

MFS INVESTMENT GRADE MUNICIPAL TRUST

Form N-CSRS

August 07, 2008

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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 811-5785

**MFS INVESTMENT GRADE 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: May 31, 2008

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**ITEM 1. REPORTS TO STOCKHOLDERS.**

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Semiannual report

# MFS® Investment Grade Municipal Trust

5/31/08

CXH-SEM

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# MFS® Investment Grade Municipal Trust

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| New York Stock Exchange Symbol: CXH  |    |

**NOT FDIC INSURED    MAY LOSE VALUE**

**NO BANK OR CREDIT UNION GUARANTEE    NOT A DEPOSIT**

**NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY OR**

**NCUA/NCUSIF**

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## LETTER FROM THE CEO

Dear Shareholders:

Negative headlines tend to resonate during difficult markets, and we certainly have had more than our share of tough news recently. As a result consumer, and particularly investor, sentiment are at all-time lows. That said, I do think it is helpful to remember there are always silver linings in the storm clouds if you look hard enough.

Through all of the challenges we have faced, there are some positive underlying trends. In the United States, for example, institutional traders and credit market followers are just now showing increasing signs of confidence and are beginning to take on more risk. At the corporate level, earnings continue to be relatively strong as companies have reduced labor costs, controlled inventories, and relied less on debt to finance expansion. More broadly, low interest rates and strong demand for consumer goods and industrial equipment are good signs for the global economy.

While I do not mean to minimize the risks inherent in today's markets, periods such as these allow the talented fund managers and research analysts we have at MFS® to test their convictions, reevaluate existing positions, and identify new investment ideas. Our investment process also includes a significant risk management component, with constant attention paid to monitoring market risk, so we can do our best to minimize any surprises to your portfolio.

For investors, this is a great time to check in with your advisor and make sure you have a sound investment plan in place—one that can keep your hard-earned money working over the long term through a strategy that involves asset allocation, diversification, and periodic portfolio rebalancing and reviews. A plan tailored to your distinct needs and goals continues to be the best approach to help you take advantage of the inevitable challenges and opportunities that present themselves over time.

Respectfully,

Robert J. Manning

Chief Executive Officer and Chief Investment Officer

MFS Investment Management®

July 15, 2008

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      | 18.4% |
| State & Local Agencies            | 11.5% |
| Healthcare Revenue Long-term Care | 7.0%  |
| Universities Colleges             | 6.5%  |
| Utilities Investor Owned          | 6.3%  |

**Portfolio structure reflecting equivalent exposure of derivative positions (i)****Credit quality of bonds (r)**

|           |       |
|-----------|-------|
| AAA       | 33.4% |
| AA        | 14.3% |
| A         | 14.4% |
| BBB       | 20.7% |
| BB        | 2.1%  |
| B         | 0.3%  |
| CCC       | 0.4%  |
| Not Rated | 14.4% |

**Portfolio facts**

|   |           |
|---|-----------|
| Average Duration (d)(i)                                     | 9.5       |
| Average Life (i)(m)   | 13.1 yrs. |
| Average Maturity (i)(m)                                     | 15.4 yrs. |
| Average Credit Quality of Rated Securities (long-term) (a)  | A+        |
| Average Credit Quality of Rated Securities (short-term) (a) | A-1       |

(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.

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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.

(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 5/31/08.

Percentages are based on net assets as of 5/31/08, including preferred shares, unless otherwise noted.

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



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## PORTFOLIO MANAGERS PROFILES

|                    |  |
|--------------------|--|
| Michael Dawson     | Investment Officer of MFS; employed in the investment area of MFS since 1998. 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. |

**Table of Contents****PERFORMANCE SUMMARY** THROUGH 5/31/08

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**

| Six Months Ended 5/31/08      | Date               | Price   |
|-------------------------------|--------------------|---------|
| Net Asset Value               | 5/31/08            | \$10.13 |
|                               | 11/30/07           | \$10.56 |
| New York Stock Exchange Price | 5/31/08            | \$ 9.49 |
|                               | 2/07/08 (high) (t) | \$10.27 |
|                               | 3/17/08 (low) (t)  | \$ 9.15 |
|                               | 11/30/07           | \$ 9.56 |

**Total Returns vs Benchmarks**

Six Months Ended 5/31/08

|  |         |
|--|---------|
| New York Stock Exchange Price (r)        | 2.15%   |
| Net Asset Value (r)                      | (1.29)% |
| Lehman Brothers Municipal Bond Index (f) | 1.44%   |

(f) Source: FactSet Research Systems Inc.

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

(t) For the period December 1, 2007 through May 31, 2008.

**Benchmark Definition**

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 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.

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*Performance Summary continued*

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 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 normally invests at least 80% of the fund's net assets, including assets attributable to preferred shares and borrowings for investment purposes, in investment grade debt instruments. Investment grade debt instruments are those that are rated at the time of purchase in one of the top four rating categories by Moody's; or if not rated by Moody's, by S&P; or if not rated by Moody's or S&P, by Fitch. If a debt instrument is unrated, MFS may assign a rating which it considers to be equivalent to that of a major credit rating.

MFS may also invest in lower quality debt instruments.

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 a relatively high percentage of the fund's assets in 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.

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

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.

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 instruments, whose potential income return is inversely related to changes in a floating interest rate. Inverse floating rate instruments 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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## DIVIDEND REINVESTMENT PLAN

Pursuant to the fund's Dividend Reinvestment Plan (the "Plan"), all Common shareholders whose shares are registered in their own names will have all distributions reinvested automatically in additional shares of the fund by Computershare (the "Plan Agent") unless a shareholder elects to receive cash. Shareholders whose shares are held in the name of a broker or nominee will have distributions reinvested automatically by the broker or nominee in additional shares under the Plan, unless the service is not provided by the broker or the nominee or the shareholder elects to receive distributions in cash. If the service is not available, such distributions will be paid in cash. Shareholders whose shares are held in the name of a broker or nominee should contact the broker or nominee for details. All distributions to shareholders who elect not to participate in the Plan will be paid by check mailed directly to the shareholder of record on the record date by the Plan Agent as the dividend disbursing agent.

Non-participants in the Plan will receive distributions in cash. Distributions payable to participants in the Plan will be applied by the Plan Agent, acting as agent for Plan participants, to the purchase of shares of the fund. Such shares will be purchased by the Plan Agent at the then current market price of such shares in the open market, on the New York Stock Exchange or elsewhere, for the participants' accounts.

Participants in the Plan may withdraw from the Plan upon written notice to the Plan Agent. When a participant withdraws from the Plan or upon termination of the Plan as provided below, certificates for whole shares credited to his account under the Plan will be issued and a cash payment will be made for any fraction of a share credited to such account. A shareholder's notice of election to withdraw from the Plan must be received by the Plan Agent before the record date for a dividend in order to be given effect with respect to that dividend.

In the case of shareholders such as banks, brokers or nominees holding shares for others who are the beneficial owners of those shares, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the shareholder of record as representing the total amount registered in such shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

There is no charge to Plan participants for reinvesting distributions. The Plan Agent's fees for the handling of the reinvestment of distributions will be paid by the fund. Each participant in the Plan will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of distributions. Purchase orders from the participants in the Plan may be combined with those of other participants and

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*Dividend Reinvestment Plan continued*

the price paid by any particular participant may be the average of the price paid on various orders executed on behalf of groups of participants in the Plan. The automatic reinvestment of distributions will not relieve participants of any income tax that may be payable on such dividends or distributions.

The Plan may be amended or terminated on 30 days written notice to Plan participants. Contact the Plan Agent for additional information regarding the Plan. All communication concerning the Plan should be directed to Computershare Trust Company, N.A. by mail at P.O. Box 43078, Providence, RI 02940-3078, by phone at 1-800-637-2304 or by going to the Plan Agent's website at [www.computershare.com](http://www.computershare.com).

The following changes in the Plan will take effect on November 1, 2008:

Purchases for reinvested dividends 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.

You can buy shares of the fund through the Plan Agent on a quarterly basis. Investments may be made in any amount of \$100 or more. Contact the Plan Agent for further information.

If you withdraw from the Plan you will have three options with regard to shares held in the Plan:

Your full non-certificated shares will be held by the Plan Agent in your account in book-entry form and a check will be issued for the value of any fractional shares, less any applicable fees and brokerage charges.

The Plan Agent will sell all full and fractional shares and send the proceeds via check to your address of record. A service fee and a brokerage charge will be deducted from the proceeds.

If you opt to sell your shares through an investment professional, you may request your investment professional to transfer shares electronically from your Plan account to your brokerage firm account.

**Table of Contents****PORTFOLIO OF INVESTMENTS**

5/31/08 (unaudited)

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 - 147.5%**

| <b>Issuer</b>   | <b>Shares/Par</b> | <b>Value (\$)</b> |
|---|-------------------|-------------------|
| <b>Airport &amp; Port Revenue - 2.0%</b>  |                   |                   |
| Massachusetts Port Authority Rev., C, FGIC, 5.75%, 2010 (c)   | \$ 2,000,000      | \$ 2,125,380      |
| New York, NY, City Industrial Development Authority Rev. (Terminal One Group Assn.), 5.5%, 2021         | 250,000           | 256,683           |
|   |                   | \$ 2,382,063      |
| <b>General Obligations - General Purpose - 6.3%</b>   |                   |                   |
| Chicago, IL (Emergency Telecommunications Systems), FGIC, 5.5%, 2023                                    | \$ 1,000,000      | \$ 1,109,410      |
| Chicago, IL, A, AMBAC, 6.25%, 2014  | 1,480,000         | 1,690,915         |
| Commonwealth of Puerto Rico, Public Improvement, A, 5%, 2030 (a)  | 415,000           | 416,195           |
| Commonwealth of Massachusetts, C, 5.25%, 2017   | 1,000,000         | 1,118,600         |
| Highlands Ranch, CO, Metropolitan District, FSA, 6.5%, 2011   | 650,000           | 718,809           |
| Highlands Ranch, CO, Metropolitan District, ETM, FSA, 6.5%, 2011 (c)                                    | 725,000           | 805,316           |
| St. Clair County, IL, Capital Appreciation, FGIC, 0%, 2016 (f)  | 2,000,000         | 1,396,660         |
| State of California, 5.75%, 2019  | 70,000            | 70,347            |
|   |                   | \$ 7,326,252      |
| <b>General Obligations - Improvement - 1.4%</b>   |                   |                   |
| St. Clair County, IL, Public Building Capital Appreciation, B, FGIC, 0%, 2013                           | \$ 2,000,000      | \$ 1,620,360      |
| <b>General Obligations - Schools - 5.2%</b>   |                   |                   |
| Garden City, MI, School District, 5.5%, 2011 (c)  | \$ 325,000        | \$ 349,619        |
| Modesto, CA, High School District (Stanislaus County), A, FGIC, 0%, 2019                                | 1,350,000         | 785,727           |
| Pomona, CA, Unified School District, A, MBIA, 6.45%, 2022   | 1,000,000         | 1,113,410         |
| San Lorenzo, CA, Unified School District, Alameda County, Election 2004, B, FGIC, 4.75%, 2037           | 640,000           | 637,958           |
| St. Johns, MI, Public Schools, FGIC, 5.1%, 2025   | 1,000,000         | 1,083,420         |
| West Contra Costa, CA, Unified School District, B, MBIA, 6%, 2024                                       | 250,000           | 282,915           |
| Will County, IL, School District (Channahon), AMBAC, 8.5%, 2015   | 1,400,000         | 1,832,978         |
|   |                   | \$ 6,086,027      |
| <b>Healthcare Revenue - Hospitals - 27.6%</b>   |                   |                   |
| Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), A, 5.375%, 2040 | \$ 405,000        | \$ 340,832        |
| Augusta County, VA, Industrial Development Authority (Augusta Health Care, Inc.), 5.25%, 2019           | 1,000,000         | 1,057,380         |



