

MFS CALIFORNIA MUNICIPAL FUND

Form N-CSRS

July 27, 2017

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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 811-09537

**MFS CALIFORNIA MUNICIPAL FUND**

(Exact name of registrant as specified in charter)

**111 Huntington Avenue, Boston, Massachusetts 02199**

(Address of principal executive offices) (Zip code)

**Christopher R. Bohane**

**Massachusetts Financial Services Company**

**111 Huntington Avenue**

**Boston, Massachusetts 02199**

(Name and address of agents for service)

Registrant's telephone number, including area code: (617) 954-5000

Date of fiscal year end: November 30

Date of reporting period: May 31, 2017

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**ITEM 1. REPORTS TO STOCKHOLDERS.**

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**SEMIANNUAL REPORT**

May 31, 2017

**MFS® CALIFORNIA MUNICIPAL FUND**

CCA-SEM

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**MFS® CALIFORNIA MUNICIPAL FUND**

NYSE MKT Symbol: CCA

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**NOT FDIC INSURED   MAY LOSE VALUE   NO BANK GUARANTEE**

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**LETTER FROM THE EXECUTIVE CHAIRMAN**

Dear Shareholders:

Despite policy uncertainty accompanying a new presidential administration in the United States and unease over looming Brexit negotiations, most markets have proved

resilient. U.S. share prices have reached new highs, and U.S. bond yields rose on hopes surrounding President Trump's proposed fiscal policies and indications that the U.S. Federal Reserve will continue to gradually hike interest rates. However, interest rates in most developed markets remain very low, with central banks maintaining accommodative monetary policies in hopes of reinvigorating slow-growing economies and lifting inflation.

Globally, economic growth has shown signs of recovery, led by China, the U.S. and the eurozone. Despite better growth, there are few immediate signs of worrisome inflation, as wage growth remains muted. Emerging market economies are recovering at a

somewhat slower pace amid fears that restrictive U.S. trade policies could further hamper the restrained pace of global trade growth. Looking ahead, markets will have to contend with elections in the United Kingdom and Germany in the months ahead, as well as geopolitical hot spots on the Korean peninsula and in the Middle East.

At MFS®, we believe time is an asset. A patient, long-term approach to investing can have a powerful impact on decision making and outcomes. Time arbitrage, as we call it, simply comes down to having the conviction and discipline to allow enough time for good investment ideas to play out. In our view, such an approach, along with the professional guidance of a financial advisor, will help you reach your investment objectives.

Respectfully,

**Robert J. Manning**

Executive Chairman

MFS Investment Management

July 14, 2017

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

**Table of Contents****PORTFOLIO COMPOSITION****Portfolio structure (i)(j)****Top five industries (i)**

General Obligations Schools	33.0%
Healthcare Revenue Hospitals	29.7%
Water & Sewer Utility Revenue	16.8%
State & Local Agencies	13.2%
Tax Assessment	9.9%

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

AAA	2.1%
AA	60.9%
A	65.5%
BBB	19.6%
BB	1.1%
B	4.9%
CCC	0.9%
CC	0.4%
C	1.3%
D	1.3%
Not Rated (j)	5.2%
Cash & Cash Equivalents (less liabilities)	(70.4)
Other	7.2%

**Portfolio facts (i)**

Average Duration (d)	9.8
Average Effective Maturity (m)	14.6 yrs.

**Jurisdiction (i)**

California	161.7%
Puerto Rico	5.5%
New York	1.8%
Guam	1.4%
U.S. Treasury Securities (j)	(7.2)%

- (a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). Securities rated BBB or higher are considered investment grade. All ratings are subject to change. Not Rated includes fixed income securities, including fixed income futures contracts, which have not been rated by any rating agency. The fund may or may not have held all of these instruments on this date. The fund is not rated by these agencies.
- (d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value due to the interest rate move. This calculation is based on net assets applicable to common shares as of May 31, 2017.

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*Portfolio Composition continued*

- (i) For purposes of this presentation, the components include the value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than value. The bond component will include any accrued interest amounts.
- (j) For the purpose of managing the fund's duration, the fund holds short treasury futures with a bond equivalent exposure of (7.2)%, which reduce the fund's interest rate exposure but not its credit exposure.
- (m) In determining an instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity. This calculation is based on gross assets, which consists of net assets applicable to common shares plus the value of preferred shares, as of May 31, 2017.

Where the fund holds convertible bonds, they are treated as part of the equity portion of the portfolio.

Cash & Cash Equivalents includes any cash, investments in money market funds, short-term securities, and other assets less liabilities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and other assets and liabilities.

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

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

Percentages are based on net assets applicable to common shares as of May 31, 2017.

