

MFS INVESTMENT GRADE MUNICIPAL TRUST
Form N-CSRS
August 01, 2012
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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, 2012

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ITEM 1. REPORTS TO STOCKHOLDERS.

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MFS® Investment Grade Municipal Trust

SEMIANNUAL REPORT

May 31, 2012

CXH-SEM

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MFS® INVESTMENT GRADE MUNICIPAL TRUST

New York Stock Exchange Symbol: **CXH**

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NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

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LETTER FROM THE CHAIRMAN AND CEO

Dear Shareholders:

World financial markets remain a venue of uncertainty. The focus has shifted most recently to the eurozone, where policymakers are attempting to develop a plan that will help debt-laden countries and prevent their woes from spreading across the region. Volatility is likely to continue as investors test the resolve of European officials to make the tough decisions needed to solve the crisis.

The U.S. economy is experiencing a period of growth. However, markets have been jittery in reaction to events in Europe and ahead of the U.S. presidential election. Voters in the United States are watching the economy closely and waiting to see if Congress agrees to cut the budget and extend the Bush administration tax cuts. Failure to do so could ultimately send the U.S. economy back into recession.

Amid this global uncertainty, managing risk becomes a top priority for investors and their advisors. At MFS® our global research platform is designed to ensure the smooth functioning

of our investment process in all business climates. Through this integrated approach, our investment staff shares ideas and evaluates opportunities across geographies, across both fundamental and quantitative disciplines, and across companies' entire capital structure. We employ this uniquely collaborative approach to build better insights for our clients.

Additionally, we have a team of quantitative analysts that measures and assesses the risk profiles of our portfolios and securities on an ongoing basis. The chief investment risk officer, who oversees the team, reports directly to the firm's president and chief investment officer so that the risk associated with each portfolio can be assessed objectively and independently of the portfolio management team.

We, like our investors, are mindful of the many economic challenges faced at the local, national, and international levels. It is in times such as these that we want to emphasize the merits of maintaining a long-term view, adhering to basic investing principles such as asset allocation and diversification, and working closely with investment advisors to research and identify appropriate investment opportunities.

Respectfully,

Robert J. Manning

Chairman and Chief Executive Officer

MFS Investment Management®

July 17, 2012

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

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Universities Colleges	18.4%
Healthcare Revenue Hospitals	15.7%
Water & Sewer Utility Revenue	7.2%
Utilities Investor Owned	5.4%
U.S. Treasury Securities (j)	(10.0)%

Composition including fixed income credit quality (a)(i)

AAA	14.7%
AA	22.7%
A	23.4%
BBB	28.5%
BB	3.4%
B	2.1%
CCC	0.2%
CC (o)	0.0%
Not Rated (j)	(1.0)%
Cash & Other	6.0%

Portfolio facts (i)

Average Duration (d)	14.1
Average Effective Maturity (m)	19.2 yrs.

- (a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). All ratings are subject to change. Not Rated includes fixed income securities, including fixed income futures, which have not been rated by any rating agency. Cash & Other includes cash, other assets less liabilities, offsets to derivative positions, and short-term securities. The fund may not hold all of these instruments. The fund is not rated by these agencies.
- (d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value due to the interest rate move.
- (i) For purposes of this presentation, the components include the market value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. The bond component will include any accrued interest amounts. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than market value. Where the fund holds convertible bonds, these are treated as part of the equity portion of the portfolio.
- (j) For the purpose of managing the fund's duration, the fund holds short treasury futures with a bond equivalent exposure of (10.0)%, which reduce the fund's interest rate exposure but not its credit exposure.

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Portfolio Composition continued

(m) In determining an instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.

(o) Less than 0.1%

Percentages are based on net assets, including the value of auction preferred shares, as of 5/31/12.

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 management area of MFS since 1993. Portfolio Manager of the fund since June 2007.

OTHER NOTES

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 of 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.

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

In accordance with Section 23(c) of the Investment Company Act of 1940, the fund hereby gives notice that it may from time to time repurchase common and/or preferred shares of the fund in the open market at the option of the Board of Trustees and on such terms as the Trustees shall determine.

