

MFS CHARTER INCOME TRUST
Form N-CSRS
July 20, 2018
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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 811-05822

MFS CHARTER INCOME TRUST

(Exact name of registrant as specified in charter)

111 Huntington Avenue, Boston, Massachusetts 02199

(Address of principal executive offices) (Zip code)

Christopher R. Bohane

Massachusetts Financial Services Company

111 Huntington Avenue

Boston, Massachusetts 02199

(Name and address of agents for service)

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

Date of fiscal year end: November 30

Date of reporting period: May 31, 2018

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Semiannual Report

May 31, 2018

MFS® Charter Income Trust

MCR-SEM

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MANAGED DISTRIBUTION POLICY DISCLOSURE

The MFS Charter Income Trust's (the fund) Board of Trustees adopted a managed distribution policy. The fund seeks to pay monthly distributions based on an annual rate of 8.00% of the fund's average monthly net asset value. The primary purpose of the managed distribution policy is to provide shareholders with a constant, but not guaranteed, fixed minimum rate of distribution each month. You should not draw any conclusions about the fund's investment performance from the amount of the current distribution or from the terms of the fund's managed distribution policy. The Board may amend or terminate the managed distribution policy at any time without prior notice to fund shareholders. The amendment or termination of the managed distribution policy could have an adverse effect on the market price of the fund's shares.

With each distribution, the fund will issue a notice to shareholders and an accompanying press release which will provide detailed information regarding the amount and composition of the distribution and other related information. The amounts and sources of distributions reported in the notice to shareholders are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The fund will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes. Please refer to Tax Matters and Distributions under Note 2 of the Notes to Financial Statements for information regarding the tax character of the fund's distributions.

Under a managed distribution policy the fund may at times distribute more than its net investment income and net realized capital gains; therefore, a portion of your distribution may result in a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the fund is paid back to you. Any such returns of capital will decrease the fund's total assets and, therefore, could have the effect of increasing the fund's expense ratio. In addition, in order to make the level of distributions called for under its managed distribution policy, the fund may have to sell portfolio securities at a less than opportune time. A return of capital does not necessarily reflect the fund's investment performance and should not be confused with yield or income. The fund's total return in relation to changes in net asset value is presented in the Financial Highlights.

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MFS® Charter Income Trust

New York Stock Exchange Symbol: **MCR**

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NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

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LETTER FROM THE EXECUTIVE CHAIRMAN

Dear Shareholders:

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

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

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

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

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

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

Respectfully,

Robert J. Manning

Executive Chairman

MFS Investment Management

July 16, 2018

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

Table of Contents**PORTFOLIO COMPOSITION****Portfolio structure (i)****Fixed income sectors (i)**

High Yield Corporates	61.1%
Non-U.S. Government Bonds	16.3%
Investment Grade Corporates	11.7%
Emerging Markets Bonds	10.8%
Mortgage-Backed Securities	5.1%
U.S. Treasury Securities	2.3%
Collateralized Debt Obligations	1.6%
Commercial Mortgage-Backed Securities	0.4%
Asset-Backed Securities	0.2%
Municipal Bonds	0.2%
Floating Rate Loans	0.2%

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

AAA	4.5%
AA	4.2%
A	8.3%
BBB	15.7%
BB	36.0%
B	28.8%
CCC	4.2%
CC	0.2%
C	0.1%
D (o)	0.0%
U.S. Government	13.9%
Federal Agencies	5.1%
Not Rated	(11.1)%
Non-Fixed Income	0.2%
Cash & Cash Equivalents (Less Liabilities)	(22.1)%
Other	12.0%

Portfolio facts (i)

Average Duration (d)	6.0
Average Effective Maturity (m)	7.7 yrs.

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Portfolio Composition continued

- (a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). Securities rated BBB or higher are considered investment grade. All ratings are subject to change. U.S. Government includes securities issued by the U.S. Department of the Treasury. Federal Agencies includes rated and unrated U.S. Agency fixed-income securities, U.S. Agency mortgage-backed securities, and collateralized mortgage obligations of U.S. Agency mortgage-backed securities. Not Rated includes fixed income securities and fixed income derivatives, which have not been rated by any rating agency. Non-Fixed Income includes any equity securities (including convertible bonds and equity derivatives) and/or commodity-linked derivatives. 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.
- (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.
- (m) In determining each instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.
- (o) Less than 0.1%.

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 borrowings for leverage transactions and/or timing of cash receipts and disbursements.

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

Percentages are based on net assets as of May 31, 2018.