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

| <b>Issuer</b>   | <b>Shares/Par</b> | <b>Value (\$)</b> |
|---|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>  |                   |                   |
| Healthcare Revenue - Hospitals - continued  |                   |                   |
| California Health Facilities Financing Authority Rev. (Catholic Healthcare West), I , 4.95%, 2026 (a)                       | \$ 200,000        | \$ 209,492        |
| California Statewide Communities Development Authority Rev. (Catholic Healthcare West) K , ASSD<br>GTY, 5.5%, 2041          | 335,000           | 348,822           |
| California Statewide Communities Development Authority Rev. (Children s Hospital), 5%, 2047                                 | 575,000           | 473,173           |
| California Statewide Communities Development Authority Rev. (Sutter Health), B , 5.25%, 2048                                | 615,000           | 609,902           |
| California Statewide Communities Development Authority Rev.<br>(St. Joseph Health System), FGIC, 5.75%, 2047                | 490,000           | 519,586           |
| Cass County, MO, Hospital Rev., 5.625%, 2038  | 135,000           | 126,222           |
| Colorado Health Facilities Authority Rev. (Poudre Valley Health Care, Inc.), B , FSA, 5.25%, 2036                           | 450,000           | 458,933           |
| Colorado Health Facilities Authority Rev. (Poudre Valley Health Care, Inc.), C , FSA, 5.25%, 2040                           | 175,000           | 178,152           |
| Colorado Health Facilities Authority Rev. (Valley View Hospital Assn.), 5.75%, 2036   | 245,000           | 246,465           |
| Delaware Health Facilities Authority Rev. (Beebe Medical Center Project), A , 5%, 2016                                      | 500,000           | 505,930           |
| District of Columbia Hospital Rev. (Children s Hospital Obligated Group), FSA, 5.25%, 2045                                  | 370,000           | 372,287           |
| Glendale, AZ, Industrial Development Authority (John C. Lincoln Health), 5%, 2042   | 100,000           | 86,929            |
| Health Care Authority for Baptist Health, AL, D , 5%, 2021  | 850,000           | 836,902           |
| Henderson, NV, Health Care Facilities Rev. (Catholic West), A , 6.75%, 2010 (c)   | 440,000           | 481,870           |
| Henderson, NV, Health Care Facilities Rev. (Catholic West), A ,<br>6.75%, 2010 (c)  | 60,000            | 65,187            |
| Hillsborough County, FL, Industrial Development Rev. (Tampa General Hospital Project), 5%, 2021                             | 400,000           | 401,596           |
| Illinois Development Finance Authority Hospital Rev. (Adventist Health Systems Sunbelt Obligatory),<br>5.5%, 2009 (c)       | 900,000           | 951,183           |
| Illinois Finance Authority Rev. (Children s Memorial Hospital), A , ASSD GTY, 5.25%, 2047                                   | 540,000           | 546,766           |
| Illinois Finance Authority Rev. (Edward Hospital), AMBAC, 5.5%, 2040  | 470,000           | 483,804           |
| Illinois Finance Authority Rev. (Rush University Medical Center), B , MBIA, 5.25%, 2035                                     | 100,000           | 98,002            |
| Illinois Health Facilities Authority Rev. (Swedish American Hospital),<br>6.875%, 2010 (c)                                  | 500,000           | 540,450           |
| Indiana Health & Educational Facilities Authority, Hospital Rev. (Community Foundation of Northwest<br>Indiana), 5.5%, 2037 | 845,000           | 747,529           |

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

| <b>Issuer</b>   | <b>Shares/Par</b> | <b>Value (\$)</b> |
|---|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>  |                   |                   |
| <b>Healthcare Revenue - Hospitals - continued</b>   |                   |                   |
| Indiana Health & Educational Facilities Financing Authority Rev. (Jackson County Schneck Memorial Hospital), A , 5.25%, 2036      | \$ 350,000        | \$ 339,052        |
| Indiana Health & Educational Facilities Financing Authority Rev. (Sisters of St. Francis Health Services, Inc.), FSA, 5.25%, 2041 | 515,000           | 524,131           |
| Indiana Health Facilities Financing Authority Rev. (Community Foundation of Northwest Indiana ), A , 6%, 2034                     | 150,000           | 144,102           |
| Louisiana Public Facilities Authority Hospital Rev. (Lake Charles Memorial Hospital), 6.375%, 2034                                | 380,000           | 361,627           |
| Lufkin, TX, Health Facilities Development Corp. Rev. (Memorial Health System), 5.5%, 2032   | 45,000            | 42,495            |
| Lufkin, TX, Health Facilities Development Corp. Rev. (Memorial Health System), 5.5%, 2037   | 45,000            | 41,991            |
| Maryland Health & Higher Educational Facilities Authority Rev. (Adventist Healthcare), A , 5%, 2016                               | 250,000           | 253,020           |
| Maryland Health & Higher Educational Facilities Authority Rev. (Adventist Healthcare), A , 5.75%, 2025                            | 250,000           | 253,673           |
| Maryland Health & Higher Educational Facilities Authority Rev. (Lifebridge Health), ASSD GTY, 5%, 2034                            | 250,000           | 255,665           |
| Maryland Health & Higher Educational Facilities Authority Rev. (Medstar Health), BHAC, 5.25%, 2046                                | 365,000           | 364,390           |
| Maryland Health & Higher Educational Facilities Authority Rev. (Mercy Medical Center), A , 5.5%, 2042                             | 300,000           | 286,251           |
| Maryland Health & Higher Educational Facilities Authority Rev. (University of Maryland Medical System), 6.75%, 2010 (c)           | 250,000           | 274,525           |
| Maryland Health & Higher Educational Facilities Authority Rev. (Washington County Hospital), 5.75%, 2038                          | 65,000            | 62,934            |
| Maryland Health & Higher Educational Facilities Authority Rev. (Washington County Hospital), 6%, 2043                             | 95,000            | 94,583            |
| Massachusetts Health & Educational Facilities Authority Rev. (Civic Investments, Inc.), A , 9%, 2012 (c)                          | 250,000           | 301,413           |
| Massachusetts Health & Educational Facilities Authority Rev. (Milford-Whitinsville Regional), C , 5.75%, 2013                     | 500,000           | 508,505           |
| Massachusetts Health & Educational Facilities Authority Rev. (South Shore Hospital), 5.75%, 2009 (c)                              | 630,000           | 662,061           |
| Massachusetts Health & Educational Facilities Authority Rev., (South Shore), 5.75%, 2029  | 370,000           | 370,703           |
| Massachusetts Health & Educational Facilities (Quincy Medical Center) A , 6.5%, 2038  | 165,000           | 164,340           |
| Michigan Hospital Finance Authority Rev., (Oakwood Obligated Group), 5.5%, 2018   | 400,000           | 410,500           |
| New Hampshire Health & Educational Facilities Authority Rev. (Catholic Medical Center), A , 6.125%, 2012 (c)                      | 440,000           | 495,898           |

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

| <b>Issuer</b>  | <b>Shares/Par</b> | <b>Value (\$)</b> |
|--|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>   |                   |                   |
| Healthcare Revenue - Hospitals - continued   |                   |                   |
| New Hampshire Health & Educational Facilities Authority Rev. (Catholic Medical Center), A , 6.125%, 2032               | \$ 60,000         | \$ 61,014         |
| New Hampshire Health & Educational Facilities Authority Rev. (Memorial Hospital at Conway), 5.25%, 2036                | 300,000           | 263,790           |
| New Jersey Health Care Facilities, Financing Authority Rev. (St. Peter s University Hospital), 5.75%, 2037             | 415,000           | 406,372           |
| New York Dormitory Authority Rev. (North Shore Long Island Jewish Group), 5.5%, 2013 (c)                               | 100,000           | 110,368           |
| New York Dormitory Authority Rev., Non-State Supported Debt (Mt. Sinai NYU Health), 5.5%, 2026                         | 200,000           | 199,992           |
| New York Dormitory Authority Rev., Non-State Supported Debt (Mt. Sinai NYU Health), C , 5.5%, 2026                     | 300,000           | 299,988           |
| Orange County, FL, Health Facilities Authority Hospital Rev. (Orlando Regional Healthcare), 5.75%, 2012 (c)            | 150,000           | 166,748           |
| Orange County, FL, Health Facilities Authority Hospital Rev. (Orlando Regional Healthcare), C , MBIA, 6.25%, 2013      | 720,000           | 812,779           |
| Orange County, FL, Health Facilities Authority Hospital Rev. (Orlando Regional Healthcare), C , ETM, 6.25%, 2013 (c)   | 1,740,000         | 2,002,444         |
| Orange County, FL, Health Facilities Authority Hospital Rev. (Orlando Regional Healthcare), E , 6%, 2009 (c)           | 5,000             | 5,297             |
| Orange County, FL, Health Facilities Authority Hospital Rev. (Orlando Regional Healthcare), E , 6%, 2026               | 170,000           | 174,835           |
| Philadelphia, PA, Hospitals & Higher Education Facilities Authority Rev. (Temple University Hospital), A , 5.5%, 2030  | 395,000           | 368,705           |
| Rhode Island Health & Educational Building Corp., Hospital Financing (Lifespan Obligated Group), 6.375%, 2012 (c)      | 435,000           | 492,102           |
| Rhode Island Health & Educational Building Corp., Hospital Financing (Lifespan Obligated Group), 6.375%, 2021          | 65,000            | 69,583            |
| Saline County, MO, Industrial Development Authority Rev. (John Fitzgibbon Memorial Hospital, Inc.), 5.625%, 2035       | 500,000           | 441,390           |
| Skagit County, WA, Public Hospital District No. 001, 5.75%, 2032   | 65,000            | 63,335            |
| South Broward, FL, Hospital District Rev., 5.625%, 2012 (c)  | 1,000,000         | 1,102,270         |
| South Carolina Jobs Economic Development Authority (Bon Secours), 5.5%, 2012 (c)                                       | 110,000           | 121,031           |
| South Carolina Jobs Economic Development Authority (Bon Secours), 5.5%, 2023   | 390,000           | 398,143           |
| South Dakota Health & Educational Facilities Authority Rev. (Sioux Valley Hospitals & Health Systems), A , 5.25%, 2034 | 250,000           | 247,870           |
| Southwestern, IL, Development Authority Rev. (Anderson Hospital), 5.375%, 2015   | 380,000           | 385,700           |
| Southwestern, IL, Development Authority Rev. (Anderson Hospital), 5.125%, 2036   | 1,000,000         | 874,280           |