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

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**PORTFOLIO MANAGERS PROFILES**

<b>Portfolio Manager</b>	<b>Primary Role</b>	<b>Since</b>	<b>Title and Five Year History</b>
Michael Dawson	Portfolio Manager	2007	Investment Officer of MFS; employed in the investment management area of MFS since 1998.
Geoffrey Schechter	Portfolio Manager	2007	Investment Officer of MFS; employed in the investment management area of MFS since 1993.

**OTHER NOTES**

The fund's shares may trade at a discount or premium to net asset value. When fund shares trade at a premium, buyers pay more than the net asset value underlying fund shares, and shares purchased at a premium would receive less than the amount paid for them in the event of the fund's concurrent liquidation.

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

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

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

5/31/17 (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 - 168.5%**

<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>Airport Revenue - 8.8%</b>		
Los Angeles, CA, Department of Airports Rev. (Los Angeles International), C , BHAC, 5.25%, 5/15/2038 (Prerefunded 5/15/2018)	\$ 750,000	\$ 782,128
Orange County, CA, Airport Rev., A , 5%, 7/01/2031	190,000	203,792
San Diego County, CA, Regional Airport Authority Rev., A , 5%, 7/01/2021	500,000	558,955
San Diego County, CA, Regional Airport Authority Rev., A , 5%, 7/01/2043	500,000	560,235
San Francisco, CA, City & County Airports Commission, International Airport Rev., A , 5%, 5/01/2030	285,000	318,747
San Francisco, CA, City & County Airports Commission, International Airport Rev., A , 5%, 5/01/2031	150,000	167,099
San Jose, CA, Airport Rev., A-2 , 5.25%, 3/01/2034	440,000	490,481
		<b>\$ 3,081,437</b>
<b>General Obligations - General Purpose - 6.3%</b>		
Commonwealth of Puerto Rico, A , NATL, 5.5%, 7/01/2020	\$ 165,000	\$ 179,137
Commonwealth of Puerto Rico, Public Improvement Refunding, A-4 , AGM, 5%, 7/01/2031	40,000	41,946
Puerto Rico Public Buildings Authority Rev., H , AMBAC, 5.5%, 7/01/2017	140,000	140,337
Puerto Rico Public Buildings Authority Rev., H , AMBAC, 5.5%, 7/01/2018	125,000	127,524
Puerto Rico Public Buildings Authority Rev., M-2 , AMBAC, 5.5%, 7/01/2035 (Put Date 7/01/2017)	30,000	30,068
State of California, 5.25%, 4/01/2035	455,000	523,473
State of California, 5.5%, 3/01/2040	630,000	699,974
State of California, 5.25%, 11/01/2040	415,000	468,261
		<b>\$ 2,210,720</b>
<b>General Obligations - Schools - 32.6%</b>		
Alhambra, CA, Unified School District, B , ASSD GTY, 5.25%, 8/01/2028 (Prerefunded 8/01/2019)	\$ 500,000	\$ 546,595
Banning, CA, Unified School District (Election of 2006), B , ASSD GTY, 5.25%, 8/01/2033 (Prerefunded 8/01/2018)	500,000	526,150
Beaumont, CA, Unified School District (Election of 2008), Capital Appreciation, C , AGM, 0%, 8/01/2040	955,000	377,024
Beaumont, CA, Unified School District (Election of 2008), Capital Appreciation, C , AGM, 0%, 8/01/2044	1,000,000	332,180
Folsom Cordova, CA, Unified School District (Election of 2012), A , 5%, 10/01/2038	535,000	618,984