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5/31/12 (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 - 144.4%

Issuer	Shares/Par	Value (\$)
Airport Revenue - 3.9%		
Chicago, IL, O Hare International Airport Rev., Third Lien, A, 5.625%, 2035	\$ 650,000	\$ 753,056
Houston, TX, Airport System Rev., B, 5%, 2026	160,000	183,061
Houston, TX, Airport System Rev., Subordinate Lien, A, 5%, 2031	140,000	151,630
Port Authority NY & NJ, Special Obligation Rev. (JFK International Air Terminal LLC), 6%, 2036	195,000	221,485
Port Authority NY & NJ, Special Obligation Rev. (JFK International Air Terminal LLC), 6%, 2042	225,000	255,215
San Francisco, CA, City & County Airports Commission, International Airport Rev., D, 5%, 2025	2,000,000	2,327,500
San Jose, CA, Airport Rev., A - 2, 5.25%, 2034	710,000	775,412
		\$ 4,667,359
General Obligations - General Purpose - 4.9%		
Chicago, IL, Greater Chicago Metropolitan Water Reclamation District, C, 5%, 2029	\$ 855,000	\$ 995,297
Commonwealth of Puerto Rico, Public Improvement, A, 5.5%, 2039	1,825,000	1,903,785
Las Vegas Valley, NV, Water District, C, 5%, 2029	755,000	856,011
Luzerne County, PA, AGM, 6.75%, 2023	370,000	436,722
Puerto Rico Public Buildings Authority Rev., Guaranteed (Government Facilities), F, 5.25%, 2024	325,000	351,283
State of California, 5.75%, 2019	70,000	70,903
State of California, 5.25%, 2028	270,000	310,773
State of California, 5.25%, 2030	645,000	736,145
State of Hawaii, DZ, 5%, 2031	180,000	210,672
		\$ 5,871,591
General Obligations - Schools - 3.5%		
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2031	\$ 130,000	\$ 57,654
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2032	235,000	98,714
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2033	470,000	186,388
Chicago, IL, Board of Education, A, 5%, 2041	1,000,000	1,091,520
Frenship, TX, Independent School District, AGM, 5%, 2033	1,000,000	1,079,190
Los Angeles, CA, Unified School District, D, 5%, 2034	95,000	105,426
Pomona, CA, Unified School District, A, NATL, 6.45%, 2022	1,000,000	1,243,650
West Contra Costa, CA, Unified School District, B, NATL, 6%, 2024	250,000	291,475
		\$ 4,154,017

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

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Hospitals - 21.9%		
Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), A , 5.375%, 2040	\$ 405,000	\$ 332,343
Brunswick, GA, Hospital Authority Rev. (Glynn - Brunswick Memorial Hospital), 5.625%, 2034	165,000	180,906
Butler County, OH, Hospital Facilities Rev. (UC Health), 5.75%, 2040	105,000	114,249
California Health Facilities Financing Authority Rev. (St. Joseph Health System), A , 5.75%, 2039	195,000	218,511
California Health Facilities Financing Authority Rev. (Sutter Health), B , 5.875%, 2031	535,000	641,251
California Statewide Communities Development Authority Rev. (Enloe Medical Center), CALHF, 5.75%, 2038	360,000	387,490
California Statewide Communities Development Authority Rev. (Kaiser Permanente), A , 5%, 2042	325,000	352,264
Cullman County, AL, Health Care Authority (Cullman Regional Medical Center), A , 6.75%, 2029	355,000	367,233
Harris County, TX, Health Facilities Development Corp., Hospital Rev. (Memorial Hermann Healthcare Systems), B , 7%, 2027	205,000	251,531
Harris County, TX, Health Facilities Development Corp., Hospital Rev. (Memorial Hermann Healthcare Systems), B , 7.25%, 2035	250,000	310,560
Health Care Authority for Baptist Health, AL, D , 5%, 2021	850,000	907,809
Illinois Finance Authority Rev. (KishHealth Systems Obligated Group), 5.75%, 2028	380,000	428,556
Illinois Finance Authority Rev. (Provena Health), A , 7.75%, 2034	400,000	512,252
Illinois Finance Authority Rev. (Resurrection Health), 6.125%, 2025	460,000	526,539
Illinois Finance Authority Rev. (Silver Cross Hospital & Medical Centers), 6.875%, 2038	395,000	450,517
Illinois Finance Authority Rev. (Silver Cross Hospital & Medical Centers), A , 5.5%, 2030	45,000	46,594
Indiana Health & Educational Facilities Finance Authority, Hospital Rev. (Community Foundation of Northwest Indiana), 5.5%, 2037	705,000	744,276
Indiana Health & Educational Financing Authority Rev. (Community Foundation of Northwest Indiana), A , 6%, 2034	150,000	156,690
Jefferson Parish, LA, Hospital Service District No. 2 (East Jefferson General Hospital), 6.25%, 2031	470,000	537,469
Johnson City, TN, Health & Educational Facilities Board Hospital Rev. (Mountain States Health Alliance), A , 5.5%, 2036	845,000	884,732
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Baptist Healthcare System), A , 5.375%, 2024	255,000	292,095
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Baptist Healthcare System), A , 5.625%, 2027	85,000	97,524
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Owensboro Medical Health System), A , 6.375%, 2040	440,000	508,904