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*Portfolio of Investments (unaudited) continued*

| <b>Issuer</b>  | <b>Shares/Par</b> | <b>Value (\$)</b> |
|--|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>   |                   |                   |
| <b>Healthcare Revenue - Hospitals - continued</b>  |                   |                   |
| St. Paul, MN, Housing & Redevelopment Authority Healthcare Facilities Rev. (Healthpartners Obligated Group), 5.25%, 2023             | \$ 325,000        | \$ 319,378        |
| St. Paul, MN, Housing & Redevelopment Authority Healthcare Facilities Rev. (Healthpartners Obligated Group), 5.25%, 2036             | 615,000           | 566,864           |
| St. Paul, MN, Port Authority Lease Rev. (Regions Hospital), 1 , 5%, 2036   | 675,000           | 541,222           |
| Sullivan County, TN, Health, Educational & Housing Facilities Board Hospital Rev. (Wellmont Health Systems Project), C , 5.25%, 2026 | 1,000,000         | 975,850           |
| Sullivan County, TN, Health, Educational & Housing Facilities Board Hospital Rev. (Wellmont Health Systems Project), C , 5.25%, 2036 | 135,000           | 126,509           |
| Sumner County, TN, Health, Educational & Housing Facilities Board Rev. (Sumner Regional Health), A , 5.5%, 2046                      | 1,000,000         | 910,000           |
| Tyler, TX, Health Facilities Development Corp. (East Texas Medical Center), A , 5.25%, 2032  | 265,000           | 239,059           |
| Tyler, TX, Health Facilities Development Corp. (East Texas Medical Center), A , 5.375%, 2037   | 220,000           | 196,387           |
| University of Kansas Hospital Authority Health Facilities Rev. (KU Health Systems), 5.625%, 2012 (c)                                 | 500,000           | 552,515           |
| Washington Health Care Facilities Authority Rev. (Mason Medical), A , 6.25%, 2042  | 570,000           | 558,121           |
| Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), 6.4%, 2033                                      | 175,000           | 179,454           |
| Wisconsin Health & Educational Facilities Authority Rev. (Fort Healthcare, Inc. Project), 5.375%, 2018                               | 385,000           | 388,761           |
| Wisconsin Health & Educational Facilities Authority Rev. (Wheaton Franciscan Services), 5.25%, 2034                                  | 695,000           | 617,508           |
|  |                   | \$ 32,138,917     |
| <b>Healthcare Revenue - Long Term Care - 10.6%</b>   |                   |                   |
| Abilene, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement), A , 7%, 2033              | \$ 500,000        | \$ 508,765        |
| Bexar County, TX, Health Facilities Development Corp. (Army Retirement Residence), 5%, 2033  | 760,000           | 657,658           |
| Bucks County, PA, Industrial Development Authority, Retirement Community Rev. (Ann s Choice, Inc.), 6.125%, 2025                     | 500,000           | 503,600           |
| Capital Projects Finance Authority, FL (Glenridge on Palmer Ranch), A , 8%, 2012 (c)   | 500,000           | 592,665           |
| Chartiers Valley, PA, Industrial & Commercial Development Authority Rev. (Friendship Village South), A , 5.25%, 2013                 | 500,000           | 491,495           |
| Chester County, PA, Industrial Development Authority Rev. (RHA Nursing Home), 8.5%, 2032   | 720,000           | 727,366           |
| Cole County, MO, Industrial Development Authority, Senior Living Facilities Rev. (Lutheran Senior Services), 5.5%, 2035              | 500,000           | 475,825           |

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

| <b>Issuer</b>   | <b>Shares/Par</b> | <b>Value (\$)</b> |
|---|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>  |                   |                   |
| Healthcare Revenue - Long Term Care - continued   |                   |                   |
| Colorado Health Facilities Authority Rev. (Covenant Retirement Communities, Inc.), 5%, 2016                                     | \$ 860,000        | \$ 853,541        |
| Connecticut Development Authority First Mortgage Gross Rev., Health Care Project (Elim Park Baptist, Inc. Project), 5.75%, 2023 | 250,000           | 252,103           |
| Delaware County, PA, Industrial Development Authority Rev. (Care Institute-Main Line LLC), 9%, 2031 (d)                         | 535,000           | 386,238           |
| Fulton County, GA, Residential Care Facilities (Canterbury Court), A , 6.125%, 2034   | 250,000           | 240,143           |
| Fulton County, GA, Residential Care Facilities, First Mortgage (Lenbrook Square Foundation, Inc.), A , 5%, 2029                 | 270,000           | 222,788           |
| Illinois Finance Authority Rev. (Hoosier Care, Inc.), A , 7.125%, 2034  | 440,000           | 425,625           |
| Illinois Finance Authority Rev. (Smith Village), A , 6.25%, 2035  | 500,000           | 473,090           |
| Illinois Health Facilities Authority Rev. (Lutheran Senior Ministries, Inc.), 7.375%, 2011 (c)                                  | 250,000           | 286,440           |
| Illinois Health Facilities Authority Rev. (Smith Crossing), A , 7%, 2032  | 250,000           | 253,363           |
| Johnson City, TN, Health & Educational Facilities Board (Appalachian Christian Village), A , 6.25%, 2032                        | 250,000           | 235,853           |
| Juneau, AK, City & Borough Non-Recourse Rev. (St. Ann s Care Project), 6.875%, 2025   | 455,000           | 430,071           |
| Kentwood, MI, Economic Development Ltd. (Holland Home), A , 5.375%, 2036  | 500,000           | 451,310           |
| La Verne, CA, COP (Brethren Hillcrest Homes), B , 6.625%, 2025  | 350,000           | 361,596           |
| Lee County, FL, Industrial Development Authority Health Care Facilities Rev. (Shell Point Village), A , 5.5%, 2009 (c)          | 175,000           | 184,823           |
| Massachusetts Development Finance Agency Rev. (Loomis Communities, Inc.), A , 5.625%, 2015                                      | 200,000           | 200,824           |
| Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.125%, 2028                         | 200,000           | 188,136           |
| Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.25%, 2035                          | 300,000           | 279,087           |
| New Jersey Economic Development Authority Rev. (Lions Gate), A , 5.75%, 2025  | 310,000           | 292,600           |
| New Jersey Economic Development Authority Rev. (Lions Gate), A , 5.875%, 2037   | 100,000           | 91,323            |
| New Jersey Economic Development Authority Rev., (Winchester), A , 5.75%, 2024   | 350,000           | 342,349           |
| Savannah, GA, Economic Development Authority, (Marshes of Skidway), A , 7.4%, 2024  | 250,000           | 258,003           |
| Shelby County, TN, Health, Educational & Housing Facilities Board Rev. (Germantown Village), A , 7.25%, 2034                    | 150,000           | 144,378           |

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

| <b>Issuer</b>   | <b>Shares/Par</b> | <b>Value (\$)</b> |
|---|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>  |                   |                   |
| Healthcare Revenue - Long Term Care - continued   |                   |                   |
| South Carolina Jobs & Economic Development Authority, Health Facilities Rev. (Wesley Commons), 5.3%, 2036     | \$ 250,000        | \$ 202,860        |
| Suffolk County, NY, Industrial Development Agency, Civic Facilities Rev. (Gurwin Jewish Phase II), 6.7%, 2039 | 500,000           | 503,615           |
| Westminster, MD, Economic Development Rev. (Carroll Lutheran Village), A, 5.875%, 2021                        | 500,000           | 497,065           |
| Wisconsin Health & Educational Facilities Authority Rev. (Three Pillars Senior Communities), 5.6%, 2023       | 300,000           | 301,986           |
|   |                   | \$ 12,316,584     |
| Human Services - 0.2%   |                   |                   |
| Massachusetts Development Finance Agency Rev. (Evergreen Center, Inc.), 5%, 2024                              | \$ 250,000        | \$ 222,820        |
| Industrial Revenue - Airlines - 0.1%  |                   |                   |
| Chicago, IL, O Hare International Airport Special Facilities Rev. (American Airlines, Inc.), 5.5%, 2030       | \$ 105,000        | \$ 57,924         |
| Dallas Fort Worth, TX, International Airport Facility Improvement Corp. (American Airlines, Inc.), 5.5%, 2030 | 105,000           | 56,340            |
|   |                   | \$ 114,264        |
| Industrial Revenue - Chemicals - 0.4%   |                   |                   |
| Brazos River, TX, Harbor Navigation District (Dow Chemical Co.), B-2, 4.95%, 2033                             | \$ 500,000        | \$ 451,000        |
| Industrial Revenue - Other - 3.4%   |                   |                   |
| Gulf Coast, TX, Industrial Development Authority Rev. (CITGO Petroleum Corp.), 8%, 2028                       | \$ 250,000        | \$ 261,455        |
| Houston, TX, Industrial Development Corp. (United Parcel Service, Inc.), 6%, 2023                             | 345,000           | 341,309           |
| Indianapolis, IN, Airport Authority Rev., Special Facilities (FedEx Corp.), 5.1%, 2017                        | 250,000           | 241,120           |
| Michigan Strategic Fund Ltd. Obligation Rev. (Michigan Sugar Co., Carrollton), 6.55%, 2025                    | 250,000           | 247,170           |
| Missouri Development Finance Board Solid Waste Disposal Rev. (Procter & Gamble Paper Products), 5.2%, 2029    | 250,000           | 255,095           |
| New Jersey Economic Development Authority Rev. (GMT Realty LLC), B, 6.875%, 2037                              | 500,000           | 495,945           |
| Toledo Lucas County, OH, Port Authority Rev., Facilities (CSX, Inc. Project), 6.45%, 2021                     | 1,000,000         | 1,059,380         |
| Washington County, NE, Wastewater Facilities Rev. (Cargill, Inc. Project), 5.9%, 2027                         | 1,000,000         | 1,025,950         |
|   |                   | \$ 3,927,424      |

