show obvious signs of economic softening, the more powerful engine of global growth—emerging markets—also began to display weakening dynamics.

During the reporting period, the U.S. Federal Reserve Board cut interest rates aggressively and introduced a multitude of new lending facilities to alleviate ever-tightening credit markets, while the U.S. federal government moved quickly to design and implement a meaningful fiscal stimulus package. Although several other global central banks also cut rates, the dilemma of rising energy and food prices heightened concerns among central bankers that inflationary expectations might become unhinged despite weaker growth. Only late in the reporting period did slowing global growth result in a precipitous decline in commodity prices, which began to ease inflation and inflationary expectations. As inflationary concerns diminished in the face of global

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Management Review continued

deleveraging, and equity and credit markets deteriorated more sharply, a coordinated rate cut marked the beginning of much more aggressive easing by the major global central banks.

The municipal bond market faced an unprecedented amount of challenges over the past 15 months, which led to a broad-based decline in bond prices, an increase in yields, and a significant increase in spreads between higher-rated securities and lower-rated or non-rated securities. Among the factors leading to the decline in prices and the widening of spreads were the downgrading from AAA, by at least one of the major rating agencies, the majority of the monoline bond insurers and the unwinding of leverage by non-traditional participants in the municipal bond market.

During the reporting period, demand for municipal debt decreased. This lack of demand for municipal debt was a primary reason behind the increase in interest rates on longer-dated municipal bonds. In recent years, non-traditional buyers of municipal bonds, such as arbitrageurs and leveraged accounts, became important investors in the municipal markets. These investors, in many instances, became net sellers of municipal debt over the investment period. This selling pressure tipped the balance between supply and demand causing rates to rise on the long end of the curve.

Factors Affecting Performance

Credit quality was the primary factor that detracted from the fund's performance relative to the Barclays Capital Municipal Bond Index. The fund's overweight in BBB rated (s) and below-investment-grade securities held back relative returns as spreads between high grade and high yield municipals widened. (The Barclays Capital Municipal Bond Index is composed primarily of higher-grade securities with no bonds rated below BBB).

The fund's duration (d) positioning also held back relative results as interest rates on municipal bonds with maturities beyond seven years increased during the reporting period. This rise in municipal bond rates was in contrast to what took place in the U.S. Treasury market, where rates declined across the maturity spectrum. The fund chose to use U.S. Treasury futures as a hedge to shorten duration. The value of our short position in U.S. Treasury futures decreased in value as Treasury prices rallied, thus negatively impacting performance of the fund.

Security selection and the fund's greater exposure to bonds in the *health care* and *industrial* sectors detracted from relative performance as these holdings underperformed the broad market. A relative overweight in airline bonds also held back results.

The fund employs leverage which has been created through the issuance of auction preferred shares. To the extent that investments are purchased through

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Management Review continued

leverage, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund. Therefore, during the reporting period, the fund's use of leverage further hampered the fund's performance.

Over the reporting period, the fund's underweight in the *credit enhanced* sector contributed to performance.

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.

(s) Bonds rated BBB, Baa, or higher are considered investment grade; bonds rated BB, Ba, or below are considered non-investment grade. The primary source for bond quality ratings is Moody's Investors Service. If not available, ratings by Standard & Poor's are used, else ratings by Fitch, Inc. 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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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.

Price Summary

Year Ended 11/30/08	Date	Price
Net Asset Value	11/30/08	\$3.48
	11/30/07	\$5.34
New York Stock Exchange Price	11/30/08	\$3.04
	2/13/08 (high) (t)	\$5.45
	10/10/08 (low) (t)	\$2.45
	11/30/07	\$4.90

Total Returns vs Benchmarks

Year Ended 11/30/08

New York Stock Exchange Price (r)	(33.26)%
Net Asset Value (r)	(29.90)%
Barclays Capital Municipal Bond Index (f)	(3.61)%

(f) Source: FactSet Research Systems, Inc.

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

(t) For the period December 1, 2007 through November 30, 2008.

Benchmark Definition

Barclays Capital Municipal Bond Index (formerly known as Lehman Brothers 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.

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

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Performance Summary continued

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.

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 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.

MFS may invest up to 100% of the fund's assets in lower quality debt instruments.

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

MFS may use derivatives for different purposes, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the fund, or as alternatives to direct investments.

MFS uses a bottom-up investment approach in buying and selling investments for the fund. Investments are selected primarily based on fundamental analysis of instruments and their issuers in light of 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 analysis of the structure of the instrument and its features may also be considered.

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.

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

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 portfolio's yield and share prices change daily based on the credit quality of its investments and changes in interest rates. In general, the value of debt securities will decline when interest rates rise and will increase when interest rates fall. Debt securities with longer maturity dates will generally be subject to greater price fluctuations than those with shorter maturities. Municipal instruments can be volatile and significantly affected by adverse tax or court rulings, legislative or political changes and the financial condition of the issuers and/or insurers of municipal instruments. If the Internal Revenue Service determines an issuer of a municipal security has not complied with applicable tax requirements, interest from the security could become taxable and the security could decline significantly in value. Derivatives can be highly volatile and involve risks in addition to those of the underlying indicator's in whose value the derivative is based. Gains or losses from derivatives can be substantially greater than the derivatives' original cost. Lower quality debt securities involve substantially greater risk of default and their value can decline significantly over time. To the extent that investments are purchased with the proceeds from the issuance of preferred shares, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund. To the extent that the fund participates in the creation of tender option bonds, it will hold more concentrated positions in individual securities and so its performance may be more volatile than the performance of more diversified funds. A tender option bond issue may terminate upon the occurrence of certain enumerated events, which would result in a reduction to the fund's leverage. In connection with the creation of tender option bonds and for other investment purposes, the fund may invest in inverse floating rate investments, whose potential income return is inversely related to changes in a floating interest rate. Inverse floating rate investments may provide investment leverage and be more volatile than other debt instruments. When you sell your shares, they may be worth more or less than the amount you paid for them. 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. 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 discounted price of either the net asset value or 95% of the market price, whichever is greater. Four times each year you can also buy shares. Investments may be made in any amount of \$100 or more in January, April, July and October on the 15th of the month 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. 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, 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 and a check will be issued for the value of any fractional shares, the Plan Agent will sell your shares and send the proceeds to you, or you may sell your shares through your investment professional.

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, or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078.

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11/30/08

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

Municipal Bonds - 161.6%

Issuer	Shares/Par	Value (\$)
Airport & Port Revenue - 4.5%		
Branson, MO, Regional Airport Transportation Development District Airport Rev., B, 6%, 2037	\$ 460,000	\$ 290,196
Dallas Fort Worth, TX, International Airport Rev. Improvement, B, FSA, 5%, 2025	3,000,000	2,433,900
New York, NY, City Industrial Development Authority Rev. (Terminal One Group Assn.), 5.5%, 2021	500,000	443,890
Port Authority NY & NJ, Cons Thirty Seventh, FSA, 5.125%, 2030	1,450,000	1,225,830
		\$ 4,393,816
General Obligations - General Purpose - 0.4%		
Puerto Rico Government Development Bank, B, 5%, 2015	\$ 400,000	\$ 385,856
General Obligations - Schools - 0.8%		
Irving, TX, Independent School District, A, 0%, 2016	\$ 1,000,000	\$ 734,080
Healthcare Revenue - Hospitals - 38.8%		
Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), A, 5%, 2028	\$ 435,000	\$ 255,288
Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), A, 5.375%, 2040	625,000	351,231
Atchison, KS, Hospital Rev. (Atchison Hospital Assn.), A, 6.75%, 2030	320,000	249,485
Brunswick, GA, Hospital Authority Rev. (Glynn-Brunswick Memorial Hospital), 5.625%, 2034	170,000	136,235
California Statewide Communities Development Authority Rev. (Catholic Healthcare West) K, ASSD GTY, 5.5%, 2041	625,000	495,256
California Statewide Communities Development Authority Rev. (Catholic Healthcare West) L, ASSD GTY, 5.25%, 2041	870,000	660,817
California Statewide Communities Development Authority Rev. (Children's Hospital), 5%, 2047	290,000	171,399
California Statewide Communities Development Authority Rev. (St. Joseph Health System), FGIC, 5.75%, 2047	635,000	552,050
California Statewide Communities Development Authority Rev. (Sutter Health), B, 5.25%, 2048	1,200,000	963,744
Colorado Health Facilities Authority Rev. (Poudre Valley Health Care, Inc.), B, FSA, 5.25%, 2036	520,000	397,389
Colorado Health Facilities Authority Rev. (Poudre Valley Health Care, Inc.), C, FSA, 5.25%, 2040	520,000	391,321