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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>General Obligations - Schools - continued</b>		
Lake Tahoe, CA, Unified School District (Election of 2008), Capital Appreciation, AGM, 0%, 8/01/2045	\$ 515,000	\$ 359,774
Los Angeles, CA, Community College District, 3%, 8/01/2039	455,000	422,417
Mendocino Lake, CA, Community College District Rev. (Election of 2006), Capital Appreciation, B, AGM, 0%, 8/01/2032	330,000	193,812
Montebello, CA, Unified School District (Election of 2004), A-1, ASSD GTY, 5.25%, 8/01/2034 (Prerefunded 8/01/2019)	355,000	388,082
Mount San Antonio, CA, Community College District Rev. (Election of 2008), Convertible Capital Appreciation, A, 0% to 8/01/2028, 6.25% to 8/01/2043	855,000	663,574
Napa Valley, CA, Unified School District, 5%, 8/01/2020	225,000	253,080
Oakland, CA, Unified School District Rev., AGM, 5%, 8/01/2028	170,000	206,722
Oakland, CA, Unified School District Rev., AGM, 5%, 8/01/2030	170,000	204,027
Pittsburg, CA, Unified School District, B, AGM, 5.5%, 8/01/2034	500,000	526,310
Pomona, CA, Unified School District, A, NATL, 6.55%, 8/01/2029	1,000,000	1,319,920
San Diego, CA, Community College (Election of 2002), 5.25%, 8/01/2033 (Prerefunded 8/01/2019)	125,000	136,593
San Diego, CA, Unified School District (Election of 2008), Capital Appreciation, G, 0%, 7/01/2034	265,000	122,406
San Joaquin, CA, Delta Community College District (Election of 2004), Capital Appreciation, B, AGM, 0%, 8/01/2018	400,000	394,792
San Jose, CA, Evergreen Community College District (Election of 2010), A, 5%, 8/01/2041	265,000	303,600
San Mateo County, CA, Union High School District, E, 3%, 9/01/2041	560,000	517,933
Santee, CA, School District (Election of 2006), Capital Appreciation, D, ASSD GTY, 0%, 8/01/2043	765,000	259,144
Vallejo City, CA, Unified School District, A, NATL, 5.9%, 8/01/2025	500,000	608,100
Victor, CA, Elementary School District (Election of 2008), A, ASSD GTY, 5.125%, 8/01/2034 (Prerefunded 8/01/2019)	500,000	545,370
Washington, CA, Yolo County Unified School District (New High School Project), 5%, 8/01/2021	450,000	452,894
West Contra Costa, CA, Unified School District, A, NATL, 5.7%, 2/01/2023	500,000	604,960
West Covina, CA, Unified School District, A, NATL, 5.8%, 2/01/2021	500,000	577,345
		\$ 11,461,788
<b>Healthcare Revenue - Hospitals - 29.3%</b>		
ABAG Finance Authority for Non-Profit Corps., CA, Rev. (Sharp Healthcare), 6.25%, 8/01/2039	\$ 505,000	\$ 558,454
ABAG Finance Authority for Non-Profit Corps., CA, Rev. (Sharp Healthcare), A, 5%, 8/01/2026	110,000	125,324
California Health Facilities Financing Authority Rev. (Children's Hospital Los Angeles), A, 5%, 8/15/2042	450,000	510,314

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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>		
California Health Facilities Financing Authority Rev. (Memorial Health Services), A, 5%, 10/01/2033	\$ 295,000	\$ 336,026
California Health Facilities Financing Authority Rev. (Scripps Health), A, 5%, 11/15/2032	525,000	597,340
California Health Facilities Financing Authority Rev. (Scripps Health), A, 5%, 11/15/2040	255,000	287,918
California Health Facilities Financing Authority Rev. (Sutter Health), B, 5.875%, 8/15/2031	500,000	571,410
California Health Facilities Financing Authority Rev. (Sutter Health), B, 5%, 11/15/2035	460,000	539,382
California Municipal Finance Authority Rev. (Community Medical Centers), A, 5%, 2/01/2042	75,000	84,615
California Municipal Finance Authority Rev. (Community Medical Centers), A, 5%, 2/01/2036	225,000	256,428
California Municipal Finance Authority Rev. (Community Medical Centers), A, 5%, 2/01/2037	150,000	170,420
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), 5%, 11/01/2028	45,000	51,264
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), 5%, 11/01/2029	35,000	39,602
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), 5%, 11/01/2044	85,000	92,972
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), 5%, 11/01/2030	15,000	16,889
California Municipal Finance Authority Rev. (NorthBay Healthcare Group), 5%, 11/01/2035	65,000	71,990
California Public Finance Authority Rev. (Henry Mayo Newhall Hospital), 5%, 10/15/2047	455,000	494,703
California Statewide Communities Development Authority Rev. (Adventist), ASSD GTY, 5%, 3/01/2037 (Prerefunded 5/23/2018)	495,000	514,246
California Statewide Communities Development Authority Rev. (Catholic Healthcare West), K, ASSD GTY, 5.5%, 7/01/2041	1,000,000	1,003,840
California Statewide Communities Development Authority Rev. (Enloe Medical Center), A, CALHF, 5.5%, 8/15/2023	500,000	526,625
California Statewide Communities Development Authority Rev. (Kaiser Permanente), A, 5%, 4/01/2042	455,000	506,906
California Statewide Communities Development Authority Rev. (Loma Linda University Medical Center), A, 5.5%, 12/01/2054	350,000	382,781
California Statewide Communities Development Authority Rev. (Redlands Community Hospital), 5%, 10/01/2046	350,000	385,326
California Statewide Communities Development Authority Rev. (Santa Ynez Valley Cottage Hospital), 5.25%, 11/01/2030	260,000	286,439
California Statewide Communities Development Authority Rev. (Sutter Health), A, 5%, 8/15/2032	610,000	694,522