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

| <b>Issuer</b>   | <b>Shares/Par</b> | <b>Value (\$)</b> |
|---|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>  |                   |                   |
| <b>Industrial Revenue - Paper - 1.4%</b>  |                   |                   |
| Camden, AL, Industrial Development Board Exempt Facilities Rev., B (Weyerhaeuser Co.), 6.375%, 2024 | \$ 275,000        | \$ 272,099        |
| Camden, AR, Environmental Improvement Rev. (International Paper Co.), A, 5%, 2018                   | 500,000           | 457,690           |
| Escambia County, FL, Environmental Improvement Rev. (International Paper Co.), 5.75%, 2027          | 250,000           | 228,608           |
| Lowndes County, MS, Solid Waste Disposal & Pollution Control Rev. (Weyerhaeuser Co.), B, 6.7%, 2022 | 325,000           | 344,250           |
| Rockdale County, GA, Development Authority Project Rev. (Visy Paper Project), A, 6.125%, 2034       | 320,000           | 316,518           |
|   |                   | \$ 1,619,165      |
| <b>Miscellaneous Revenue - Entertainment &amp; Tourism - 0.9%</b>                                   |                   |                   |
| Cabazon Band Mission Indians, CA, 8.375%, 2015 (z)  | \$ 100,000        | \$ 103,674        |
| Cabazon Band Mission Indians, CA, 8.75%, 2019 (z)   | 360,000           | 375,671           |
| Cow Creek Band of Umpqua Tribe of Indians, OR, C, 5.625%, 2026 (n)                                  | 350,000           | 313,989           |
| New York Liberty Development Corp. Rev. (National Sports Museum), A, 6.125%, 2019                   | 250,000           | 250,808           |
|   |                   | \$ 1,044,142      |
| <b>Miscellaneous Revenue - Other - 3.4%</b>   |                   |                   |
| Austin, TX, Convention Center (Convention Enterprises, Inc.), A, XLCA, 5.25%, 2024                  | \$ 90,000         | \$ 87,479         |
| Austin, TX, Convention Center (Convention Enterprises, Inc.), A, XLCA, 5.25%, 2019                  | 190,000           | 190,382           |
| Austin, TX, Convention Center (Convention Enterprises, Inc.), A, XLCA, 5.25%, 2020                  | 155,000           | 154,064           |
| Boston, MA, Industrial Development Financing Authority Rev. (Crosstown Center Project), 6.5%, 2035  | 275,000           | 251,204           |
| District of Columbia Rev. (Smithsonian Institution), 5%, 2028                                       | 1,000,000         | 1,011,780         |
| Louisiana Public Facilities Authority Rev. (Pennington Medical Foundation Project), 5%, 2021        | 1,000,000         | 1,011,220         |
| New York Convention Center Operating Corp. (Yale Building), ETM, 0%, 2008 (c)                       | 700,000           | 700,000           |
| Summit County, OH, Port Authority Building Rev. (Seville Project), A, 5.1%, 2025                    | 455,000           | 432,491           |
| V Lakes Utility District Ranking Water Systems Rev., 7%, 2037                                       | 85,000            | 77,664            |
|   |                   | \$ 3,916,284      |

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

| <b>Issuer</b>   | <b>Shares/Par</b> | <b>Value (\$)</b> |
|---|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>  |                   |                   |
| Multi-Family Housing Revenue - 7.3%   |                   |                   |
| Broward County, FL, Housing Finance Authority Rev. (Chaves Lakes Apartments Ltd.), A , 7.5%, 2040             | \$ 500,000        | \$ 510,635        |
| Capital Trust Agency, FL, Housing Authority Rev. (Atlantic Housing Foundation), C , 5.875%, 2028              | 375,000           | 351,394           |
| Charter Mac Equity Issuer Trust, 6.3%, 2019 (n)   | 500,000           | 552,775           |
| Charter Mac Equity Issuer Trust, B , 7.6%, 2010 (a)(n)  | 500,000           | 543,720           |
| Clay County, FL, Housing Finance Authority Rev. (Madison Commons Apartments), A , 7.45%, 2040                 | 245,000           | 248,658           |
| District of Columbia Housing Finance Agency (Henson Ridge), FHA, 5.1%, 2037                                   | 500,000           | 465,710           |
| Durham, NC, Durham Housing Authority Rev. (Magnolia Pointe Apartments), 5.65%, 2038 (a)                       | 399,363           | 370,569           |
| GMAC Municipal Mortgage Trust, B-1 , 5.6%, 2039 (a)(n)  | 500,000           | 486,430           |
| Massachusetts Housing Finance Agency Rev., B , 5%, 2030   | 455,000           | 453,075           |
| Massachusetts Housing Finance Agency Rev., E , 5%, 2028   | 250,000           | 239,368           |
| MuniMae TE Bond Subsidiary LLC, 5.5%, 2049 (a)(n)   | 1,000,000         | 1,013,740         |
| New Mexico Mortgage Finance Authority, Multi-Family Housing Rev. (Sun Pointe Apartments), E , FHA, 4.8%, 2040 | 500,000           | 439,790           |
| Pass-Through Certificates, 1993 , 8.5%, 2016 (z)  | 227,741           | 225,042           |
| Seattle, WA, Housing Authority Rev., Capped Fund Program (High Rise Rehab), I , FSA, 5%, 2025                 | 500,000           | 482,510           |
| Tacoma, WA, Housing Authority Multi-Family Rev. (HSG-GNMA Collateral Mortgage Loans Redwood), 5.05%, 2037     | 1,040,000         | 960,710           |
| White Bear Lake, MN, Multi-Family Housing Rev. (Birch Lake), A , 10.25%, 2019                                 | 775,000           | 767,250           |
| White Bear Lake, MN, Multi-Family Housing Rev. (Birch Lake), B , 0%, 2019                                     | 660,000           | 343,200           |
|   |                   | \$ 8,454,576      |
| <b>Sales &amp; Excise Tax Revenue - 4.7%</b>  |                   |                   |
| Bolingbrook, IL, Sales Tax Rev., 0% to 2008, 6.25% to 2024  | \$ 250,000        | \$ 253,793        |
| Massachusetts Bay Transportation Authority Sales Tax Rev., 5%, 2031   | 750,000           | 798,998           |
| New York Local Government Assistance Corp., E , 5%, 2021  | 3,000,000         | 3,261,870         |
| Tampa, FL, Sports Authority Rev. (Sales Tax-Tampa Bay Arena), MBIA, 5.75%, 2025                               | 1,000,000         | 1,166,510         |
|   |                   | \$ 5,481,171      |
| <b>Single Family Housing - Local - 0.8%</b>   |                   |                   |
| Chicago, IL, Single Family Mortgage Rev., A , GNMA, 7.15%, 2031   | \$ 15,000         | \$ 15,038         |
| Minneapolis & St. Paul Housing Authority Rev. (City Living), A-2 , GNMA, 5%, 2038                             | 489,299           | 446,872           |



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*Portfolio of Investments (unaudited) continued*

| Issuer  | Shares/Par   | Value (\$)   |
|---|--------------|--------------|
| <b>Municipal Bonds - continued</b>  |              |              |
| Single Family Housing - Local - continued   |              |              |
| Pittsburgh, PA, Urban Redevelopment Authority Rev., C, GNMA, 4.8%, 2028   | \$ 500,000   | \$ 469,410   |
|   |              | \$ 931,320   |
| Single Family Housing - State - 2.3%  |              |              |
| Colorado Housing & Finance Authority Rev. (Single Family Project), B-2, 7.25%, 2031                               | \$ 45,000    | \$ 46,655    |
| Maine Housing Authority Mortgage, A-2, 4.95%, 2027  | 500,000      | 466,100      |
| Montana Board of Housing (Single Family Mortgage), A, 5%, 2036  | 895,000      | 814,987      |
| North Dakota Housing Finance Agency Rev., A, 4.85%, 2021  | 480,000      | 465,072      |
| Tennessee Housing Development Agency (Homeownership Program 2007), 4.65%, 2027                                    | 1,000,000    | 907,740      |
|   |              | \$ 2,700,554 |
| Solid Waste Revenue - 1.9%  |              |              |
| Delaware County, PA, Industrial Development Authority Rev. (American Ref-Fuel), A, 6.1%, 2013                     | \$ 1,000,000 | \$ 1,005,880 |
| Massachusetts Industrial Finance Agency, Resource Recovery Rev. (Ogden Haverhill Associates), A, 5.45%, 2012      | 1,250,000    | 1,263,888    |
|   |              | \$ 2,269,768 |
| State & Agency - Other - 0.2%   |              |              |
| Commonwealth of Puerto Rico (Mepsi Campus), A, 6.25%, 2024  | \$ 100,000   | \$ 97,692    |
| Commonwealth of Puerto Rico (Mepsi Campus), A, 6.5%, 2037   | 100,000      | 95,587       |
|   |              | \$ 193,279   |
| State & Local Agencies - 17.2%  |              |              |
| Andover, MN, Economic Development Authority Public Facilities Lease Rev. (Andover Community Center), 5%, 2019 (c) | \$ 245,000   | \$ 255,393   |
| Andover, MN, Economic Development Authority Public Facilities Lease Rev. (Andover Community Center), 5%, 2019 (j) | 355,000      | 382,605      |
| Arizona Game & Fish Department (AGF Administration Building Project), 5%, 2026                                    | 900,000      | 896,787      |
| Berkeley County, SC, School District Installment Lease (Securing Assets for Education), 5%, 2028                  | 500,000      | 494,940      |
| Dorchester County, SC, School District No. 2, Growth Remedy Opportunity Tax Hike, 5.25%, 2029                     | 250,000      | 250,543      |
| Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Enhanced, B, 5.5%, 2013 (c)              | 500,000      | 546,630      |
| Hibbing, MN, Economic Development Authority Rev. (Public Project Hibbing Lease Obligations), 6.4%, 2012           | 335,000      | 335,281      |
| Indiana Office Building Commission Correction Facilities Program Rev. (Women's Prison), B, AMBAC, 6.25%, 2016     | 2,820,000    | 3,180,058    |

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*Portfolio of Investments (unaudited) continued*

| Issuer   | Shares/Par   | Value (\$)    |
|--|--------------|---------------|
| <b>Municipal Bonds - continued</b>   |              |               |
| <b>State &amp; Local Agencies - continued</b>  |              |               |
| Lancaster, SD, Educational Assistance Program, Inc., School District Lancaster County Project, 5%, 2026                        | \$ 550,000   | \$ 528,820    |
| Laurens County, SC, School District No. 55, Installment Purchase Rev., 5.25%, 2030   | 350,000      | 335,734       |
| Los Angeles County, CA, Schools Regionalized Business Service Corp., Capital Appreciation Pooled Financing, A, AMBAC, 0%, 2021 | 2,135,000    | 1,101,959     |
| Missouri Development Finance Board Infrastructure Facilities Rev. (Eastland Center Project), A, 5%, 2021                       | 570,000      | 579,724       |
| Montana Facilities Finance Authority Healthcare Facilities Rev. (Master Loan Program Children s Home), B, 4.75%, 2024          | 250,000      | 242,230       |
| New York Dormitory Authority Rev. (City University) A, 5.75%, 2018   | 5,000,000    | 5,635,100     |
| New York Dormitory Authority Rev., State University Facilities, C, FSA, 5.75%, 2017  | 1,000,000    | 1,158,220     |
| New York Urban Development Corp. Rev. (State Facilities), 5.6%, 2015   | 1,000,000    | 1,105,720     |
| Newberry, SC, Investing in Children s Education (Newberry County School District Program), 5%, 2030                            | 350,000      | 326,456       |
| St. Louis, MO, Industrial Development Authority Leasehold Rev. (Convention Center Hotel), AMBAC, 0%, 2018                      | 300,000      | 183,315       |
| Utah Building Ownership Authority Lease Rev. (State Facilities Master Lease Program), C, FSA, 5.5%, 2019                       | 1,750,000    | 1,967,963     |
| West Virginia Building Commission Lease Rev. (WV Regional Jail), A, AMBAC, 5.375%, 2018  | 500,000      | 554,345       |
|  |              | \$ 20,061,823 |
| <b>Student Loan Revenue - 2.4%</b>   |              |               |
| Connecticut Higher Education Supplemental Loan Authority Rev. (Senior Family Education Loan Program), A, MBIA, 4.25%, 2019     | \$ 1,365,000 | \$ 1,266,406  |
| Nebhelp, Inc., Nebraska Rev. Jr., A-6, MBIA, 6.45%, 2018   | 1,500,000    | 1,524,720     |
|  |              | \$ 2,791,126  |
| <b>Tax - Other - 4.2%</b>  |              |               |
| Dallas County, TX, Flood Control District, 7.25%, 2032   | \$ 500,000   | \$ 515,045    |
| Dona Ana County, NM, Gross Receipts Tax Rev., AMBAC, 5.5%, 2015  | 1,000,000    | 1,119,800     |
| New Jersey Economic Development Authority Rev. (Cigarette Tax), 5.75%, 2029  | 500,000      | 490,395       |
| New York, NY, Transitional Finance Authority Rev., A, 5%, 2026   | 1,960,000    | 2,009,372     |
| Puerto Rico Infrastructure Financing Authority, B, 5%, 2026  | 750,000      | 743,805       |
|  |              | \$ 4,878,417  |