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Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Hospitals - continued		
Conway, AR, Hospital Rev. (Conway Regional Medical Center), A , 6.4%, 2029	\$ 350,000	\$ 288,323
Conway, AR, Hospital Rev. (Conway Regional Medical Center), B , 6.4%, 2029	850,000	700,213
Delaware County, PA, Authority Rev. (Mercy Health Corp.), ETM, 6%, 2016 (c)	965,000	1,031,788
Delaware County, PA, Authority Rev. (Mercy Health Corp.), ETM, 6%, 2026 (c)	500,000	508,345
Dickinson County, MI, Healthcare System Hospital Rev., 5.7%, 2018	770,000	649,834
Garden City, MI, Hospital Finance Authority Rev. (Garden City Hospital), 5%, 2038	500,000	273,660
Genesee County, NY, Industrial Development Agency Civic Facility Rev. (United Memorial Medical Center), 5%, 2027	90,000	59,502
Georgia Medical Center Hospital Authority Rev. (Columbus Regional Healthcare System, Inc.), ASSD GTY, 6.5%, 2038	1,315,000	1,219,268
Harris County, TX, Health Facilities Development Authority, Hospital Rev. (Memorial Hermann Healthcare Systems), B , 7.25%, 2035	310,000	308,555
Highland County, OH, Joint Township, Hospital District Facilities Rev., 6.75%, 2009 (c)	655,000	695,741
Idaho Health Facilities Authority Rev. (IHC Hospitals, Inc.), ETM, 6.65%, 2021 (c)	2,750,000	3,178,835
Illinois Finance Authority Rev. (Children s Memorial Hospital), A , ASSD GTY, 5.25%, 2047	870,000	650,203
Illinois Finance Authority Rev. (Edward Hospital), A , AMBAC, 5.5%, 2040	1,090,000	876,458
Illinois Finance Authority Rev. (Kewanee Hospital), 5.1%, 2031	425,000	262,909
Illinois Health Facilities Authority Rev. (Swedish American Hospital), 6.875%, 2010 (c)	500,000	532,670
Indiana Health & Educational Facilities Authority, Hospital Rev. (Community Foundation of Northwest Indiana), 5.5%, 2037	1,125,000	785,316
Indiana Health & Educational Facilities Finance Authority, Hospital Rev. (Clarian Health), A , 5%, 2039	1,745,000	1,154,911
Indiana Health & Educational Facilities Financing Authority Rev. (Sisters of St. Francis Health Services, Inc.), E , FSA, 5.25%, 2041	660,000	580,496
Indiana Health Facilities Financing Authority Rev. (Community Foundation of Northwest Indiana), A , 6%, 2034	425,000	318,720
Jackson, TN, Town Hospital Rev. (Jackson-Madison County General Hospital), 5.75%, 2041	435,000	359,471
Johnson City, TN, Health & Educational Facilities Board Hospital Rev., (Mountain States Health), 5.5%, 2031	1,120,000	761,634
Johnson City, TN, Health & Educational Facilities Board Hospital Rev. (Mountain States Health), A , 5.5%, 2036	410,000	269,768

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Hospitals - continued		
Knox County, TN, Health Educational & Housing Facilities, Board Rev. (University Health Systems, Inc.), 5.25%, 2036	\$ 415,000	\$ 274,477
Lake County, OH, Hospital Facilities Rev. (Lake Hospital Systems, Inc.), 5.625%, 2029	435,000	347,256
Louisiana Public Facilities Authority Hospital Rev. (Lake Charles Memorial Hospital), 6.375%, 2034	830,000	598,480
Louisville & Jefferson County, KY, Metro Government Health Facilities Rev. (Jewish Hospital, St. Mary's Healthcare), 6.125%, 2037	1,315,000	1,116,027
Louisville & Jefferson County, KY, Metropolitan Government Healthcare Systems Rev. (Norton Healthcare, Inc.), 5.25%, 2036	1,265,000	890,193
Lufkin, TX, Health Facilities Development Corp. Rev. (Memorial Health System), 5.5%, 2032	60,000	41,566
Lufkin, TX, Health Facilities Development Corp. Rev. (Memorial Health System), 5.5%, 2037	60,000	40,283
Maryland Health & Higher Educational Facilities Authority Rev. (Medstar Health), BHAC, 5.25%, 2046	440,000	393,378
Maryland Health & Higher Educational Facilities Authority Rev. (Washington County Hospital), 5.75%, 2038	80,000	55,584
Maryland Health & Higher Educational Facilities Authority Rev. (Washington County Hospital), 6%, 2043	120,000	84,986
Massachusetts Health & Educational Facilities Authority Rev. (Boston Medical Center), 5.25%, 2038	1,000,000	708,430
Massachusetts Health & Educational Facilities Authority Rev. (Jordan Hospital), E, 6.75%, 2033	250,000	192,088
Massachusetts Health & Educational Facilities Authority Rev. (Milford-Whitinsville Hospital), C, 5.25%, 2018	500,000	400,840
Massachusetts Health & Educational Facilities Authority Rev. (Quincy Medical Center), A, 6.5%, 2038	340,000	250,359
Minneapolis & St. Paul Redevelopment Authority Rev. (HealthPartners), 5.625%, 2022	200,000	157,030
Montgomery, AL, Medical Clinic Board Health Care Facility Rev. (Jackson Hospital & Clinic), 5.25%, 2031	125,000	86,193
Montgomery, AL, Medical Clinic Board Health Care Facility Rev. (Jackson Hospital & Clinic), 5.25%, 2036	620,000	412,604
New Hampshire Health & Educational Facilities Authority Rev. (Catholic Medical Center), A, 6.125%, 2012 (c)	175,000	199,083
New Hampshire Health & Educational Facilities Authority Rev. (Catholic Medical Center), A, 6.125%, 2032	25,000	18,222
New Hampshire Health & Educational Facilities Authority Rev. (Memorial Hospital at Conway), 5.25%, 2021	530,000	411,264
New Jersey Health Care Facilities, Financing Authority Rev. (St. Peter's University Hospital), 5.75%, 2037	545,000	403,191

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Hospitals - continued		
New Mexico State Hospital Equipment Loan Council, Hospital Rev. (Rehoboth McKinley Christian Hospital), A, 5%, 2017	\$ 285,000	\$ 234,606
Olympia, WA, Healthcare Facilities Authority Rev. (Catholic Health Initiatives), D, 6.375%, 2036	1,095,000	1,035,224
Orange County, FL, Health Facilities Authority Hospital Rev. (Orlando Regional Healthcare), 5.75%, 2012 (c)	150,000	167,454
Philadelphia, PA, Hospitals & Higher Education Facilities Authority Rev. (Temple University Hospital), A, 5.5%, 2030	480,000	316,920
Philadelphia, PA, Hospitals & Higher Educational Facilities Rev. (Temple University), A, 6.625%, 2023	375,000	304,665
Ross County, OH, Hospital Rev. (Adena Health System), 5.75%, 2035	405,000	328,034
Salida, CO, Hospital District Rev., 5.25%, 2036	735,000	470,157
Saline County, MO, Industrial Development Authority Rev. (John Fitzgibbon Memorial Hospital, Inc.), 5.625%, 2035	985,000	642,200
Skagit County, WA, Public Hospital District No. 001, 5.75%, 2032	90,000	61,988
South Lake County, FL, Hospital District Rev. (South Lake Hospital, Inc.), 6.375%, 2034	250,000	197,980
Southwestern, IL, Development Authority Rev. (Anderson Hospital), 5.375%, 2015	500,000	447,445
Southwestern, IL, Development Authority Rev. (Anderson Hospital), 5.5%, 2020	550,000	450,698
Southwestern, IL, Development Authority Rev. (Anderson Hospital), 5.125%, 2026	500,000	362,455
St. Paul, MN, Port Authority Lease Rev. (Regions Hospital), 1, 5%, 2036	700,000	418,866
Sullivan County, TN, Health, Educational & Housing Facilities Board Hospital Rev. (Wellmont Health Systems Project), C, 5.25%, 2036	1,085,000	701,463
Tyler, TX, Health Facilities Development Corp. (East Texas Medical Center), A, 5.25%, 2032	230,000	151,846
Tyler, TX, Health Facilities Development Corp. (East Texas Medical Center), A, 5.375%, 2037	190,000	123,842
Tyler, TX, Health Facilities Development Corp. (Mother Frances Hospital), 6%, 2012 (c)	750,000	832,230
Virginia Small Business Financing Authority Hospital Rev., (Wellmont Health Project), A, 5.25%, 2037	470,000	302,083
West Contra Costa, CA, Healthcare District, AMBAC, 5.5%, 2029	105,000	88,654
West Virginia Hospital Finance Authority Rev. (Charleston Medical Center), 6.75%, 2010 (c)	605,000	657,871
Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), 6.4%, 2033	350,000	271,926
Wisconsin Health & Educational Facilities Authority Rev. (Fort Healthcare, Inc.), 6.1%, 2034	750,000	579,533