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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Healthcare Revenue - Hospitals - continued</b>		
California Statewide Communities Development Authority Rev. (Trinity Health Corp.), 5%, 12/01/2041	\$ 450,000	\$ 505,139
Santa Clara County, CA, Financing Authority Rev. (El Camino Hospital), AMBAC, 5.125%, 2/01/2041 (Prerefunded 8/01/2017)	400,000	402,896
Upland, CA, COP (San Antonio Community Hospital), 6.375%, 1/01/2032	250,000	282,818
		\$ 10,296,589
<b>Healthcare Revenue - Long Term Care - 4.0%</b>		
ABAG Finance Authority for Non-Profit Corps., CA, Rev. (Episcopal Senior Communities), 6.125%, 7/01/2041	\$ 150,000	\$ 165,939
ABAG Finance Authority for Non-Profit Corps., CA, Rev. (Eskaton Properties, Inc.), 5%, 11/15/2035	230,000	247,986
California Statewide Communities Development Authority Rev. (899 Charleston Project), A, 5.25%, 11/01/2044	295,000	303,098
California Statewide Communities Development Authority Rev. (Episcopal Communities & Services for Seniors Obligated Group), 5%, 5/15/2047	315,000	338,694
Los Angeles County, CA, Regional Financing Authority Rev. (Montecedro Inc. Project), A, CALHF, 5%, 11/15/2044	300,000	338,676
		\$ 1,394,393
<b>Industrial Revenue - Other - 1.7%</b>		
New York Liberty Development Corp. Rev. (Goldman Sachs Headquarters), 5.25%, 10/01/2035	\$ 485,000	\$ 610,450
<b>Miscellaneous Revenue - Other - 4.9%</b>		
ABAG Finance Authority for Non-Profit Corps., CA, Rev. (Jackson Lab), 5%, 7/01/2037	\$ 400,000	\$ 438,832
California Infrastructure & Economic Development Bank Rev. (Academy of Motion Picture Arts and Sciences Obligated Group), A, 5%, 11/01/2030	235,000	276,529
California Infrastructure & Economic Development Bank Rev. (Academy of Motion Picture Arts and Sciences Obligated Group), A, 5%, 11/01/2034	170,000	197,453
California Infrastructure & Economic Development Bank Rev. (Academy of Motion Picture Arts and Sciences Obligated Group), A, 5%, 11/01/2035	170,000	197,015
California Infrastructure & Economic Development Bank Rev. (Walt Disney Family Museum), 5.25%, 2/01/2033 (Prerefunded 2/01/2018)	160,000	164,738
California Statewide Communities Development Authority Rev. (Buck Institute for Research on Aging), AGM, 5%, 11/15/2044	385,000	436,371
		\$ 1,710,938

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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Port Revenue - 5.7%</b>		
Alameda, CA, Corridor Transportation Authority Second Subordinate Lien Rev., B , AGM, 5%, 10/01/2036	\$ 310,000	\$ 357,405
Alameda, CA, Corridor Transportation Authority Second Subordinate Lien Rev., B , 5%, 10/01/2037	470,000	534,117
Port of Oakland, CA, Rev., P , 5%, 5/01/2033	1,000,000	1,105,700
		\$ 1,997,222
<b>Sales &amp; Excise Tax Revenue - 1.2%</b>		
California Economic Recovery, A , 5%, 7/01/2020 (Prerefunded 7/01/2019)	\$ 250,000	\$ 271,215
Puerto Rico Sales Tax Financing Corp., Sales Tax Rev., C , 5%, 8/01/2040 (a)(d)	215,000	121,808
Puerto Rico Sales Tax Financing Corp., Sales Tax Rev., Capital Appreciation, A , NATL, 0%, 8/01/2042	120,000	28,595
		\$ 421,618
<b>Secondary Schools - 2.1%</b>		
California School Finance Authority, Charter School Rev. (Aspire Public Schools - Obligated Group), 5%, 8/01/2040	\$ 85,000	\$ 91,481
California School Finance Authority, Charter School Rev. (Aspire Public Schools - Obligated Group), 5%, 8/01/2045	85,000	91,174
California School Finance Authority, School Facility Rev. (Alliance for College-Ready Public Schools Projects), A , 5%, 7/01/2030	255,000	281,910
California Statewide Communities Development Authority School Facility Rev. (Alliance for College-Ready Public Schools), A , 6.375%, 7/01/2047	230,000	254,028
		\$ 718,593
<b>Single Family Housing - State - 2.6%</b>		
California Housing Finance Agency Rev. (Home Mortgage), E , 4.75%, 2/01/2030	\$ 305,000	\$ 305,436
California Housing Finance Agency Rev. (Home Mortgage), K , 5.3%, 8/01/2023	175,000	175,623
California Housing Finance Agency Rev. (Home Mortgage), L , 5.45%, 8/01/2033	405,000	413,550
		\$ 894,609
<b>State &amp; Agency - Other - 1.4%</b>		
Sacramento County, CA, Public Facilities Project, COP, AMBAC, 4.75%, 10/01/2027	\$ 500,000	\$ 500,625
<b>State &amp; Local Agencies - 13.2%</b>		
California Public Works Board Lease Rev. (Department of Corrections), E , AGM, 3%, 10/01/2036	\$ 415,000	\$ 401,413