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

| <b>Issuer</b>   | <b>Shares/Par</b> | <b>Value (\$)</b>   |
|---|-------------------|---------------------|
| <b>Municipal Bonds - continued</b>  |                   |                     |
| Tax Assessment - 6.4%   |                   |                     |
| Atlanta, GA, Tax Allocation (Eastside Project), A , 5.625%, 2016  | \$ 400,000        | \$ 396,120          |
| Celebration Community Development District, FL, A , 6.4%, 2034  | 230,000           | 236,921             |
| Chicago, IL, Tax Increment Allocation (Pilsen Redevelopment), B , 6.75%, 2022                                     | 610,000           | 630,264             |
| Coralville, IA, Urban Renewal Rev., Tax Increment, C ,<br>5.125%, 2039  | 500,000           | 457,150             |
| Double Branch Community Development District, FL, A , 6.7%, 2034  | 315,000           | 323,294             |
| Du Page County, IL, Special Service Area (Monarch Landing Project), 5.4%, 2016                                    | 250,000           | 243,778             |
| Grand Bay at Doral Community Development, FL, B , 6%, 2017  | 405,000           | 374,414             |
| Heritage Harbour North Community Development District, FL, Capital Improvement Rev., 6.375%,<br>2038              | 140,000           | 126,038             |
| Huntington Beach, CA, Community Facilities District, Special Tax (Grand Coast Resort), 2000-1 ,<br>6.45%, 2031    | 300,000           | 306,906             |
| Lincoln, CA, Special Tax (Community Facilities District ), 2003-1 , 5.55%, 2013 (c)                               | 445,000           | 501,457             |
| Lincolnshire, IL, Special Service Area No. 1 (Sedgebrook Project),<br>6.25%, 2034                                 | 225,000           | 213,156             |
| Magnolia Park Community Development District, FL, Special Assessment Rev., A , 6.15%, 2039                        | 185,000           | 161,855             |
| Oakdale, CA, Public Financing Authority Tax Allocation Rev. (Central City Redevelopment Project),<br>5.375%, 2033 | 500,000           | 476,570             |
| Plano, IL, Special Service Area No. 4 (Lakewood Springs Project Unit 5-B), 6%, 2035                               | 750,000           | 695,505             |
| Portage, IN, Economic Development Rev. (Ameriplex Project),<br>5%, 2027   | 105,000           | 97,539              |
| Riverside, MO, Tax Increment Rev. (L-385 Levee Project), 5.25%, 2020  | 500,000           | 511,010             |
| Seven Oaks, FL, Community Development District II Special Assessment Rev., A , 5.875%, 2035                       | 470,000           | 399,796             |
| Seven Oaks, FL, Community Development District II Special Assessment Rev., B , 5%, 2009                           | 150,000           | 147,440             |
| Tolomato Community Development District, FL, Special Assessment Rev., 6.65%, 2040                                 | 100,000           | 95,182              |
| Volo Village, IL, Special Service Area No. 3, Special Tax (Symphony Meadows Project), 1 , 6%, 2036                | 250,000           | 225,733             |
| West Villages Improvement District, FL, Special Assessment Rev. (Unit of Development No. 3), 5.5%,<br>2037        | 495,000           | 395,218             |
| Westridge, FL, Community Development District, Capital Improvement Rev., 5.8%, 2037                               | 490,000           | 407,528             |
|   |                   | <b>\$ 7,422,874</b> |

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

| <b>Issuer</b>  | <b>Shares/Par</b> | <b>Value (\$)</b> |
|--|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>   |                   |                   |
| Tobacco - 4.5%   |                   |                   |
| Badger, WI, Tobacco Asset Securitization Corp., 6.375%, 2032   | \$ 250,000        | \$ 249,473        |
| Buckeye, OH, Tobacco Settlement Rev., Asset Backed, A-2 , 5.875%, 2030   | 480,000           | 433,262           |
| Buckeye, OH, Tobacco Settlement Rev., Asset Backed, A-2 , 5.875%, 2047   | 1,405,000         | 1,198,690         |
| Buckeye, OH, Tobacco Settlement Rev., Asset Backed, A-2 , 6.5%, 2047   | 635,000           | 592,741           |
| Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., A-1 , 6.25%, 2033 (c)   | 700,000           | 759,927           |
| Inland Empire, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Asset Backed, C-1 , 0%, 2036                                     | 250,000           | 32,970            |
| Michigan Tobacco Settlement Finance Authority Rev., Asset Backed, A , 6%, 2048   | 1,380,000         | 1,213,558         |
| South Carolina Tobacco Settlement Authority Rev., B , 6.375%, 2028   | 400,000           | 400,876           |
| Tobacco Securitization Authority of Southern California Rev., Asset Backed (San Diego County Tobacco Asset Securitization Corp.), 0%, 2046 | 6,000,000         | 340,020           |
| Virginia Tobacco Settlement Financing Corp., B-1 , 5%, 2047  | 105,000           | 80,828            |
|  |                   | \$ 5,302,345      |
| Toll Roads - 2.5%  |                   |                   |
| Foothill/Eastern Corridor Agency, CA, Toll Road Rev., A , 5%, 2035   | \$ 1,000,000      | \$ 878,730        |
| Northwest Parkway, CO, Public Highway Authority (First Tier), D , 7.125%, 2011 (c)   | 495,000           | 560,137           |
| San Joaquin Hills, CA, Transportation Corridor Agency Toll Road Rev., A , MBIA, 0%, 2015   | 2,000,000         | 1,492,000         |
|  |                   | \$ 2,930,867      |
| Transportation - Special Tax - 1.1%  |                   |                   |
| Regional Transportation Authority, IL, C , FGIC, 7.75%, 2020   | \$ 1,000,000      | \$ 1,306,620      |
| Universities - Colleges - 9.7%   |                   |                   |
| Broward County, FL, Educational Facilities Authority (Nova Southeastern), B , 5.5%, 2024   | \$ 155,000        | \$ 155,984        |
| California Municipal Finance Authority Rev. (Biola University), 5.8%, 2028   | 100,000           | 100,885           |
| California State University Rev., A , AMBAC, 5%, 2026  | 960,000           | 985,325           |
| Chicago, IL, State University Rev. Auxiliary Facilities Systems, MBIA, 5.5%, 2023  | 1,085,000         | 1,215,428         |
| Lubbock, TX, Educational Facilities Authority Rev. (Lubbock Christian University), 5.125%, 2027  | 285,000           | 271,679           |

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

| <b>Issuer</b>  | <b>Shares/Par</b> | <b>Value (\$)</b> |
|--|-------------------|-------------------|
| <b>Municipal Bonds - continued</b>   |                   |                   |
| <b>Universities - Colleges - continued</b>   |                   |                   |
| Lubbock, TX, Educational Facilities Authority Rev. (Lubbock Christian University), 5.25%, 2037   | \$ 135,000        | \$ 125,469        |
| Maryland Health & Higher Educational Facilities Authority Rev. (Loyola College), A, 5.125%, 2045   | 200,000           | 200,894           |
| Massachusetts Development Finance Agency Rev. (Western New England College), 6.125%, 2012 (c)  | 315,000           | 357,837           |
| Metropolitan Government of Nashville & Davidson County, TN, Health & Educational Facilities Board Rev. (Meharry Medical College), AMBAC, 6%, 2016          | 1,575,000         | 1,795,862         |
| Miami-Dade County, FL, Educational Facilities Authority Rev. (University of Miami), A, 5.75%, 2028   | 125,000           | 129,120           |
| Missouri Health & Educational Facilities Authority Rev. (Central Institute for the Deaf), RADIANT, 5.85%, 2010 (c)   | 600,000           | 631,794           |
| Pennsylvania Higher Educational Facilities Authority Rev. (University of Philadelphia), A, 5.125%, 2025  | 500,000           | 498,595           |
| Texas Tech University Rev. (Improvement Financing Systems), AMBAC, 5%, 2009 (c)  | 2,000,000         | 2,043,820         |
| University of Minnesota, A, ETM, 5.75%, 2014 (c)   | 500,000           | 570,170           |
| University of Minnesota, A, ETM, 5.5%, 2021 (c)  | 2,000,000         | 2,275,580         |
|  |                   | \$ 11,358,442     |
| <b>Universities - Dormitories - 0.8%</b>   |                   |                   |
| California Statewide Communities Development Authority Rev. (Lancer Educational Student Housing Project), 5.625%, 2033                                     | \$ 500,000        | \$ 453,140        |
| Middlesex County, NJ, Improvement Authority (George Street Student Housing Project), A, 5%, 2018   | 300,000           | 301,248           |
| Minneapolis, MN, Student Housing Rev. (Riverton Community Housing Project), A, 5.7%, 2040  | 250,000           | 224,990           |
|  |                   | \$ 979,378        |
| <b>Utilities - Cogeneration - 1.1%</b>   |                   |                   |
| Pennsylvania Economic Development Financing Authority Rev., Resource Recovery Rev. (Colver), G, 5.125%, 2015   | \$ 425,000        | \$ 409,012        |
| Puerto Rico Industrial, Tourist, Educational, Medical & Environmental Central Facilities (Cogeneration Facilities - AES Puerto Rico Project), 6.625%, 2026 | 320,000           | 333,072           |
| Suffolk County, NY, Industrial Development Agency Rev. (Nissequoque Cogeneration Partners Facilities), 5.5%, 2023  | 550,000           | 505,951           |
|  |                   | \$ 1,248,035      |