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Portfolio of Investments continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Hospitals - continued		
Wisconsin Health & Educational Facilities Authority Rev. (Wheaton Franciscan Healthcare), 5.75%, 2012 (c)	\$ 450,000	\$ 501,651
Wisconsin Health & Educational Facilities Authority Rev. (Wheaton Franciscan Services), 5.25%, 2034	935,000	579,466
Wisconsin Health & Educational Facilities Authority Rev. (Wheaton Franciscan Services), A , 5.25%, 2025	390,000	267,107
		\$ 37,668,733
Healthcare Revenue - Long Term Care - 29.9%		
Abilene, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement), A , 5.9%, 2025	\$ 750,000	\$ 534,000
Abilene, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement), A , 7%, 2033	200,000	152,244
Boston, MA, Industrial Development Financing Authority Rev. (Springhouse, Inc.), 5.875%, 2020	235,000	182,971
Bucks County, PA, Industrial Development Authority Retirement Community Rev. (Ann s Choice, Inc.), A , 6.125%, 2025	500,000	372,525
Bucks County, PA, Industrial Development Authority Retirement Community Rev. (Ann s Choice, Inc.), A , 6.25%, 2035	250,000	174,015
Bucks County, PA, Industrial Development Authority Rev. (Lutheran Community Telford Center), 5.75%, 2027	90,000	64,549
Bucks County, PA, Industrial Development Authority Rev. (Lutheran Community Telford Center), 5.75%, 2037	120,000	78,761
California Statewide Communities Development Authority Rev. (Eskaton Properties, Inc.), 8.25%, 2010 (c)	695,000	776,558
Capital Projects Finance Authority, FL (Glenridge on Palmer Ranch), A , 8%, 2012 (c)	500,000	576,820
Carlton, MN, Health & Housing Facilities Rev. (Inter-Faith Social Services, Inc.), 7.5%, 2019	235,000	252,806
Chartiers Valley, PA, Industrial & Commercial Development Authority (Friendship Village), A , 5.75%, 2020	1,000,000	799,750
Chartiers Valley, PA, Industrial & Commercial Development Authority Rev. (Asbury Health Center), 6.375%, 2024	1,000,000	826,620
Colorado Health Facilities Authority Rev. (American Housing Foundation, Inc.), 8.5%, 2031	530,000	437,080
Colorado Health Facilities Authority Rev. (Christian Living Communities Project), A , 5.75%, 2037	500,000	281,575
Colorado Health Facilities Authority Rev. (Covenant Retirement Communities, Inc.), 5%, 2035	1,100,000	686,961
Columbus, GA, Housing Authority Rev. (Calvary Community, Inc.), 7%, 2019	425,000	348,351
Connecticut Development Authority Rev. (Elim Park Baptist Home, Inc.), 5.85%, 2033	430,000	316,858

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Long Term Care - continued		
Fulton County, GA, Residential Care Facilities (Canterbury Court), A , 6.125%, 2026	\$ 500,000	\$ 371,480
Fulton County, GA, Residential Care Facilities, First Mortgage (Lenbrook Square Foundation, Inc.), A , 5%, 2029	1,500,000	941,175
HFDC of Central Texas, Inc., Retirement Facilities Rev. (Legacy at Willow Bend), A , 5.75%, 2036	600,000	374,142
Houston, TX, Health Facilities Development Corp., (Buckingham Senior Living Community), A , 7%, 2014 (c)	500,000	590,080
Howard County, MD, Retirement Facilities Rev. (Vantage House Corp.), A , 5.25%, 2033	200,000	125,474
Huntington, NY, Housing Authority Rev. (Gurwin Senior Jewish Residences), A , 5.875%, 2019	420,000	336,575
Huntington, NY, Housing Authority Rev. (Gurwin Senior Jewish Residences), A , 6%, 2029	650,000	458,536
Illinois Finance Authority Rev. (Smith Village), A , 6.25%, 2035	1,000,000	707,680
Illinois Health Facilities Authority Rev. (Lutheran Senior Ministries, Inc.), 7.375%, 2011 (c)	650,000	739,746
Illinois Health Facilities Authority Rev. (Smith Crossing), A , 7%, 2032	525,000	419,890
Indiana Health Facilities Financing Authority Rev. (Hoosier Care, Inc.), 7.125%, 2034	1,010,000	745,905
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives), 9.25%, 2011 (c)	915,000	1,068,153
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives), B , 5.75%, 2018	550,000	470,223
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives), B , 5.75%, 2028	1,475,000	1,062,664
James City County, VA, Economic Development (Virginia United Methodist Homes, Inc.), A , 5.5%, 2037	520,000	322,254
Johnson City, TN, Health & Educational Facilities Board (Appalachian Christian Village), A , 6.25%, 2032	250,000	180,295
Juneau, AK, City & Borough Non-Recourse Rev. (St. Ann s Care Project), 6.875%, 2025	900,000	731,088
Kent County, DE, Assisted Living (Heritage at Dover LLC), 7.625%, 2030	1,140,000	823,114
Kentucky Economic Development Finance Authority Health Facilities Rev. (AHF/Kentucky-IOWA, Inc.), 6.5%, 2029	395,000	403,129
Kentwood, MI, Economic Development Ltd. (Holland Home), A , 5.375%, 2036	750,000	508,133
La Verne, CA, COP (Brethren Hillcrest Homes), B , 6.625%, 2025	525,000	418,892
Lancaster, PA, Industrial Development Authority Rev. (Garden Spot Village), A , 7.625%, 2010 (c)	325,000	355,001

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Long Term Care - continued		
Massachusetts Development Finance Agency Rev. (Adventcare), A , 6.75%, 2037	\$ 695,000	\$ 494,743
Massachusetts Development Finance Agency Rev. (Alliance Health of Brockton, Inc.), A , 7.1%, 2032	1,080,000	816,653
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A , 5.5%, 2027	185,000	118,422
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A , 5.75%, 2035	45,000	27,783
Massachusetts Development Finance Agency Rev. (Loomis Communities, Inc.), A , 5.625%, 2015	250,000	227,078
Massachusetts Development Finance Agency Rev. (Loomis Communities, Inc.), A , 6.9%, 2032	125,000	103,759
Massachusetts Industrial Finance Agency Rev. (GF/Massachusetts, Inc.), 8.3%, 2023	780,000	622,401
Metropolitan Government of Nashville & Davidson County, TN, Health & Educational Facilities Board Rev. (Blakeford at Green Hills), 5.65%, 2024	575,000	414,477
Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.125%, 2028	150,000	102,045
Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.25%, 2035	600,000	393,588
New Jersey Economic Development Authority Rev. (Lions Gate), A , 5.75%, 2025	400,000	289,792
New Jersey Economic Development Authority Rev. (Lions Gate), A , 5.875%, 2037	300,000	199,155
New Jersey Economic Development Authority Rev. (Seabrook Village, Inc.), 5.25%, 2026	500,000	332,895
New Jersey Economic Development Authority Rev. (Seabrook Village, Inc.), 5.25%, 2036	500,000	301,685
New Jersey Economic Development Authority Rev. (Seabrook Village, Inc.), A , 8.25%, 2010 (c)	700,000	785,232
Roseville, MN, Elder Care Facilities (Care Institute, Inc.), 7.75%, 2023	1,630,000	1,213,356
Sartell, MN, Health Care & Housing Authority Rev. (The Foundation for Health Care), A , 6.625%, 2029	1,025,000	778,498
Savannah, GA, Economic Development Authority, First Mortgage (Marshes of Skidway), A , 7.4%, 2034	350,000	284,914
Shelby County, TN, Health, Educational & Housing Facilities Board Rev. (Germantown Village), A , 7.25%, 2034	300,000	223,164
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), A , 6%, 2027	280,000	206,878
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), A , 6%, 2042	260,000	174,008