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

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Hospitals - continued		
Lake County, OH, Hospital Facilities Rev. (Lake Hospital), C, 6%, 2043	\$ 265,000	\$ 282,721
Laramie County, WY, Hospital Rev. (Cheyenne Regional Medical Center Project), 5%, 2032	35,000	37,790
Laramie County, WY, Hospital Rev. (Cheyenne Regional Medical Center Project), 5%, 2037	85,000	91,181
Laramie County, WY, Hospital Rev. (Cheyenne Regional Medical Center Project), 5%, 2042	180,000	193,927
Louisiana Public Facilities Authority Hospital Rev. (Lake Charles Memorial Hospital), 6.375%, 2034	415,000	433,148
Louisville & Jefferson County, KY, Metropolitan Government Healthcare Systems Rev. (Norton Healthcare, Inc.), 5.25%, 2036	385,000	401,112
Lufkin, TX, Health Facilities Development Corp. Rev. (Memorial Health System), 5.5%, 2037	45,000	45,627
Maryland Health & Higher Educational Facilities Authority Rev. (Anne Arundel Health System, Inc.), A, 6.75%, 2039	175,000	211,572
Maryland Health & Higher Educational Facilities Authority Rev. (Mercy Medical Center), A, 5.5%, 2042	265,000	277,500
Massachusetts Health & Educational Facilities Authority Rev. (Milford-Whitinsville Regional), C, 5.75%, 2013	180,000	180,333
Massachusetts Health & Educational Facilities Authority Rev. (South Shore Hospital), F, 5.75%, 2029	370,000	370,500
Miami-Dade County, FL, Health Facilities Authority, Hospital Rev. (Variety Children's Hospital), A, 6.125%, 2042	195,000	226,974
Michigan Finance Authority Rev. (Trinity Health Corp.), 5%, 2035	750,000	823,013
Monroe County, PA, Hospital Authority Rev. (Pocono Medical Center), A, 5%, 2032	45,000	47,594
Monroe County, PA, Hospital Authority Rev. (Pocono Medical Center), A, 5%, 2041	35,000	36,376
New Hampshire Business Finance Authority Rev. (Elliot Hospital Obligated Group), A, 6%, 2027	445,000	499,780
New Hampshire Health & Education Facilities Authority Rev. (Catholic Medical Center), A, 6.125%, 2032	60,000	60,664
New Hampshire Health & Education Facilities Authority Rev. (Memorial Hospital at Conway), 5.25%, 2036	300,000	297,171
New Jersey Health Care Facilities, Financing Authority Rev. (St. Peter's University Hospital), 5.75%, 2037	415,000	440,469
New York Dormitory Authority Rev., Non-State Supported Debt (Bronx-Lebanon Hospital Center), LOC, 6.5%, 2030	165,000	198,450
New York Dormitory Authority Rev., Non-State Supported Debt (Bronx-Lebanon Hospital Center), LOC, 6.25%, 2035	100,000	116,344
Palomar Pomerado Health Care District, CA, COP, 6.75%, 2039	245,000	269,975

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

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Healthcare Revenue - Hospitals - continued		
Philadelphia, PA, Hospitals & Higher Education Facilities Authority Rev. (Temple University Health System), A , 6.625%, 2023	\$ 320,000	\$ 320,608
Rhode Island Health & Educational Building Corp. Rev., Hospital Financing (Lifespan Obligated Group), A , ASSD GTY, 7%, 2039	855,000	1,004,634
Richmond, IN, Hospital Authority Rev. (Reid Hospital & Health Center Services), A , 6.625%, 2039	525,000	606,233
Royal Oak, MI, Hospital Finance Authority Rev. (William Beaumont Hospital), 8.25%, 2039	230,000	295,953
Scioto County, OH, Hospital Facilities Rev. (Southern Ohio Medical Center), 5.75%, 2038	555,000	604,284
Shelby County, TN, Health, Educational & Housing Facilities Board Rev. (Methodist Le Bonheur Healthcare), 5%, 2042	180,000	192,618
Skagit County, WA, Public Hospital District No. 001 Rev. (Skagit Valley Hospital), 5.75%, 2032	535,000	563,483
South Carolina Jobs & Economic Development Authority (Bon Secours - Venice Healthcare Corp.), 5.5%, 2023	390,000	