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*Portfolio of Investments (unaudited) continued*

| Issuer   | Shares/Par | Value (\$)           |
|--|------------|----------------------|
| <b>Municipal Bonds - continued</b>   |            |                      |
| <b>Utilities - Investor Owned - 9.4%</b>   |            |                      |
| Brazos River Authority, TX, Pollution Control Rev. (Texas Utility Co.), 7.7%, 2033                                       | \$ 250,000 | \$ 246,155           |
| Brazos River Authority, TX, Pollution Control Rev. (TXU Electric Co. LLC), C, 5.75%, 2036 (a)                            | 100,000    | 95,736               |
| Brazos River Authority, TX, Pollution Control Rev. (TXU Electric Co. LLC), C, 6.75%, 2038                                | 270,000    | 235,235              |
| Campbell County, WY, Pollution Control Rev. (Black Hills Power, Inc. Project), 5.35%, 2024                               | 500,000    | 498,880              |
| Clark County, NV, Industrial Development Rev. (Nevada Power Co. Project), A, 5.9%, 2032                                  | 250,000    | 222,278              |
| Clark County, NV, Industrial Development Rev. (Nevada Power Co. Project), B, 5.9%, 2030                                  | 250,000    | 223,793              |
| Clark County, NV, Industrial Development Rev. (Southwest Gas Corp. Project), E, 5.8%, 2038 (a)                           | 250,000    | 255,368              |
| Matagorda County, TX, Navigation District 1 (Houston Lighting.), AMBAC, 5.125%, 2028                                     | 2,000,000  | 1,949,260            |
| Michigan Strategic Fund, Ltd. Obligation Rev. (Detroit Edison), A, MBIA, 5.55%, 2029                                     | 3,000,000  | 3,043,200            |
| Mississippi Business Finance Corp., Pollution Control Rev. (Systems Energy Resources Project), 5.875%, 2022              | 1,000,000  | 999,910              |
| New Hampshire Business Finance Authority, Pollution Control Rev. (Public Service of New Hampshire), B, MBIA, 4.75%, 2021 | 250,000    | 245,495              |
| Pennsylvania Economic Development Financing Authority Rev. (Reliant Energy Seward), A, 6.75%, 2036                       | 200,000    | 204,234              |
| Petersburg, IN, Pollution Control Rev. (Indianapolis Power & Light), MBIA, 5.4%, 2017                                    | 2,500,000  | 2,770,100            |
|  |            | <b>\$ 10,989,644</b> |
| <b>Utilities - Municipal Owned - 2.4%</b>  |            |                      |
| North Carolina Eastern Municipal Power Agency System Rev., F, 5.5%, 2016   | \$ 285,000 | \$ 298,694           |
| North Carolina Municipal Power Agency No. 1, Catawba Electric Rev., A, MBIA, 5.5%, 2015                                  | 640,000    | 715,379              |
| North Carolina Municipal Power Agency No. 1, Catawba Electric Rev., ETM, 5%, 2020 (c)                                    | 1,670,000  | 1,833,493            |
|  |            | <b>\$ 2,847,566</b>  |
| <b>Utilities - Other - 2.2%</b>  |            |                      |
| Main Street Natural Gas, Inc., GA, Gas Project Rev., A, 5.5%, 2026   | \$ 120,000 | \$ 112,934           |
| Main Street Natural Gas, Inc., GA, Gas Project Rev., A, 5.5%, 2028   | 250,000    | 232,813              |
| Salt Verde Financial Corp., AZ, Senior Gas Rev., 5%, 2032  | 795,000    | 713,576              |

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*Portfolio of Investments (unaudited) continued*

| Issuer  | Shares/Par | Value (\$)            |
|---|------------|-----------------------|
| <b>Municipal Bonds - continued</b>  |            |                       |
| Utilities - Other - continued   |            |                       |
| Salt Verde Financial Corp., AZ, Senior Gas Rev., 5%, 2037                               | \$ 790,000 | \$ 699,174            |
| Tennessee Energy Acquisition Corp. Gas Revenue, C, 5%, 2025                             | 185,000    | 174,470               |
| Tennessee Energy Acquisition Corp. Gas Revenue, A, 5.25%, 2026                          | 610,000    | 595,958               |
|   |            | \$ 2,528,925          |
| Water & Sewer Utility Revenue - 3.5%  |            |                       |
| Hampton Roads, VA, Sanitation District Wastewater Rev., 5%, 2033                        | \$ 680,000 | \$ 703,440            |
| Massachusetts Water Resources Authority (Charlestown Navy Yard), FSA, 5.25%, 2029       | 600,000    | 665,322               |
| Puerto Rico Aqueduct & Sewer Authority Rev., ETM, MBIA, 6.25%, 2012 (c)                 | 1,000,000  | 1,129,090             |
| Puerto Rico Aqueduct & Sewer Authority Rev., ETM, MBIA, 6.25%, 2013 (c)                 | 750,000    | 863,933               |
| Puerto Rico Aqueduct & Sewer Authority Rev., A, 6%, 2044                                | 195,000    | 203,681               |
| Puerto Rico Aqueduct & Sewer Authority Rev., A, 6%, 2038                                | 505,000    | 531,473               |
|   |            | \$ 4,096,939          |
| <b>Total Municipal Bonds (Identified Cost, \$171,416,277)</b>                           |            | <b>\$ 171,938,971</b> |
| Floating Rate Demand Notes - 0.6%   |            |                       |
| Jacksonville, FL, Pollution Control Rev. (Florida Power & Light Co.), 1.3%, due 6/02/08 | \$ 100,000 | \$ 100,000            |
| Lincoln County, WY, Pollution Control Rev. (Exxon Mobil Corp.), 1.13%, due 6/02/08      | 300,000    | 300,000               |
| Sublette County, WY, Pollution Control Rev. (Exxon Mobil Corp.), 1.13%, due 6/02/08     | 300,000    | 300,000               |
| <b>Total Floating Rate Demand Notes, at Identified Cost</b>                             |            | <b>\$ 700,000</b>     |
| <b>Total Investments (Identified Cost, \$172,116,277)</b>                               |            | <b>\$ 172,638,971</b> |
| Other Assets, Less Liabilities - 3.4%   |            |                       |
|   |            | 3,968,260             |
| Preferred Shares (Issued by the Fund) - (51.5)%   |            |                       |
|   |            | (60,000,000)          |
| <b>Net Assets applicable to common shares - 100.0%</b>                                  |            |                       |
|   |            | <b>\$ 116,607,231</b> |

(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 an open futures contract.

(j) Crossover refunded bond.

(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 \$2,910,654, representing 2.5% of net assets.

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(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:



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*Portfolio of Investments (unaudited) continued*

|  | Acquisition Date | Cost      | Current Market Value |
|--|------------------|-----------|----------------------|
| <b>Restricted Securities</b>                   |                  |           |                      |
| Cabazon Band Mission Indians, CA, 8.75%, 2019  | 10/04/04         | \$360,000 | \$375,671            |
| Cabazon Band Mission Indians, CA, 8.375%, 2015 | 10/04/04         | 100,000   | 103,674              |
| Pass-Through Certificates, 1993, 8.5%, 2016    | 8/27/93          | 232,276   | 225,042              |
| Total Restricted Securities                    |                  |           | \$704,387            |
| % of Net Assets                                |                  |           | 0.6%                 |

**Futures contracts outstanding at 5/31/08**

| Description                      | Contracts | Value        | Expiration Date | Unrealized Appreciation/ (Depreciation) |
|----------------------------------|-----------|--------------|-----------------|---|
| U.S. Treasury Note 10 yr (Short) | 292       | \$32,822,625 | Sep-08          | \$41,002                                |
| U.S. Treasury Note 30 yr (Short) | 85        | 9,647,500    | Sep-08          | 25,601                                  |
|                                  |           |              |                 | \$66,603                                |

At May 31, 2008, the fund had sufficient cash and/or other liquid securities to cover any commitments under these derivative contracts.

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     |
| FSA      | Financial Security Assurance Inc.  |
| GNMA     | Government National Mortgage Assn. |
| MBIA     | MBIA Insurance Corp.               |
| RADIAN   | Radian Asset Assurance, Inc.       |
| XLCA     | XL Capital Insurance Co.           |

**See Notes to Financial Statements**

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

At 5/31/08 (unaudited)

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

|  |                      |
|--|----------------------|
| <b>Assets</b>  |                      |
| Investments, at value (identified cost, \$172,116,277)   | \$172,638,971        |
| Cash   | 59,749               |
| Receivable for investments sold  | 1,345,289            |
| Interest receivable  | 2,779,710            |
| Other assets   | 63,693               |
| <b>Total assets</b>  | <b>\$176,887,412</b> |
| <b>Liabilities</b>   |                      |
| Distributions payable on common shares   | \$50,063             |
| Distributions payable on preferred shares  | 21,274               |
| Payable for daily variation margin on open futures contracts   | 116,828              |
| Payable to affiliates  |                      |
| Management fee   | 9,110                |
| Transfer agent and dividend disbursing costs   | 1,490                |
| Administrative services fee  | 269                  |
| Payable for independent trustees' compensation   | 16,377               |
| Accrued expenses and other liabilities   | 64,770               |
| <b>Total liabilities</b>   | <b>\$280,181</b>     |
| <b>Preferred shares</b>  |                      |
| Auction preferred shares (2,400 shares issued and outstanding at \$25,000 per share) at liquidation value                  | \$60,000,000         |
| <b>Net assets applicable to common shares</b>  | <b>\$116,607,231</b> |
| <b>Net assets consist of</b>   |                      |
| Paid-in capital - common shares  | \$126,997,522        |
| Unrealized appreciation (depreciation) on investments  | 589,297              |
| Accumulated net realized gain (loss) on investments  | (11,137,213)         |
| Undistributed net investment income  | 157,625              |
| <b>Net assets applicable to common shares</b>  | <b>\$116,607,231</b> |
| Preferred shares, at value (2,400 shares issued and outstanding at \$25,000 per share)                                     | 60,000,000           |
| <b>Net assets including preferred shares</b>   | <b>\$176,607,231</b> |
| Common shares of beneficial interest outstanding   | 11,509,000           |
| <b>Net asset value per common share (net assets of \$116,607,231/11,509,000 shares of beneficial interest outstanding)</b> | <b>\$10.13</b>       |
| <b>See Notes to Financial Statements</b>   |                      |

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

Six months ended 5/31/08 (unaudited)