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Long Term Care - continued		
South Carolina Jobs & Economic Development Authority, Health Facilities Rev. (Wesley Commons), 5.3%, 2036	\$ 200,000	\$ 124,806
St. Johns County, FL, Industrial Development Authority (Glenmoor Project), A , 5.25%, 2026	500,000	327,695
Westmoreland County, PA, Industrial Development Authority Rev. (Redstone Retirement Community), A , 5.875%, 2032	600,000	409,458
Westmoreland County, PA, Industrial Development Retirement Authority Rev. (Redstone Retirement Community), A , 5.75%, 2026	1,250,000	899,738
Wisconsin Health & Educational Facilities Board Rev. (All Saints Assisted Living Project), 6%, 2037	180,000	118,471
		\$ 29,006,767
Healthcare Revenue - Other - 0.8%		
Massachusetts Health & Educational Facilities Authority Rev. (Civic Investments, Inc.), A , 9%, 2012 (c)	\$ 650,000	\$ 744,933
Industrial Revenue - Airlines - 3.8%		
Alliance Airport Authority, TX (American Airlines, Inc.), 5.25%, 2029	\$ 1,560,000	\$ 573,113
Chicago, IL, O Hare International Airport Special Facilities Rev. (American Airlines, Inc.), 5.5%, 2030	1,745,000	674,669
Cleveland, OH, Airport Special Rev. (Continental Airlines, Inc.), 5.7%, 2019	875,000	580,738
Dallas Fort Worth, TX, International Airport Facility Improvement Corp. (American Airlines, Inc.), 5.5%, 2030	750,000	282,855
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 9%, 2033 (a)	1,250,000	902,663
New York, NY, City Industrial Development Agencies Rev. (American Airlines, Inc.), 7.625%, 2025	40,000	28,926
New York, NY, City Industrial Development Agencies Rev. (American Airlines, Inc.), 7.75%, 2031	385,000	270,247
New York, NY, City Industrial Development Agency Special Facility Rev. (American Airlines, Inc.), B , 8.5%, 2028	500,000	388,395
		\$ 3,701,606
Industrial Revenue - Chemicals - 0.3%		
Brazos River, TX, Harbor Navigation District (Dow Chemical Co.), B-2 , 4.95%, 2033	\$ 400,000	\$ 276,720
Industrial Revenue - Environmental Services - 1.9%		
California Pollution Control Financing Authority, Solid Waste Disposal Rev. (Waste Management, Inc.), C , 5.125%, 2023	\$ 655,000	\$ 478,857

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Industrial Revenue - Environmental Services - continued		
Carbon County, UT, Solid Waste Disposal Rev. (Allied Waste Industries), A , 7.5%, 2010	\$ 250,000	\$ 243,085
Carbon County, UT, Solid Waste Disposal Rev. (Laidlaw Environmental), A , 7.45%, 2017	500,000	421,550
Gulf Coast Waste Disposal Authority, TX (Waste Management, Inc.), A , 5.2%, 2028	360,000	243,605
New Hampshire Business Finance Authority, Solid Waste Disposal Rev. (Waste Management, Inc.), 5.2%, 2027	660,000	454,852
		\$ 1,841,949
Industrial Revenue - Metals - 0.6%		
Director of Nevada Department of Business & Industry (Wheeling/Pittsburgh Steel), A , 8%, 2014	\$ 150,000	\$ 141,248
Greensville County, VA, Industrial Development Authority Rev. (Wheeling/Pittsburgh Steel), A , 7%, 2014	435,000	398,221
		\$ 539,469
Industrial Revenue - Other - 4.5%		
Annawan, IL, Tax Increment Rev. (Patriot Renewable Fuels LLC), 5.625%, 2018	\$ 350,000	\$ 272,986
California Statewide Communities Development Authority Facilities (Microgy Holdings Project), 9%, 2038	400,000	338,000
Gulf Coast, TX, Industrial Development Authority Rev. (CITGO Petroleum Corp.), 8%, 2028	375,000	331,853
Houston, TX, Industrial Development Corp. (United Parcel Service, Inc.), 6%, 2023	475,000	363,655
Indianapolis, IN, Airport Authority Rev., Special Facilities (FedEx Corp.), 5.1%, 2017	500,000	400,455
Michigan Strategic Fund Rev. (Michigan Sugar Co.), A , 6.25%, 2015	1,000,000	911,830
New Jersey Economic Development Authority Rev. (GMT Realty LLC), B , 6.875%, 2037	1,000,000	793,800
Virgin Islands Government Refinery Facilities Rev. (Hovensa Coker Project), 6.5%, 2021	250,000	196,055
Virgin Islands Public Finance Authority, Refinery Facilities Rev. (Hovensa Coker Project), 5.875%, 2022	400,000	289,892
Will-Kankakee, IL, Regional Development Authority Rev. (Flanders Corp.), 6.5%, 2017	605,000	513,784
		\$ 4,412,310
Industrial Revenue - Paper - 3.8%		
Beauregard Parish, LA (Boise Cascade Corp.), 6.8%, 2027	\$ 1,000,000	\$ 795,810

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Industrial Revenue - Paper - continued		
Bedford County, VA, Industrial Development Authority Rev. (Nekooska Packaging Corp.), 5.6%, 2025	\$ 400,000	\$ 231,180
Camden, AL, Industrial Development Board Exempt Facilities Rev., B (Weyerhaeuser Co.), 6.375%, 2024	400,000	443,960
Courtland AL, Industrial Development Board Solid Waste Disposal Rev. (Champion International Corp.), 6%, 2029	1,000,000	662,510
Escambia County, FL, Environmental Improvement Rev. (International Paper Co.), A, 4.75%, 2030	290,000	155,185
Escambia County, FL, Environmental Improvement Rev. (International Paper Co., Projects), A, 5%, 2026	980,000	584,423
Lowndes County, MS, Solid Waste Disposal & Pollution Control Rev. (Weyerhaeuser Co.), B, 6.7%, 2022	595,000	506,958
Phenix City, AL, Industrial Development Board Environmental Improvement Rev., A (MeadWestvaco Coated), 6.35%, 2035	400,000	271,456
		\$ 3,651,482
Miscellaneous Revenue - Entertainment & Tourism - 2.9%		
Agua Caliente Band of Cahuilla Indians, CA, 5.6%, 2013 (z)	\$ 775,000	\$ 731,050
Cabazon Band Mission Indians, CA, 8.375%, 2015 (z)	150,000	140,448
Cabazon Band Mission Indians, CA, 8.75%, 2019 (z)	720,000	667,318
Cow Creek Band of Umpqua Tribe of Indians, OR, C, 5.625%, 2026 (n)	650,000	468,201
Mashantucket Western Pequot Tribe, CT, B, 0%, 2018 (n)	1,100,000	555,698
New York Liberty Development Corp. Rev. (National Sports Museum), A, 6.125%, 2019	400,000	60,000
Seminole Tribe, FL, Special Obligation, A, 5.25%, 2027 (n)	280,000	206,349
		\$ 2,829,064
Miscellaneous Revenue - Other - 1.7%		
Austin, TX, Convention Center (Convention Enterprises, Inc.), A, XLCA, 5.25%, 2024	\$ 115,000	\$ 90,894
Capital Trust Agency, FL (Aero Syracuse LLC), 6.75%, 2032	350,000	261,321
Massachusetts Development Finance Agency (Boston Biomedical Research), 5.65%, 2019	620,000	505,647
Philadelphia, PA, Industrial Development Airport Rev. (Aero Philadelphia LLC), 5.25%, 2009	95,000	94,809
Summit County, OH, Port Authority Building Rev. (Twinsburg Township), D, 5.125%, 2025	630,000	475,751
V Lakes Utility District Ranking Water Systems Rev., 7%, 2037	300,000	224,715
		\$ 1,653,137