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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>		
California Public Works Board Lease Rev. (Judicial Council Projects), A, 5%, 3/01/2028	\$ 380,000	\$ 440,952
California Public Works Board Lease Rev. (New Stockton Courthouse), B, 5%, 10/01/2033	275,000	320,194
Los Angeles County, CA, Schools Regionalized Business Service Corp., Pooled Financing, Capital Appreciation, A, AMBAC, 0%, 8/01/2018	2,020,000	1,984,711
Los Angeles County, CA, Schools Regionalized Business Service Corp., Pooled Financing, Capital Appreciation, A, AMBAC, 0%, 8/01/2023	1,220,000	1,066,939
Los Angeles, CA, Municipal Improvement Corp. Lease Rev., B, ASSD GTY, 5.5%, 4/01/2030 (Prerefunded 4/01/2019)	390,000	422,655
		\$ 4,636,864
<b>Tax - Other - 1.5%</b>		
Puerto Rico Convention Center District Authority, Hotel Occupancy Tax Rev., A, AMBAC, 5%, 7/01/2031	\$ 90,000	\$ 90,176
Puerto Rico Infrastructure Financing Authority Special Tax Rev., C, AMBAC, 5.5%, 7/01/2024	120,000	128,482
Puerto Rico Infrastructure Financing Authority Special Tax Rev., C, AMBAC, 5.5%, 7/01/2026	80,000	86,403
Puerto Rico Infrastructure Financing Authority Special Tax Rev., C, AMBAC, 5.5%, 7/01/2027	210,000	227,394
		\$ 532,455
<b>Tax Assessment - 9.8%</b>		
Fontana, CA, Public Finance Authority, Tax Allocation Rev. (Sub Lien North Fontana Redevelopment), A, AMBAC, 5%, 10/01/2029	\$ 1,000,000	\$ 1,003,210
Huntington Park, CA, Public Financing Authority Rev., A, AGM, 5.25%, 9/01/2019	500,000	501,780
North Natomas, CA, Community Facilities District Special Tax, 4-E, 5.25%, 9/01/2033	160,000	181,443
Riverside County, CA, Jurupa Valley Redevelopment Project Rev., B, AGM, 5%, 10/01/2030	190,000	223,106
Riverside County, CA, Jurupa Valley Redevelopment Project Rev., B, AGM, 5%, 10/01/2031	225,000	264,296
Riverside County, CA, Redevelopment Agency, Tax Allocation, A, AGM, 5%, 10/01/2034	295,000	337,746
San Dieguito, CA, Public Facilities Authority, A, AMBAC, 5%, 8/01/2032	500,000	520,260
San Francisco, CA, City & County Redevelopment Successor Agency, Community Facilities District No. 6 (Mission Bay South Public Improvements), A, 5%, 8/01/2033	130,000	140,318
San Francisco, CA, City & County Redevelopment Successor Agency, Tax Allocation (Mission Bay South Redevelopment Project), A, 5%, 8/01/2043	250,000	280,475
		\$ 3,452,634

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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Tobacco - 4.8%</b>		
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., A-1, 5.125%, 6/01/2047	\$ 1,000,000	\$ 999,920
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Unrefunded Balance, 5.75%, 6/01/2047	675,000	679,995
		\$ 1,679,915
<b>Toll Roads - 1.0%</b>		
Riverside County, CA, Transportation Commission, Toll Rev., A, 5.75%, 6/01/2044	\$ 320,000	\$ 363,107
<b>Transportation - Special Tax - 2.5%</b>		
Commonwealth of Puerto Rico Highway & Transportation Authority Rev., D, AGM, 5%, 7/01/2032	\$ 55,000	\$ 55,548
Commonwealth of Puerto Rico Highway & Transportation Authority Rev., J, NATL, 5%, 7/01/2029	10,000	10,007
Commonwealth of Puerto Rico Highway & Transportation Authority Rev., L, NATL, 5.25%, 7/01/2035	30,000	32,399
Commonwealth of Puerto Rico Highway & Transportation Authority Rev., L, AMBAC, 5.25%, 7/01/2038	340,000	360,135
Commonwealth of Puerto Rico Highway & Transportation Authority Rev., N, NATL, 5.25%, 7/01/2032	35,000	38,063
San Francisco, CA, Municipal Transportation Agency Rev., B, 5%, 3/01/2037	335,000	380,590
		\$ 876,742
<b>Universities - Colleges - 6.6%</b>		
California Educational Facilities Authority Rev. (Loma Linda University), A, 5%, 4/01/2036	\$ 75,000	\$ 86,173
California Educational Facilities Authority Rev. (Loma Linda University), A, 5%, 4/01/2037	235,000	269,155
California Educational Facilities Authority Rev. (University of San Francisco), 6.125%, 10/01/2030	285,000	338,546
California Municipal Finance Authority Rev. (Azusa Pacific University Project), B, 5%, 4/01/2035	345,000	374,263
California Public Works Board Lease Rev. (The Regents of the University of California), 5%, 12/01/2028 (Prerefunded 12/01/2021)	375,000	437,449
California State University Rev., A, 5%, 11/01/2024	370,000	429,256
California State University Rev., A, 5%, 11/01/2030	270,000	320,892
Puerto Rico Industrial, Tourist, Educational, Medical & Environmental Control Facilities Financing Authority, Educational Facilities Rev. (University Plaza Project), NATL, 5%, 7/01/2033	75,000	75,206
		\$ 2,330,940