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

|   |               |               |
|---|---------------|---------------|
| <b>Net investment income</b>                              |               |               |
| Interest income   |               | \$5,016,372   |
| <b>Expenses</b>   |               |               |
| Management fee  | \$576,589     |               |
| Transfer agent and dividend disbursing costs              | 9,797         |               |
| Administrative services fee                               | 16,584        |               |
| Independent trustees' compensation                        | 7,999         |               |
| Stock exchange fee  | 4,433         |               |
| Preferred shares remarketing agent fee                    | 75,292        |               |
| Custodian fee   | 13,719        |               |
| Shareholder communications                                | 10,749        |               |
| Auditing fees   | 32,859        |               |
| Legal fees  | 8,312         |               |
| Interest expense and fees                                 | 12,066        |               |
| Miscellaneous   | 15,936        |               |
| Total expenses  |               | \$784,335     |
| Fees paid indirectly                                      | (11,717)      |               |
| Reduction of expenses by investment adviser               | (18,025)      |               |
| Net expenses  |               | \$754,593     |
| Net investment income                                     |               | \$4,261,779   |
| <b>Realized and unrealized gain (loss) on investments</b> |               |               |
| Realized gain (loss) (identified cost basis)              |               |               |
| Investment transactions                                   | \$(390,849)   |               |
| Futures contracts   | (691,941)     |               |
| Net realized gain (loss) on investments                   |               | \$(1,082,790) |
| Change in unrealized appreciation (depreciation)          |               |               |
| Investments   | \$(3,979,261) |               |
| Futures contracts   | 81,366        |               |
| Net unrealized gain (loss) on investments                 |               | \$(3,897,895) |
| Net realized and unrealized gain (loss) on investments    |               | \$(4,980,685) |
| Distributions declared to preferred shareholders          |               | \$(1,089,885) |
| Change in net assets from operations                      |               | \$(1,808,791) |
| <b>See Notes to Financial Statements</b>                  |               |               |

**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.

|   | Six months ended<br>5/31/08<br>(unaudited) | Year ended<br>11/30/07 |
|---|--|------------------------|
| <b>Change in net assets</b>   |  |                        |
| <b>From operations</b>  |  |                        |
| Net investment income   | \$4,261,779                                | \$9,081,043            |
| Net realized gain (loss) on investments   | (1,082,790)                                | (4,581,812)            |
| Net unrealized gain (loss) on investments   | (3,897,895)                                | (6,996,386)            |
| Distributions declared to preferred shareholders  | (1,089,885)                                | (2,208,862)            |
| Change in net assets from operations  | \$(1,808,791)                              | \$(4,706,017)          |
| <b>Distributions declared to shareholders</b>   |  |                        |
| From net investment income  | \$(3,176,484)                              | \$(6,364,479)          |
| Total change in net assets  | \$(4,985,275)                              | \$(11,070,496)         |
| <b>Net assets applicable to common shares</b>   |  |                        |
| At beginning of period  | 121,592,506                                | 132,663,002            |
| At end of period (including undistributed net investment income of \$157,625 and \$162,215, respectively) | \$116,607,231                              | \$121,592,506          |
| <b>See Notes to Financial Statements</b>  |  |                        |

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

The financial highlights table is intended to help you understand the fund's financial performance for the semiannual period and the past 5 fiscal 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.

|  | Six months<br>ended<br>5/31/08 | 2007      | Years ended 11/30 |           |           | 2003      |
|--|--------------------------------|-----------|-------------------|-----------|-----------|-----------|
|  |                                |           | 2006              | 2005      | 2004      |           |
|  | (unaudited)                    |           |                   |           |           |           |
| Net asset value, beginning of period   | \$10.56                        | \$11.53   | \$11.16           | \$11.14   | \$11.47   | \$11.04   |
| <b>Income (loss) from investment operations</b>  |                                |           |                   |           |           |           |
| Net investment income (d)  | \$0.37                         | \$0.79(z) | \$0.75            | \$0.75    | \$0.74    | \$0.74    |
| Net realized and unrealized gain (loss) on investments                                       | (0.43)                         | (1.02)(z) | 0.37              | 0.05      | (0.33)    | 0.42      |
| Distributions declared to preferred shareholders   | (0.09)                         | (0.19)    | (0.17)            | (0.12)    | (0.06)    | (0.05)    |
| Total from investment operations   | \$(0.15)                       | \$(0.42)  | \$0.95            | \$0.68    | \$0.35    | \$1.11    |
| <b>Less distributions declared to shareholders</b>   |                                |           |                   |           |           |           |
| From net investment income, common shares  | \$(0.28)                       | \$(0.55)  | \$(0.58)          | \$(0.66)  | \$(0.68)  | \$(0.68)  |
| Net asset value, end of period   | \$10.13                        | \$10.56   | \$11.53           | \$11.16   | \$11.14   | \$11.47   |
| Common share market value, end of period   | \$9.49                         | \$9.56    | \$10.73           | \$10.40   | \$10.01   | \$10.63   |
| Total return at common market value (%) (p)  | 2.15(n)                        | (6.12)    | 8.96              | 10.68     | 0.64      | 12.48     |
| Total return at net asset value (%) (p)(t)   | (1.29)(n)                      | (3.50)    | 9.11              | 6.72      | 3.80      | 10.92     |
| <b>Ratios (%) (to average net assets applicable to common shares) and Supplemental data:</b> |                                |           |                   |           |           |           |
| Expenses before expense reductions (f)(p)  | 1.34(a)                        | 1.35      | 1.37              | 1.30      | 1.29      | 1.31      |
| Expenses after expense reductions (f)(p)   | 1.31(a)                        | 1.32      | 1.34              | 1.30      | N/A       | N/A       |
| Expenses after expense reductions and excluding interest expense and fees (f)(l)(p)          | 1.29(a)                        | 1.29      | 1.31              | 1.30      | 1.29      | 1.31      |
| Net investment income (p)  | 7.26(a)                        | 7.10(z)   | 6.71              | 6.64      | 6.55      | 6.57      |
| Portfolio turnover   | 12                             | 24        | 34                | 16        | 15        | 13        |
| Net assets at end of period (000 Omitted)  | \$116,607                      | \$121,593 | \$132,663         | \$128,402 | \$128,157 | \$131,966 |

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

|  | Six months<br>ended<br>5/31/08<br>(unaudited) | 2007     | Years ended 11/30 |          |          | 2003     |
|--|---|----------|-------------------|----------|----------|----------|
|  |   |          | 2006              | 2005     | 2004     |          |
| <b>Supplemental Ratios (%):</b>                            |   |          |                   |          |          |          |
| Net investment income available to common shares           | 5.40  | 5.37     | 5.15              | 5.61     | 6.06     | 6.12     |
| <b>Senior Securities:</b>                                  |   |          |                   |          |          |          |
| Total preferred shares outstanding                         | 2,400   | 2,400    | 2,400             | 2,400    | 2,400    | 2,400    |
| Asset coverage per preferred share (k)                     | \$73,586                                      | \$75,664 | \$80,276          | \$78,501 | \$78,399 | \$79,986 |
| Involuntary liquidation preference per preferred share (o) | \$25,000                                      | \$25,000 | \$25,007          | \$25,004 | \$25,001 | \$25,004 |
| Average market value per preferred share (m)(x)            | \$25,000                                      | \$25,000 | \$25,000          | \$25,000 | \$25,000 | \$25,000 |

(a) Annualized.

(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 preferred shares) from the trust's total assets and dividing this number by the number of preferred shares outstanding.

(l) 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.

(m) Amount excludes accrued unpaid distributions to Auction Preferred Shareholders.

(n) Not annualized.

(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 year ended November 30, 2007 that resulted in an increase of \$0.03 per share to net investment income, a decrease of \$0.03 per share to net realized and unrealized gain (loss) on investments, and an increase of 0.31% to the net investment income ratio. The change in estimate had no impact on net assets, net asset value per share or total return.

**See Notes to Financial Statements**

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## NOTES TO FINANCIAL STATEMENTS

(unaudited)

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

MFS Investment Grade 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. Municipal securities backed by current or 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 security has not complied with applicable tax requirements, the security could decline in value, interest from the security could become taxable and the fund may be required to issue Forms 1099-DIV.

**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 an independent 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 an independent 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 an independent pricing service on the market on which such futures contracts are primarily traded. Securities and other assets generally valued on the basis of information from an independent 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

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*Notes to Financial Statements (unaudited) continued*

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 independent 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 independent 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) in this reporting period. 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 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 May 31, 2008 in valuing the fund's assets or liabilities carried at market value:

|                             | Level 1  | Level 2       | Level 3 | Total         |
|-----------------------------|----------|---------------|---------|---------------|
| Investments in Securities   | \$       | \$172,638,971 | \$      | \$172,638,971 |
| Other Financial Instruments | \$66,603 | \$            | \$      | \$66,603      |



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*Notes to Financial Statements (unaudited) continued*

**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. Derivative instruments include futures contracts and inverse floaters.

**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 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

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*Notes to Financial Statements (unaudited) continued*

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 May 31, 2008, the fund's payable to the holder of the floating rate certificate from trust assets was \$0. 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. Interest expense and fees are recorded as incurred. For the six months ended May 31, 2008, interest expense and fees in connection with self-deposited inverse floaters held during the period was \$12,066. Primary and externally deposited inverse floaters held by the fund are not accounted for as secured borrowings.

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.

**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.

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*Notes to Financial Statements (unaudited) continued*

**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 six months ended May 31, 2008, is shown as a reduction of total expenses on the Statement of Operations.

**Tax Matters and Distributions** The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable and tax-exempt income, including realized capital gains. As a result, no provision for federal income tax is required. The fund adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (the Interpretation) on the first day of the fund's fiscal year. The Interpretation prescribes a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. There was no impact resulting from the adoption of this Interpretation on the fund's financial statements. Each of the fund's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service. It is the fund's policy to record interest and penalty charges on underpaid taxes associated with its tax positions as interest expense and miscellaneous expense, respectively. No such charges were recorded in the current financial statements.

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

Book/tax differences primarily relate to amortization and accretion of debt securities and derivative transactions.

The tax character of distributions made during the current period will be determined at fiscal year end. The tax character of distributions declared to shareholders is as follows:

|  | <b>11/30/07</b>    |
|--|--------------------|
| Ordinary income (including any short-term capital gains) | \$12,385           |
| Tax-exempt income  | 8,560,956          |
| <b>Total distributions</b>                               | <b>\$8,573,341</b> |

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Notes to Financial Statements (unaudited) continued

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

|  |               |
|--|---------------|
| <b>As of 5/31/08</b>                       |               |
| Cost of investments                        | \$171,740,743 |
| Gross appreciation                         | 8,926,629     |
| Gross depreciation                         | (8,028,401)   |
| Net unrealized appreciation (depreciation) | \$ 898,228    |
| <b>As of 11/30/07</b>                      |               |
| Undistributed tax-exempt income            | \$ 223,739    |
| Capital loss carryforwards                 | (8,351,488)   |
| Post-October capital loss deferral         | (2,334,770)   |
| Other temporary differences                | (61,524)      |
| Net unrealized appreciation (depreciation) | \$ 5,119,027  |

The aggregate cost above includes prior fiscal year end tax adjustments.

As of November 30, 2007, the fund had capital loss carryforwards available to offset future realized gains. Such losses expire as follows:

|          |               |
|----------|---------------|
| 11/30/08 | \$ (107,459)  |
| 11/30/10 | (1,238,884)   |
| 11/30/15 | (7,005,145)   |
|          | \$(8,351,488) |

**(3) Transactions with Affiliates**

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

The investment adviser has agreed in writing to reduce its management fee to 0.63% of the fund's average daily net assets, (including the value of auction preferred shares). This written agreement will continue through June 29, 2008 after which date the management fee will be determined by the fund's Board of Trustees and MFS. This management fee reduction amounted to \$17,741, which is shown as a reduction of total expenses in the Statement of Operations. The management fee incurred for the six months ended May 31, 2008 was equivalent to an annual effective rate of 0.63% of the fund's average daily net assets, (including the value of auction preferred shares).