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Portfolio of Investments continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Multi-Family Housing Revenue - 9.0%		
Broward County, FL, Housing Finance Authority Rev. (Chaves Lakes Apartments Ltd.), A , 7.5%, 2040	\$ 500,000	\$ 436,740
Capital Trust Agency, FL, Housing Rev. (Atlantic Housing Foundation), B , 7%, 2032	650,000	531,172
Charter Mac Equity Issuer Trust, FHLMC, 6%, 2019 (n)	1,000,000	869,340
Charter Mac Equity Issuer Trust, B , FHLMC, 7.6%, 2010 (a)(n)	500,000	514,525
Clay County, FL, Housing Finance Authority Rev. (Madison Commons Apartments), A , 7.45%, 2040	495,000	415,874
District of Columbia Housing Finance Agency (Henson Ridge), E , FHA, 5.1%, 2037	655,000	473,231
Durham, NC, Durham Housing Authority Rev. (Magnolia Pointe Apartments), 5.65%, 2038 (a)	995,149	770,494
El Paso County, TX, Housing Finance Corp. (American Housing Foundation), D , 10%, 2032	290,000	250,116
El Paso County, TX, Housing Finance Corp. (American Housing Foundation, Inc.), C , 8%, 2032	285,000	239,007
Massachusetts Housing Finance Agency Rev., B , 5%, 2030	500,000	393,990
Massachusetts Housing Finance Agency Rev., E , 5%, 2028	500,000	370,545
Minneapolis, MN, Student Housing Rev. (Riverton Community Housing Project), A , 5.7%, 2040	500,000	349,055
Mississippi Home Corp., Rev. (Kirkwood Apartments), 6.8%, 2037	605,000	461,585
MuniMae TE Bond Subsidiary LLC, 5.8%, 2049 (z)	1,000,000	848,960
New Mexico Mortgage Finance Authority, Multi-Family Housing Rev. (Sun Pointe Apartments), E , FHA, 4.8%, 2040	500,000	337,870
Resolution Trust Corp., Pass-Through Certificates, 1993 , 8.5%, 2016 (z)	455,481	426,125
Seattle, WA, Housing Authority Rev., Capped Fund Program (High Rise Rehab), I , FSA, 5%, 2025	500,000	397,660
Wilmington, DE, Multi-Family Housing Rev. (Electra Arms Senior Associates), 6.25%, 2028	850,000	633,225
		\$ 8,719,514
Sales & Excise Tax Revenue - 3.6%		
Bolingbrook, IL, Sales Tax Rev., 6.25%, 2024	\$ 500,000	\$ 414,945
Metropolitan Pier & Exposition Authority, State Tax Rev., MBIA, 0%, 2015	3,000,000	2,250,300
Metropolitan Pier & Exposition Authority, State Tax Rev., ETM, FGIC, 0%, 2014 (c)	1,010,000	837,199
		\$ 3,502,444
Single Family Housing - Local - 1.4%		
Minneapolis & St. Paul Housing Authority Rev. (City Living), A-2 , GNMA, 5%, 2038	\$ 733,948	\$ 537,962

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Single Family Housing - Local - continued		
Pittsburgh, PA, Urban Redevelopment Authority Rev., C, GNMA, 4.8%, 2028	\$ 1,000,000	\$ 805,860
		\$ 1,343,822
Single Family Housing - State - 3.1%		
California Housing Finance Agency Rev., J, 5.75%, 2047	\$ 1,500,000	\$ 1,253,910
Iowa Finance Authority, Single Family Mortgage Rev., E, 5.4%, 2032	920,000	806,904
Kentucky Counties Single Family Mortgage Rev., A, MBIA, 9%, 2016	5,000	5,001
North Dakota Housing Finance Agency Rev., A, 4.85%, 2021	475,000	380,181
Virginia Housing Development Authority, Commonwealth Mortgage, A-5, 4.4%, 2015	265,000	245,737
Virginia Housing Development Authority, Commonwealth Mortgage, A-5, 4.4%, 2015	340,000	309,451
		\$ 3,001,184
Solid Waste Revenue - 0.8%		
Delaware County, PA, Industrial Development Authority, Resource Recovery Facilities Rev. (American Ref-Fuel Co.), A, 6.2%, 2019	\$ 1,000,000	\$ 826,280
State & Agency - Other - 0.5%		
Commonwealth of Puerto Rico (Mepsi Campus), A, 6.25%, 2024	\$ 100,000	\$ 82,717
Commonwealth of Puerto Rico (Mepsi Campus), A, 6.5%, 2037	500,000	386,890
		\$ 469,607
State & Local Agencies - 4.1%		
Dorchester County, SC, School District No. 2, Growth Remedy Opportunity Tax Hike, 5.25%, 2029	\$ 500,000	\$ 451,230
Laurens County, SC, School District No. 55, Installment Purchase Rev., 5.25%, 2030	700,000	572,992
Michigan Building Authority Rev., Facilities Program, I, 5%, 2024	1,000,000	900,670
New York Metropolitan Transportation Authority, A, 5.125%, 2029	800,000	705,784
Newberry, SC, Investing in Children's Education (Newberry County School District Program), 5%, 2030	400,000	314,996
Puerto Rico Public Finance Corp., E, ETM, 6%, 2026 (c)	80,000	88,113
Puerto Rico Public Finance Corp., Unrefunded, E, 6%, 2026	820,000	903,156
		\$ 3,936,941
Student Loan Revenue - 0.6%		
Massachusetts Educational Financing Authority, Education Loan Rev., H, ASSD GTY, 6.35%, 2030	\$ 625,000	\$ 579,531

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Portfolio of Investments continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Tax - Other - 1.0%		
Dallas County, TX, Flood Control District, 7.25%, 2032	\$ 750,000	\$ 665,730
New Jersey Economic Development Authority Rev. (Cigarette Tax), 5.75%, 2029	385,000	283,741
		\$ 949,471
Tax Assessment - 14.3%		
Atlanta, GA, Tax Allocation (Eastside Project), B, 5.4%, 2020	\$ 500,000	\$ 358,300
Ave Maria Stewardship Community District, FL, A, 5.125%, 2038	150,000	92,007
Capital Region Community Development District Rev., FL, A, 7%, 2039	235,000	195,062
Celebration Community Development District, FL, A, 6.4%, 2034	710,000	574,305
Channing Park Community Development District, FL, 5.3%, 2038	400,000	250,664
Chicago, IL, Tax Increment Allocation (Pilsen Redevelopment), B, 6.75%, 2022	310,000	278,603
Colonial Country Club Community Development District, FL, 6.4%, 2033	475,000	384,926
Double Branch Community Development District, FL, A, 6.7%, 2034	480,000	399,446
Du Page County, IL, Special Service Area No. 31 Special Tax (Monarch Landing Project), 5.625%, 2036	250,000	167,098
Durbin Crossing Community Development District, FL, Special Assessment, B-1, 4.875%, 2010	200,000	186,910
Grand Bay at Doral Community Development District, FL, A, 6%, 2039	90,000	60,195
Grand Bay at Doral Community Development District, FL, B, 6%, 2017	545,000	444,894
Heritage Harbour North Community Development District, FL, Capital Improvement Rev., 6.375%, 2038	325,000	240,669
Homestead 50 Community Development District, FL, A, 6%, 2037	375,000	263,070
Homestead 50 Community Development District, FL, B, 5.9%, 2013	170,000	152,393
Huntington Beach, CA, Community Facilities District, Special Tax (Grand Coast Resort), 2000-1, 6.45%, 2031	500,000	418,635
Islands at Doral Southwest Community Development District, FL, 6.375%, 2013 (c)	245,000	274,101
Lincoln, CA, Special Tax (Community Facilities District), 2003-1, 5.55%, 2013 (c)	440,000	501,525
Lincolnshire, IL, Special Service Area No. 1 (Sedgebrook Project), 6.25%, 2034	250,000	184,173
Magnolia Park Community Development District, FL, Special Assessment, A, 6.15%, 2039	630,000	452,038