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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>Universities - Dormitories - 0.8%</b>		
California Municipal Finance Authority, Student Housing Rev. (Bowles Hall Foundation) A , 5%, 6/01/2035	\$ 25,000	\$ 27,017
California Statewide Communities Development Authority Rev. (Lancer Plaza Project), 5.875%, 11/01/2043	230,000	247,248
		\$ 274,265
<b>Utilities - Cogeneration - 0.7%</b>		
California Pollution Control Financing Authority, Water Furnishing Rev. (Poseidon Resources Desalination Project), 5%, 11/21/2045	\$ 150,000	\$ 160,268
California Pollution Control Financing Authority, Water Furnishing Rev. (San Diego County Water Desalination Project Pipeline), 5%, 11/21/2045	75,000	75,142
		\$ 235,410
<b>Utilities - Municipal Owned - 7.5%</b>		
California Department of Water Resources, Power Supply Rev., L , 5%, 5/01/2019	\$ 305,000	\$ 328,909
Guam Power Authority Rev., A , AGM, 5%, 10/01/2039	50,000	56,083
Guam Power Authority Rev., A , AGM, 5%, 10/01/2044	55,000	61,385
Northern California Power Agency, Capital Facilities Rev., A , 5.25%, 8/01/2024	390,000	431,668
Puerto Rico Electric Power Authority Rev., DDD , AGM, 3.625%, 7/01/2023	10,000	10,008
Puerto Rico Electric Power Authority Rev., DDD , AGM, 3.65%, 7/01/2024	55,000	55,044
Puerto Rico Electric Power Authority Rev., SS , ASSD GTY, 4.375%, 7/01/2030	5,000	5,004
Puerto Rico Electric Power Authority Rev., UU , ASSD GTY, 4.25%, 7/01/2027	40,000	40,039
Puerto Rico Electric Power Authority Rev., VV , NATL, 5.25%, 7/01/2032	5,000	5,436
Sacramento, CA, Municipal Utility District Electric Rev., U , AGM, 5%, 8/15/2019 (Prerefunded 8/15/2018)	290,000	304,825
Sacramento, CA, Municipal Utility District Electric Rev., X , 5%, 8/15/2025 (Prerefunded 8/15/2021)	95,000	110,196
Sacramento, CA, Municipal Utility District Electric Rev., Unrefunded Balance, U , AGM, 5%, 8/15/2019	460,000	483,626
Sacramento, CA, Municipal Utility District Electric Rev., Unrefunded Balance, X , 5%, 8/15/2025	275,000	317,793
Vernon, CA, Electric System Rev., A , 5.5%, 8/01/2041	370,000	409,472
		\$ 2,619,488

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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Utilities - Other - 3.0%</b>		
California M-S-R Energy Authority Gas Rev., A , 6.5%, 11/01/2039	\$ 245,000	\$ 350,308
Southern California Public Power Authority (Natural Gas Project No. 1), A , 5%, 11/01/2033	585,000	706,113
		\$ 1,056,421
<b>Water &amp; Sewer Utility Revenue - 16.5%</b>		
Atwater, CA, Public Financing Authority Wastewater Rev., ASSD GTY, 5%, 5/01/2034	\$ 500,000	\$ 519,330
California Department of Water Resources Rev. (Central Valley Project Water System), AE , 5%, 12/01/2028 (Prerefunded 6/01/2018)	480,000	500,122
California Department of Water Resources Rev. (Central Valley Project Water System), AM , 5%, 12/01/2024	500,000	599,735
California Department of Water Resources Rev., Unrefunded Balance, 5%, 12/01/2028	20,000	20,821
Chino Basin, CA, Regional Financing Authority Rev. (Inland Empire Utilities Agency), A , AMBAC, 5%, 11/01/2038 (Prerefunded 11/01/2017)	1,000,000	1,017,600
Escondido, CA, Joint Powers Financing Authority Rev. (Water System Financing), 5%, 9/01/2041	460,000	522,601
Guam Waterworks Authority Rev. (Water and Wastewater System), 5%, 7/01/2036	20,000	22,136
Guam Waterworks Authority Rev. (Water and Wastewater System), 5%, 1/01/2046	105,000	114,683
Guam Waterworks Authority Rev. (Water and Wastewater System), A , 5%, 7/01/2029	105,000	118,096
Guam Waterworks Authority Rev. (Water and Wastewater System), A , 5%, 7/01/2035	105,000	115,355
Madera, CA, Financing Authority, Irrigation Rev., 6.5%, 1/01/2040 (Prerefunded 1/01/2020)	440,000	501,679
Norco, CA, Financing Authority, Enterprise Rev., AGM, 5.625%, 10/01/2039	215,000	233,793
Oxnard, CA, Financing Authority, Wastewater Rev., AGM, 5%, 6/01/2030	340,000	393,370
Oxnard, CA, Financing Authority, Wastewater Rev., AGM, 5%, 6/01/2031	85,000	97,920
Soquel Creek, CA, Water District, COP, 5%, 3/01/2043	370,000	421,793
Tulare, CA, Sewer Rev., AGM, 5%, 11/15/2031	350,000	411,936
Tulare, CA, Sewer Rev., AGM, 5%, 11/15/2035	170,000	196,874
		\$ 5,807,844
<b>Total Municipal Bonds (Identified Cost, \$55,033,732)</b>		<b>\$ 59,165,067</b>