The investment adviser has agreed in writing to pay a portion of the fund's operating expenses, exclusive of certain other fees and expenses, such that total annual fund operating expenses do not exceed 0.89% of the fund's average daily

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*Notes to Financial Statements (unaudited) continued*

net assets, (including value of auction preferred shares). This written agreement will continue through November 30, 2009 unless changed or rescinded by the fund's Board of Trustees. For the six months ended May 31, 2008, the fund's actual operating expenses did not exceed the limit and therefore, the investment adviser did not pay any portion of the fund's expenses.

**Transfer Agent** The fund engages Computershare Trust Company, N.A. (Computershare) as the sole transfer agent for the fund. MFS Service Center, Inc. (MFSC) monitors and supervises the activities of Computershare for an agreed upon fee approved by the Board of Trustees. For the six months ended May 31, 2008, these fees paid to MFSC amounted to \$4,689. MFSC also receives payment from the fund for out-of-pocket expenses paid by MFSC on behalf of the fund. For the six months ended May 31, 2008, no out-of-pocket costs were incurred by the fund.

**Administrator** MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund partially reimburses MFS the costs incurred to provide these services. The fund is charged a fixed amount plus a fee based on average daily net assets. The fund's annual fixed amount is \$17,500.

The administrative services fee incurred for the six months ended May 31, 2008 was equivalent to an annual effective rate of 0.0187% of the fund's average daily net assets.

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

**Deferred Trustee Compensation** The fund's former independent trustees participated in a Deferred Compensation Plan (the Plan). The fund's current independent trustees are not allowed to defer compensation under the Plan. Deferred amounts represent an unsecured obligation of the fund until distributed in accordance with the Plan. Included in other assets and payable for independent trustees' compensation is \$16,377 of deferred trustees' compensation.

**Other** This fund and certain other MFS funds (the funds) have entered into a services agreement (the Agreement) which provides for payment of fees by the funds to Tarantino LLC in return for the provision of services of an Independent Chief Compliance Officer (ICCO) for the funds. The ICCO is an officer of the funds and the sole member of Tarantino LLC. The funds can

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*Notes to Financial Statements (unaudited) continued*

terminate the Agreement with Tarantino LLC at any time under the terms of the Agreement. For the six months ended May 31, 2008, the fee paid by the fund to Tarantino LLC was \$502 and is included in miscellaneous expense on the Statement of Operations. MFS has agreed to reimburse the fund for a portion of the payments made by the fund to Tarantino LLC in the amount of \$284, which is shown as a reduction of total expenses in the Statement of Operations. Additionally, MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ICCO.

**(4) Portfolio Securities**

Purchases and sales of investments, other than U.S. Government securities, purchased option transactions, and short-term obligations, aggregated \$21,094,816 and \$22,916,669, respectively.

**(5) Shares of Beneficial Interest**

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. The Trustees have authorized the repurchase by the fund of up to 10% annually of its own shares of beneficial interest. During the six months ended May 31, 2008, the fund did not repurchase any shares.

**(6) Line of Credit**

The fund and other funds managed by MFS participate in a \$1 billion unsecured committed line of credit provided by a syndication of banks under a credit agreement. In addition, the fund and other funds managed by MFS have established uncommitted borrowing arrangements with certain banks. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the Federal Reserve funds rate plus 0.30%. In addition, a commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. For the six months ended May 31, 2008, the fund's commitment fee and interest expense on the line of credit were \$131 and \$0, respectively, and are included in miscellaneous expense and interest expense and fees, respectively, on the Statement of Operations.

**(7) Auction Preferred Shares**

The fund currently has outstanding 2,400 shares of Auction Preferred Shares (APS). Dividends are cumulative at a rate that is reset every seven days through an auction process. If the APS are unable to be remarketed on a remarketing date as part of the auction process, the fund would be required to pay the maximum applicable rate on APS to holders of such shares for successive dividend periods until such time when the shares are successfully remarketed. The maximum rate on APS is equal to 110% of the higher of (i) the Taxable Equivalent of the Short-Term Municipal Bond Rate or (ii) the AA Composite Commercial Paper Rate.

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*Notes to Financial Statements (unaudited) continued*

Since February 2008, regularly scheduled auctions for APS issued by closed end funds, including MFS Investment Grade Municipal Trust, have consistently failed because of insufficient demand (bids to buy shares) to meet the supply (shares offered for sale) at each auction. In a failed auction, APS holders cannot sell their shares tendered for sale. While repeated auction failures have affected the liquidity for APS, they do not constitute a default or automatically alter the credit quality of the APS, and APS holders have continued to receive dividends at the previously defined maximum rate. During the six months ended May 31, 2008, the APS dividend rates ranged from 2.59% to 4.78%. These developments with respect to APS do not affect the management or investment policies of the fund. However, one implication of these auction failures for Common shareholders is that the fund's cost of leverage will be higher than it otherwise would have been had the auctions continued to be successful. As a result, the fund's future Common share earnings may be lower than they otherwise would have been.

The fund pays an annual fee equivalent to 0.25% of the preferred share liquidation value for remarketing efforts associated with the preferred auction. The APS are redeemable at the option of the fund in whole or in part at the redemption price equal to \$25,000 per share, plus accumulated and unpaid dividends. The APS are also subject to mandatory redemption if certain requirements relating to its asset maintenance coverage are not satisfied. The fund is required to maintain certain asset coverage with respect to the APS as defined in the trust's By-Laws and the Investment Company Act of 1940.

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Shareholders of the MFS Investment Grade Municipal Trust

We have reviewed the accompanying statement of assets and liabilities of the MFS Investment Grade Municipal Trust (the Fund), including the portfolio of investments, as of May 31, 2008, and the related statements of operations, changes in net assets, and financial highlights for the six-month period ended May 31, 2008. These interim financial statements are the responsibility of the Trust's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of changes in net assets for the year ended November 30, 2007, and its financial highlights for the year then ended, and in our report dated January 16, 2008, we expressed an unqualified opinion on such statement of changes in net assets and financial highlights. The financial highlights for each of the four years in the period then ended November 30, 2006 were audited by another independent registered public accounting firm whose report, dated January 25, 2007, expressed an unqualified opinion on those financial highlights.

Boston, Massachusetts

July 17, 2008



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**BOARD REVIEW OF INVESTMENT ADVISORY AGREEMENT**

A discussion regarding the Board's most recent review and renewal of the fund's investment advisory agreement is available by clicking on the fund's name under "Products and Performance" and then "Closed-End Funds" on the MFS Web site ([mfs.com](http://mfs.com)).

**PROXY VOTING POLICIES AND INFORMATION**

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

Information regarding how the fund voted proxies relating to portfolio securities during the twelve-month period ended June 30, 2007 is available without charge by visiting the Proxy Voting section of [mfs.com](http://mfs.com) or by visiting the SEC's Web site at <http://www.sec.gov>.

**QUARTERLY PORTFOLIO DISCLOSURE**

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q may be reviewed and copied at the:

Public Reference Room

Securities and Exchange Commission

100 F Street, NE, Room 1580

Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. The fund's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at <http://www.sec.gov>, and copies of this information may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing the Public Reference Section at the above address.

A shareholder can also obtain the quarterly portfolio holdings report at [mfs.com](http://mfs.com).

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**CONTACT INFORMATION AND NUMBER OF SHAREHOLDERS**

**Investor Information**

Transfer Agent, Registrar and Dividend Disbursing Agent

Call 1-800-637-2304 any business day from 9 a.m. to 5 p.m. Eastern time

Write to: Computershare Trust Company, N.A.

P.O. Box 43078

Providence, RI 02940-3078

**Number of Shareholders**

As of May 31, 2008, our records indicate that there are 777 registered shareholders and approximately 4,921 shareholders owning trust shares in street name, such as through brokers, banks, and other financial intermediaries.

If you are a street name shareholder and wish to directly receive our reports, which contain important information about the trust, please write or call:

Computershare Trust Company, N.A.

P.O. Box 43078

Providence, RI 02940-3078

1-800-637-2304

500 Boylston Street, Boston, MA 02116

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**ITEM 2. CODE OF ETHICS.**

The Registrant has not amended any provision in its Code of Ethics (the Code ) that relates to any element of the Code s definition enumerated in paragraph (b) of Item 2 of this Form N-CSR.

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

Not applicable for semi-annual reports.

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

Not applicable for semi-annual reports.

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

Not applicable for semi-annual reports.

**ITEM 6. SCHEDULE OF INVESTMENTS.**

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

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

Not applicable for semi-annual reports.

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

There were no changes during this period.

**Table of Contents****ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.****MFS Investment Grade Municipal Trust**

| <b>Period</b>    | <b>(a) Total number of Shares Purchased</b> | <b>(b) Average Price Paid per Share</b> | <b>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b> | <b>(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs</b> |
|------------------|---|---|---|---|
| 12/1/07 12/31/07 | 0   | N/A                                     | 0   | 0   |
| 1/1/08 1/31/08   | 0   | N/A                                     | 0   | 0   |
| 2/1/08 2/29/08   | 0   | N/A                                     | 0   | 0   |
| 3/1/08 3/31/08   | 0   | N/A                                     | 0   | 1,150,900   |
| 4/1/08 4/30/08   | 0   | N/A                                     | 0   | 1,150,900   |
| 5/1/08 5/31/08   | 0   | N/A                                     | 0   | 1,150,900   |
| <b>Total</b>     | <b>0</b>                                    | <b>N/A</b>                              | <b>0</b>  |   |

Note: The Board of Trustees approves procedures to repurchase Fund shares annually. The notification to shareholders of the program is included in the semi-annual and annual reports sent to shareholders. These annual programs begin on March 1<sup>st</sup> of each year. The programs conform to the conditions of Rule 10b-18 of the Securities Exchange Act of 1934 and limit the aggregate number of Fund shares that may be repurchased in each annual period (March 1 through the following February 28) to 10% of the Registrant's outstanding shares as of the first day of the plan year (March 1). The aggregate number of Fund shares available for repurchase for the March 1, 2008 plan year is 1,150,900.

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

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

**ITEM 11. CONTROLS AND PROCEDURES.**

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

**ITEM 12. EXHIBITS.**

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

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

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**Notice**

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

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) MFS INVESTMENT GRADE MUNICIPAL TRUST

By (Signature and Title)\* ROBERT J. MANNING  
Robert J. Manning,  
President

Date: July 18, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* ROBERT J. MANNING  
Robert J. Manning,  
President (Principal  
Executive Officer)

Date: July 18, 2008

By (Signature and Title)\* MARIA F. DWYER  
Maria F. Dwyer, Treasurer  
(Principal Financial Officer  
and Accounting Officer)

Date: July 18, 2008

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