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Tax Assessment - continued		
Main Street Community Development District, FL, A, 6.8%, 2038	\$ 295,000	\$ 237,888
Main Street Community Development District, FL, B, 6.9%, 2017	225,000	202,404
Northwest Metropolitan District No. 3, CO, 6.25%, 2035	500,000	326,605
Oakmont Grove Community Development District, CA, A, 5.4%, 2038	300,000	180,294
Ohio County, WV, Commission Tax Increment Rev. (Fort Henry Centre), A, 5.85%, 2034	125,000	88,431
Orlando, FL, Special Assessment Rev. (Conroy Road Interchange Project), A, 5.5%, 2010	45,000	43,391
Orlando, FL, Special Assessment Rev. (Conroy Road Interchange Project), A, 5.8%, 2026	300,000	233,838
Plano, IL, Special Service Area No. 4 (Lakewood Springs Project Unit 5-B), 6%, 2035	1,500,000	1,040,415
Pontiac, MI, Tax Increment Finance Authority Rev., 6.375%, 2012 (c)	450,000	512,780
Portage, IN, Economic Development Rev. (Ameriplex Project), 5%, 2027	260,000	190,060
Redwood City, CA, Special Tax Community Facilities, (District 1 Redwood), B, 6%, 2033	300,000	233,451
San Diego, CA, Redevelopment Agency, Tax Allocation, FSA, 0%, 2018	1,015,000	627,889
Sarasota National Community Development District, FL, Special Assessment Rev., 5.3%, 2039	800,000	493,104
Seven Oaks, FL, Community Development District II Special Assessment Rev., B, 5%, 2009	580,000	481,029
Sweetwater Creek Community Development District, FL, Capital Improvement Rev., 5.5%, 2038	200,000	123,766
Tolomato Community Development District, FL, Special Assessment, 6.65%, 2040	585,000	469,585
Tuscany Reserve Community Development District, FL, Special Assessment, B, 5.25%, 2016	185,000	137,179
Volo Village, IL, Special Service Area No. 3, Special Tax (Symphony Meadows Project), 1, 6%, 2036	484,000	342,783
West Villages Improvement District, FL, Special Assessment Rev. (Unit of Development No. 3), 5.5%, 2037	495,000	305,341
Westchester, FL, Community Development District No. 1 (Community Infrastructure), 6.125%, 2035	275,000	196,977
Westridge, FL, Community Development District, Capital Improvement Rev., 5.8%, 2037 (d)	980,000	601,955
Wyandotte County-Kansas City, KS, Unified Government Transportation Development District (Legends Village West Project), 4.875%, 2028	585,000	388,305

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Tax Assessment - continued		
Yorba Linda, CA, Redevelopment Agency, Tax Allocation Rev., A , MBIA, 0%, 2024	\$ 1,325,000	\$ 488,978
		\$ 13,825,462
Tobacco - 10.5%		
Buckeye, OH, Tobacco Settlement Rev., Asset Backed, A-2 , 5.875%, 2030	\$ 1,610,000	\$ 1,073,274
Buckeye, OH, Tobacco Settlement Rev., Asset Backed, A-2 , 5.875%, 2047	2,810,000	1,745,516
Buckeye, OH, Tobacco Settlement Rev., Asset Backed, A-2 , 6.5%, 2047	785,000	537,843
California County, CA, Tobacco Securitization Agency, Tobacco Settlement Rev. (Los Angeles County), 0%, 2046	3,500,000	81,025
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., A-1 , 6.25%, 2013 (c)(f)	1,495,000	1,588,139
Inland Empire, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Asset Backed, C-1 , 0%, 2036	1,815,000	128,665
Michigan Tobacco Settlement Finance Authority Rev., Asset Backed, A , 6%, 2048	1,710,000	1,088,996
Rhode Island Tobacco Settlement Authority, 6%, 2023	2,115,000	1,906,863
Tobacco Settlement Authority of Washington Rev., Asset Backed, 6.625%, 2032	500,000	404,950
Tobacco Settlement Financing Corp., NJ, 6.75%, 2013 (c)	1,000,000	1,168,950
Virginia Tobacco Settlement Financing Corp., B-1 , 5%, 2047	830,000	473,847
		\$ 10,198,068
Toll Roads - 6.4%		
E-470 Public Highway Authority, CO, B , 0%, 2010 (c)	\$ 8,750,000	\$ 1,270,938
E-470 Public Highway Authority, CO, B , MBIA, 0%, 2018	3,000,000	1,631,430
Northwest Parkway, CO, Public Highway Authority (First Tier), D , 7.125%, 2041 (c)	995,000	1,051,476
San Joaquin Hills, CA, Transportation Corridor Agency Toll Road Rev., A , MBIA, 0%, 2015	3,000,000	2,257,950
		\$ 6,211,794
Universities - Colleges - 0.6%		
California Municipal Finance Authority Rev. (Biola University), 5.8%, 2028	\$ 100,000	\$ 79,041
Harris County, TX, Cultural Education Facilities Rev. (Baylor College of Medicine), D , 5.625%, 2032	280,000	250,043
West Virginia University Rev. (West Virginia University Project), A , AMBAC, 0%, 2025	750,000	274,133
		\$ 603,217

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Universities - Dormitories - 0.5%		
California Statewide Communities Development Authority Rev. (Lancer Educational Student Housing Project), 5.625%, 2033	\$ 735,000	\$ 469,952
Universities - Secondary Schools - 1.6%		
California Statewide Communities Development Authority Rev., COP, (Crossroads Schools for the Arts & Sciences), 6%, 2028	\$ 1,010,000	\$ 943,572
Colorado Housing Finance Development Rev. (Evergreen Country Day School), 5.875%, 2037	425,000	297,190
Lee County, FL, Industrial Development Authority Rev. (Lee Charter Foundation), A, 5.375%, 2037	535,000	322,557
		\$ 1,563,319
Utilities - Cogeneration - 0.7%		
Puerto Rico Industrial, Tourist, Educational, Medical & Environmental Central Facilities (Cogeneration Facilities - AES Puerto Rico Project), 6.625%, 2026	\$ 320,000	\$ 288,083
Suffolk County, NY, Industrial Development Agency Rev. (Nissequoque Cogeneration Partners Facilities), 5.5%, 2023	550,000	421,581
		\$ 709,664
Utilities - Investor Owned - 5.1%		
Brazos River Authority, TX, Pollution Control Rev. (TXU Electric Co. LLC), C, 5.75%, 2036 (a)	\$ 220,000	\$ 179,852
Brazos River Authority, TX, Pollution Control Rev. (TXU Electric Co. LLC), C, 6.75%, 2038	555,000	311,566
Brazos River Authority, TX, Pollution Control Rev. (TXU Electric Co. LLC), D, 5.4%, 2029 (a)	45,000	34,069
Bryant, IL, Pollution Control Rev. (Central Illinois Light Co.), 5.9%, 2023	975,000	896,688
Clark County, NV, Industrial Development Rev. (Nevada Power Co. Project), A, 5.9%, 2032	1,500,000	906,510
Mississippi Business Finance Corp., Pollution Control Rev. (Systems Energy Resources Project), 5.875%, 2022	1,500,000	1,183,245
New Hampshire Business Finance Authority, Pollution Control Rev. (Public Service of New Hampshire), B, MBIA, 4.75%, 2021	250,000	198,620
Pennsylvania Economic Development Financing Authority Rev. (Reliant Energy Seward), A, 6.75%, 2036	400,000	247,328
Red River Authority, TX, Pollution Control Rev. (AEP Texas Central Co.), MBIA, 4.45%, 2020	410,000	338,397
Sabine River Authority, TX, Pollution Control Rev. (TXU Electric Co. LLC), 5.2%, 2028	185,000	94,095
Sabine River Authority, TX, Pollution Control Rev. (TXU Electric Co. LLC), 5.75%, 2030 (a)	155,000	126,714