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*Portfolio of Investments (unaudited) continued*

<b>Money Market Funds - 0.5%</b>		
<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
MFS Institutional Money Market Portfolio, 0.87% (v) (Identified Cost, \$167,196)	167,196	\$ 167,196
<b>Total Investments (Identified Cost, \$55,200,928)</b>		<b>\$ 59,332,263</b>
<b>Other Assets, Less Liabilities - 0.5%</b>		
VMTPS, at liquidation value of \$24,425,000 net of unamortized debt issuance costs of \$40,939 (issued by the fund) - (69.4)%		164,477 (24,384,061)
<b>Net Assets applicable to common shares - 100.0%</b>		<b>\$ 35,112,679</b>

(a) Non-income producing security.

(d) In default.

(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

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

ARPS Auction Rate Preferred Shares  
 COP Certificate of Participation  
 VMTPS Variable Rate Municipal Term Preferred Shares

**Insurers**

AGM Assured Guaranty Municipal  
 AMBAC AMBAC Indemnity Corp.  
 ASSD GTY Assured Guaranty Insurance Co.  
 BHAC Berkshire Hathaway Assurance Corp.  
 CALHF California Health Facility Construction Loan Insurance Program  
 NATL National Public Finance Guarantee Corp.

**Derivative Contracts at 5/31/17**

**Futures Contracts at 5/31/17**

<b>Description</b>	<b>Currency</b>	<b>Contracts</b>	<b>Value</b>	<b>Expiration Date</b>	<b>Unrealized Appreciation (Depreciation)</b>
<b>Liability Derivatives</b>					
<i>Interest Rate Futures</i>					
U.S. Treasury Note 10 yr (Short)	USD	20	\$2,525,938	September - 2017	\$(8,984)

At May 31, 2017, the fund had cash collateral of \$26,000 to cover any commitments for certain derivative contracts. Cash collateral is comprised of Deposits with brokers on the Statement of Assets and Liabilities.

**See Notes to Financial Statements**

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

At 5/31/17 (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	
Non-affiliated issuers, at value (identified cost, \$55,033,732)	\$59,165,067
Underlying affiliated funds, at value (identified cost, \$167,196)	167,196
Total investments, at value (identified cost, \$55,200,928)	\$59,332,263
Deposits with brokers	26,000
Receivables for	
Investments sold	40,000
Interest	660,541
Receivable from investment adviser	11,098
Other assets	9,073
Total assets	\$60,078,975
<b>Liabilities</b>	
Payables for	
Distributions on common shares	\$133
Daily variation margin on open futures contracts	2,812
Investments purchased	493,259
Interest expense	40,653
Payable to affiliates	
Transfer agent and dividend disbursing costs	6
Payable for independent Trustees' compensation	300
Accrued expenses and other liabilities	45,072
VMTPS, at liquidation value of \$24,425,000 net of unamortized debt issuance costs of \$40,939	24,384,061
Total liabilities	\$24,966,296
Net assets applicable to common shares	\$35,112,679
<b>Net assets consist of</b>	
Paid-in capital - common shares	\$35,238,011
Unrealized appreciation (depreciation) on investments	4,122,351
Accumulated net realized gain (loss) on investments	(4,318,379)
Undistributed net investment income	70,696
Net assets applicable to common shares	\$35,112,679
VMTPS, at liquidation value of \$24,425,000 net of unamortized debt issuance costs of \$40,939 (977 shares of Series 2019/3 issued and outstanding at \$25,000 per share)	24,384,061
Net assets including preferred shares	\$59,496,740
Common shares of beneficial interest issued and outstanding	2,786,275
Net asset value per common share (net assets of \$35,112,679 / 2,786,275 shares of beneficial interest outstanding)	\$12.60