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Portfolio of Investments continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Utilities - Investor Owned - continued		
West Feliciana Parish, LA, Pollution Control Rev. (Entergy Gulf States), 6.6%, 2028	\$ 500,000	\$ 400,100
		\$ 4,917,184
Utilities - Other - 1.9%		
Main Street Natural Gas, Inc. Gas Rev., B, 5%, 2019	\$ 325,000	\$ 251,625
Main Street Natural Gas, Inc., GA, Gas Project Rev., A, 5.5%, 2028	335,000	242,835
Salt Verde Financial Corp., AZ, Senior Gas Rev., 5%, 2037	705,000	451,010
Tennessee Energy Acquisition Corp., Gas Rev., A, 5.25%, 2022	270,000	200,672
Tennessee Energy Acquisition Corp., Gas Rev., A, 5.25%, 2023	570,000	416,465
Tennessee Energy Acquisition Corp., Gas Rev., A, 5.25%, 2026	165,000	114,873
Tennessee Energy Acquisition Corp., Gas Rev., C, 5%, 2025	240,000	155,966
		\$ 1,833,446
Water & Sewer Utility Revenue - 1.2%		
Puerto Rico Aqueduct & Sewer Authority Rev., A, 6%, 2038	\$ 655,000	\$ 573,210
Puerto Rico Aqueduct & Sewer Authority Rev., A, 6%, 2044	135,000	117,561
Surprise, AZ, Municipal Property Corp., 4.9%, 2032	700,000	501,787
		\$ 1,192,558
Total Investments (Identified Cost, \$191,332,368)		\$ 156,693,380
Other Assets, Less Liabilities - 15.8%		15,261,646
Preferred Shares (Issued by the Fund) - (77.4)%		(75,000,000)
Net Assets applicable to common shares - 100.0%		\$ 96,955,026

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

(c) Refunded bond.

(d) Non-income producing security in default.

(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 \$2,614,113 representing 2.7% of net assets applicable to common shares.

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Portfolio of Investments continued

(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	Current Market Value
Agua Caliente Band of Cahuilla Indians, CA, 5.6%, 2013	7/22/03	\$776,026	\$731,050
Cabazon Band Mission Indians, CA, 8.375%, 2015	10/04/04	150,000	140,448
Cabazon Band Mission Indians, CA, 8.75%, 2019	10/04/04	720,000	667,318
MuniMae TE Bond Subsidiary LLC, 5.8%, 2049	10/14/04	1,000,000	848,960
Resolution Trust Corp., Pass-Through Certificates, 1993, 8.5%, 2016	10/17/01-1/14/02	455,481	426,125
Total Restricted Securities			\$2,813,901
% of Net Assets Applicable to Common Shares			2.9%

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

COP Certificate of Participation
 ETM Escrowed to Maturity

Insurers

AMBAC	AMBAC Indemnity Corp.
ASSD GTY	Assured Guaranty Insurance Co.
BHAC	Berkshire Hathaway Assurance Corp.
FGIC	Financial Guaranty Insurance Co.
FHA	Federal Housing Administration
FHLMC	Federal Home Loan Mortgage Corp.
FSA	Financial Security Assurance Inc.
GNMA	Government National Mortgage Assn.
MBIA	MBIA Insurance Corp.
XLCA	XL Capital Insurance Co.

Derivative contracts at 11/30/08

Futures contracts outstanding at 11/30/08

Description	Contracts	Value	Expiration Date	Unrealized Appreciation (Depreciation)
U.S. Treasury Note 10 yr. (Short)	424	\$51,290,750	Mar-09	\$(1,511,984)
U.S. Treasury Bond 30 yr. (Short)	96	12,238,500	Mar-09	(295,836)
				\$(1,807,820)

At November 30, 2008, 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 11/30/08

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

Assets		
Investments, at value (identified cost, \$191,332,368)	\$156,693,380	
Cash	11,409,047	
Receivable for investments sold	2,154,489	
Interest receivable	3,353,482	
Receivable from investment adviser	83,879	
Other assets	20,162	
Total assets		\$173,714,439
Liabilities		
Distributions payable on common shares	\$37,563	
Distributions payable on preferred shares	22,560	
Payable for daily variation margin on open futures contracts	292,250	
Payable for investments purchased	1,233,102	
Payable to affiliates		
Management fee	15,362	
Transfer agent and dividend disbursing costs	5,112	
Administrative services fee	668	
Payable for independent trustees' compensation	18,127	
Accrued expenses and other liabilities	134,669	
Total liabilities		\$1,759,413
Preferred shares		
Auction preferred shares (3,600 shares issued, 3,000 shares outstanding at \$25,000 per share) at liquidation value		\$75,000,000
Net assets applicable to common shares		\$96,955,026
Net assets consist of		
Paid-in capital - common shares	\$186,686,458	
Unrealized appreciation (depreciation) on investments	(36,446,808)	
Accumulated net realized gain (loss) on investments	(53,414,895)	
Undistributed net investment income	130,271	
Net assets applicable to common shares		\$96,955,026
Preferred shares, at value (3,600 shares issued, 3,000 shares outstanding at \$25,000 per share)		\$75,000,000
Net assets including preferred shares		\$171,955,026
Common shares of beneficial interest outstanding		27,866,922
Net asset value per common share (net assets of \$96,955,026 / 27,866,922 shares of beneficial interest outstanding)		\$3.48

See Notes to Financial Statements

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

Year ended 11/30/08

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.

Net investment income		
Interest income		\$13,827,235
Expenses		
Management fee	\$1,416,287	
Transfer agent and dividend disbursing costs	43,073	
Administrative services fee	40,548	
Independent trustees' compensation	21,062	
Stock exchange fee	22,776	
Preferred shares remarketing agent fee	213,841	
Custodian fee	34,768	
Shareholder communications	5,052	
Auditing fees	77,030	
Legal fees	64,461	
Interest expense and fees	58,318	
Miscellaneous	68,625	
Total expenses		\$2,065,841
Fees paid indirectly	(24,744)	
Reduction of expenses by investment adviser	(111,993)	
Net expenses		\$1,929,104
Net investment income		\$11,898,131
Realized and unrealized gain (loss) on investments		
Realized gain (loss) (identified cost basis)		
Investment transactions	\$(6,233,677)	
Futures contracts	(6,226,076)	
Net realized gain (loss) on investments		\$(12,459,753)
Change in unrealized appreciation (depreciation)		
Investments	\$(37,201,999)	
Futures contracts	(1,829,182)	
Net unrealized gain (loss) on investments		\$(39,031,181)
Net realized and unrealized gain (loss) on investments		\$(51,490,934)
Distributions declared to preferred shareholders		\$(3,117,160)
Change in net assets from operations		\$(42,709,963)
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.