**See Notes to Financial Statements**

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

Six months ended 5/31/17 (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>	
Income	
Interest	\$1,258,769
Dividends from underlying affiliated funds	1,728
Total investment income	\$1,260,497
Expenses	
Management fee	\$189,970
Transfer agent and dividend disbursing costs	2,855
Administrative services fee	9,411
Independent Trustees compensation	5,479
Stock exchange fee	7,460
Custodian fee	2,914
Shareholder communications	9,008
Audit and tax fees	40,194
Legal fees	1,050
Interest expense and amortization of VMTPS debt issuance costs	240,381
Miscellaneous	30,923
Total expenses	\$539,645
Reduction of expenses by investment adviser	(65,285)
Net expenses	\$474,360
Net investment income	\$786,137
<b>Realized and unrealized gain (loss) on investments</b>	
Realized gain (loss) (identified cost basis)	
Investments:	
Non-affiliated issuers	\$11,510
Underlying affiliated funds	(33)
Futures contracts	(38,409)
Net realized gain (loss) on investments	\$(26,932)
Change in unrealized appreciation (depreciation)	
Investments	\$1,614,083
Futures contracts	(14,849)
Net unrealized gain (loss) on investments	\$1,599,234
Net realized and unrealized gain (loss) on investments	\$1,572,302
Change in net assets from operations	\$2,358,439

**See Notes to Financial Statements**

**Table of Contents***Financial Statements***STATEMENTS OF CHANGES IN NET ASSETS**

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	Six months ended 5/31/17 (unaudited)	Year ended 11/30/16
<b>Change in net assets</b>		
<b>From operations</b>		
Net investment income	\$786,137	\$1,723,243
Net realized gain (loss) on investments	(26,932)	(39,069)
Net unrealized gain (loss) on investments	1,599,234	(1,695,160)
Change in net assets from operations	\$2,358,439	\$(10,986)
<b>Distributions declared to common shareholders</b>		
From net investment income	\$(788,516)	\$(1,648,053)
<b>Share transactions applicable to common and preferred shares</b>		
Net asset value of shares issued to common shareholders in reinvestment of distributions	\$	\$493
Total change in net assets	\$1,569,923	\$(1,658,546)
<b>Net assets applicable to common shares</b>		
At beginning of period	33,542,756	35,201,302
At end of period (including undistributed net investment income of \$70,696 and \$73,075, respectively)	\$35,112,679	\$33,542,756
<b>See Notes to Financial Statements</b>		

**Table of Contents***Financial Statements***STATEMENT OF CASH FLOWS**

Six months ended 5/31/17 (unaudited)

This statement provides a summary of cash flows from investment activity for the fund.

<b>Cash flows from operating activities:</b>	
Change in net assets from operations	\$2,358,439
<b>Adjustments to reconcile change in net assets from operations to net cash provided by operating activities:</b>	
Purchase of investment securities	(3,390,443)
Proceeds from disposition of investment securities	3,186,069
Proceeds from disposition of short-term investments, net	268,521
Realized gain/loss on investments	(11,477)
Unrealized appreciation/depreciation on investments	(1,614,083)
Net amortization/accretion of income	(16,921)
Amortization of VMTPS debt issuance costs	11,139
Decrease in interest receivable	17,184
Decrease in accrued expenses and other liabilities	(35,757)
Increase in receivable from investment adviser	(293)
Decrease in receivable for daily variation margin on open futures contracts	11,876
Increase in payable for daily variation margin on open futures contracts	2,812
Decrease in deposits with brokers	3,000
Increase in other assets	(7,862)
Increase in payable for interest expense	6,465
Net cash provided by operating activities	\$788,669
<b>Cash flows from financing activities:</b>	
Cash distributions paid on common shares	(788,669)
Net cash used by financing activities	\$(788,669)
Net increase (decrease) in cash	\$0
<b>Cash:</b>	
Beginning of period	\$
End of period	\$
Supplemental disclosure of cash flow information:	

Cash paid during the six months ended May 31, 2017 for interest was \$222,777.

**See Notes to Financial Statements**

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

The financial highlights table is intended to help you understand the fund's financial performance for the 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 that 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.

Common Shares	Six months	Years ended 11/30				
	ended 5/31/17 (unaudited)	2016	2015	2014	2013	2012
Net asset value, beginning of period	\$12.04	\$12.63	\$12.55	\$11.32	\$13.03	\$10.71
<b>Income (loss) from investment operations</b>						
Net investment income (d)	\$0.28	\$0.62	\$0.67	\$0.64	\$0.66	\$0.70
Net realized and unrealized gain (loss) on investments	0.56	(0.62)	0.03	1.22	(1.75)	1.92
Distributions declared to shareholders of ARPS						(0.02)
Total from investment operations	\$0.84	\$(0.00)	\$0.70	\$1.86	\$(1.09)	\$2.60
<b>Less distributions declared to common shareholders</b>						
From net investment income	\$(0.28)	\$(0.59)				