	Years ended 11/30	
	2008	2007
Change in net assets		
From operations		
Net investment income	\$11,898,131	\$12,633,718
Net realized gain (loss) on investments	(12,459,753)	(8,157,800)
Net unrealized gain (loss) on investments	(39,031,181)	(10,342,754)
Distributions declared to preferred shareholders	(3,117,160)	(3,347,414)
Change in net assets from operations	\$(42,709,963)	\$(9,214,250)
Distributions declared to common shareholders		
From net investment income	\$(9,047,476)	\$(8,531,867)
Change in net assets from share transactions	\$273,134	\$249,082
Total change in net assets	\$(51,484,305)	\$(17,497,035)
Net assets applicable to common shares		
At beginning of period	148,439,331	165,936,366
At end of period (including undistributed net investment income of \$130,271 and \$462,917, respectively)	\$96,955,026	\$148,439,331
See Notes to Financial Statements		

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				
	2008	2007	2006	2005	2004
Net asset value, beginning of period	\$5.34	\$5.98	\$5.76	\$5.69	\$5.85
Income (loss) from investment operations					
Net investment income (d)	\$0.43	\$ 0.45(z)	\$0.45	\$0.45	\$0.45
Net realized and unrealized gain (loss) on investments	(1.85)	(0.66)(z)	0.23	0.08	(0.15)
Distributions declared to preferred shareholders	(0.11)	(0.12)	(0.11)	(0.08)	(0.04)
Total from investment operations	\$(1.53)	\$(0.33)	\$0.57	\$0.45	\$0.26
Less distributions declared to common shareholders					
From net investment income, common shares	\$(0.33)	\$(0.31)	\$(0.35)	\$(0.38)	\$(0.42)
Net asset value, end of period	\$3.48	\$5.34	\$5.98	\$5.76	\$5.69
Common share market value, end of period	\$3.04	\$4.90	\$5.96	\$5.36	\$5.66
Total return at common share market value (%) (p)	(33.26)	(13.21)	17.99	1.36	7.86
Total return at net asset value (%) (p)(t)	(29.90)	(5.73)	10.17	8.35	4.72
Ratios (%) (to average net assets applicable to common shares) and Supplemental data:					
Expenses before expense reductions (f)(p)	1.57	1.39	1.39	1.40	1.42
Expenses after expense reductions (f)(p)	1.48	1.39	N/A	N/A	N/A
Expenses after expense reductions and excluding interest expense and fees (f)(l)(p)	1.44	N/A	N/A	N/A	N/A
Net investment income (p)	9.02	7.87(z)	7.62	7.73	7.79
Portfolio turnover	34	29	33	18	16
Net assets at end of period (000 Omitted)	\$96,955	\$148,439	\$165,936	\$159,792	\$157,757

Table of Contents*Financial Highlights continued*

	Years ended 11/30				
	2008	2007	2006	2005	2004
Supplemental Ratios (%):					
Net investment income available to common shares	6.66	5.78	5.74	6.46	7.15
Senior Securities:					
Total preferred shares outstanding	3,000	3,600	3,600	3,600	3,600
Asset coverage per preferred share (k)	\$57,318	\$66,233	\$71,093	\$69,387	\$68,821
Involuntary liquidation preference per preferred share (o)	\$25,000	\$25,000	\$25,015	\$25,010	\$25,004
Average market value per preferred share (m)(x)	\$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.

(k) Calculated by subtracting the fund's total liabilities (not including auction 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.

(o) Effective November 30, 2007, amount excludes accrued unpaid distributions to Auction Preferred Shareholders.

(p) Excludes dividend payment on auction preferred shares.

(t) Prior to November 30, 2007, total return at net asset value is unaudited.

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

(z) The fund applied a change in estimate for amortization of premium on certain debt securities in the current year 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 for the year ended November 30, 2007. 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. 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 can invest 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 reported by a third party pricing service. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. Futures contracts are generally valued at last posted settlement price as reported 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 reported by a third party pricing service on the market on which such futures contracts are primarily traded. Securities and other assets generally valued on the basis of

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Notes to Financial Statements continued

information from a third party pricing service may also be valued at a broker-dealer bid quotation. Values obtained from pricing services can utilize both dealer-supplied valuations and electronic data processing techniques, which take into account factors such as institutional-size trading in similar groups of securities, 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 may rely 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 investments used to determine the fund's net asset value may differ from quoted or published prices for the same investments.

The fund adopted FASB Statement No. 157, Fair Value Measurements (the Statement). This Statement provides a single definition of fair value, a hierarchy for measuring fair value and expanded disclosures about fair value measurements.

Various inputs are used in determining the value of the fund's assets or liabilities carried at market value. These inputs are categorized into three broad levels. Level 1 includes 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

Table of Contents*Notes to Financial Statements continued*

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, forwards, swap contracts and written options, which are valued at the unrealized appreciation/depreciation on the instrument. The following is a summary of the levels used as of November 30, 2008 in valuing the fund's assets or liabilities carried at market value:

	Level 1	Level 2	Level 3	Total
Investments in Securities	\$	\$156,693,380	\$	\$156,693,380
Other Financial Instruments	\$(1,807,820)	\$	\$	\$(1,807,820)

Derivative Risk The fund may invest in derivatives for hedging or non-hedging purposes. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. When the fund uses derivatives as an investment to gain market exposure, or for hedging purposes, gains and losses from derivative instruments may be substantially greater than the derivative's original cost. Cash that has been segregated on behalf of certain derivative contracts will be reported separately on the Statement of Assets and Liabilities as restricted cash. On some over-the-counter derivatives, the fund attempts to reduce its exposure to counterparty credit risk by entering into an 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 the fund the right, upon an event of default by the applicable counterparty, to close out all transactions traded under such agreement and to net amounts owed under each transaction 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, the ISDA Master Agreement does not result in an offset of reported balance sheet assets and liabilities across transactions between the fund and the applicable counterparty. Derivative instruments include futures contracts and inverse floaters.

In March 2008, FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities (the Standard) was issued, and is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. This Standard provides enhanced disclosures about the fund's use of and accounting for derivative instruments and the effect of derivative instruments on the fund's results of operations and financial position. Management is evaluating the application of the Standard to the fund, and has not at this time determined the impact, if any, resulting from the adoption of this Standard on the fund's financial statements.

Futures Contracts The fund may enter into futures contracts for the delayed delivery of securities or currency, or contracts based on financial indices at a

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Notes to Financial Statements continued

fixed price on a future date. In entering such contracts, the fund is required to deposit with the broker either in cash or securities an amount equal to a certain percentage of the contract amount. Subsequent payments 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 gains or losses by the fund. Upon entering into such contracts, the fund bears the risk of interest or 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.

Inverse Floaters The fund invests in municipal inverse floating rate securities which are structured by the issuer (known as primary market inverse floating rate securities) or by an investment banker utilizing municipal bonds which have already been issued (known as secondary market inverse floating rate securities) to have variable rates of interest which typically move in the opposite direction of short term interest rates. A secondary market inverse floating rate security is created when an investment banker transfers a fixed rate municipal bond to a special purpose trust, and causes the trust to (a) issue floating rate certificates to third parties, in an amount equal to a fraction of the par amount of the deposited bonds (these certificates usually pay tax-exempt interest at short-term interest rates that typically reset weekly; and the certificate holders typically, on seven days notice, have the option to tender their certificates to the investment banker or another party for redemption at par plus accrued interest), and (b) issue inverse floating rate certificates (sometimes referred to as inverse floaters). If the holder of the inverse floater transfers the municipal bonds to an investment banker for the purpose of depositing the municipal bonds into the special purpose trust, the inverse floating rate certificates that are issued by the trust are referred to as self-deposited inverse floaters. If the bonds held by the trust are purchased by the investment banker for deposit into the trust from someone other than the purchasers of the inverse floaters, the inverse floating rate certificates that are issued by the trust are referred to as externally deposited inverse floaters. Such self-deposited inverse floaters held by the fund are accounted for as secured borrowings, with the municipal bonds reflected in the investments of the fund and amounts owed to the holder of the floating rate certificate under the provisions of the trust, which amounts are paid solely from the assets of the trust, reflected as liabilities of the fund in the Statement of Assets and Liabilities under the caption, Payable to the holder of the floating rate certificate from trust assets. At November 30, 2008, the fund did not hold any floating rate certificates. For the year ended November 30, 2008, the average daily payable to the holder of the floating rate certificate from trust assets was \$3,073,770 at a weighted average interest rate of 1.90%. Interest expense and fees relate to interest payments made to the holder of certain floating rate certificates and associated fees, both of which are made from trust assets.

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Notes to Financial Statements continued

Interest expense and fees are recorded as incurred. For the year ended November 30, 2008, interest expense and fees in connection with self-deposited inverse floaters held during the year was \$58,318. Primary and externally deposited inverse floaters held by the fund are not accounted for as secured borrowings.

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.

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, 2008, is shown as a reduction of total expenses on the Statement of Operations.

Tax Matters and Distrib