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

Table of Contents**PORTFOLIO MANAGERS PROFILES**

Portfolio Manager	Primary Role	Since	Title and Five Year History
Richard Hawkins	Co-Lead Portfolio Manager	2004	Investment Officer of MFS; employed in the investment management area of MFS since 1988.
Robert Spector	Co-Lead and Global Debt Instruments Portfolio Manager	2015	Investment Officer of MFS; employed in the investment management area of MFS since 2011.
William Adams	Below Investment Grade Debt Instruments Portfolio Manager	2011	Investment Officer of MFS; employed in the investment management area of MFS since 2009.
Ward Brown	Emerging Markets Debt Instruments Portfolio Manager	2012	Investment Officer of MFS; employed in the investment management area of MFS since 2005.
David Cole	Below Investment Grade Debt Instruments Portfolio Manager	2006	Investment Officer of MFS; employed in the investment management area of MFS since 2004.
Pilar Gomez-Bravo	Debt Instruments Portfolio Manager	2013	Investment Officer of MFS; employed in the investment management area of MFS since 2013.
Joshua Marston	Structured Securities Portfolio Manager	2012	Investment Officer of MFS; employed in the investment management area of MFS since 1999.
Robert Persons	Investment Grade Debt Instruments Portfolio Manager	2013	Investment Officer of MFS; employed in the investment management area of MFS since 2000.
Matt Ryan	Emerging Markets Debt Instruments Portfolio Manager	2004	Investment Officer of MFS; employed in the investment management area of MFS since 1997.
Michael Skatrud	Below Investment Grade Debt Instruments Portfolio Manager	2018	Investment Officer of MFS; employed in the investment management area of MFS since 2013.
Erik Weisman	Sovereign Debt Obligations Portfolio Manager	2012	Investment Officer of MFS; employed in the investment management area of MFS since 2002.

Note to Shareholders: Effective March 1, 2018, Michael Skatrud became a Portfolio Manager of the Fund. Effective June 30, 2018, Richard Hawkins is no longer a Portfolio Manager of the Fund. Effective September 1, 2018, William Adams will no longer be a Portfolio Manager of the Fund.

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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 the fund's net investment income and net capital gains, determined in accordance with federal income tax regulations, are insufficient to meet the fund's target annual distribution rate. 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. It may also result in a recharacterization of what economically represents a return of capital to ordinary income in those situations where a fund has long term capital gains and a capital loss carryforward. Returns of shareholder capital may have the effect of reducing the fund's assets and increasing the fund's expense ratio.

The fund's target annual distribution rate is calculated based on an annual rate of

8.00% of the fund's average monthly net asset value, not a fixed share price, and the fund's dividend amount will fluctuate with changes in the fund's average monthly net assets.

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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5/31/18 (unaudited)

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

Bonds - 120.2%		
Issuer	Shares/Par	Value (\$)
Aerospace - 1.2%		
Dae Funding LLC, 5%, 8/01/2024 (n)	\$ 1,535,000	\$ 1,446,738
Huntington Ingalls Industries, Inc., 3.483%, 12/01/2027 (n)	140,000	133,561
KLX, Inc., 5.875%, 12/01/2022 (n)	1,180,000	1,233,100
L3 Technologies, Inc., 3.85%, 6/15/2023	213,000	213,125
Lockheed Martin Corp., 3.55%, 1/15/2026	263,000	260,522
Transdigm Holdings UK PLC, 6.875%, 5/15/2026 (n)	260,000	265,200
TransDigm, Inc., 6.5%, 7/15/2024	925,000	943,500
TransDigm, Inc., 6.375%, 6/15/2026	635,000	638,175
		\$ 5,133,921
Airlines - 0.2%		
Ryanair Ltd., 1.125%, 3/10/2023	EUR 600,000	\$ 712,352
Apparel Manufacturers - 0.1%		
Coach, Inc., 4.125%, 7/15/2027	\$ 385,000	\$ 372,661
Asset-Backed & Securitized - 2.3%		
Bayview Financial Revolving Mortgage Loan Trust, FLR, 3.568% (LIBOR-1mo. + 1.6%), 12/28/2040 (z)	\$ 414,969	\$ 376,524
Chesapeake Funding II LLC, 2016-1A, A2, FLR, 3.069% (LIBOR-1mo. + 1.15%), 3/15/2028 (n)	763,450	765,675
Commercial Mortgage Trust, 2015-DC1, A5, 3.35%, 2/10/2048	500,000	494,274
Crest Ltd., CDO, 7%, (0.001% cash or 7% PIK) 1/28/2040 (a)(p)	3,484,427	365,865
Dryden Senior Loan Fund, 2013-26A, AR, CLO, FLR, 3.248% (LIBOR-3mo. + 0.9%), 4/15/2029 (z)	592,000	591,911
Dryden Senior Loan Fund, 2014-34A, CR, CLO, FLR, 4.497% (LIBOR-3mo. + 2.15%), 10/15/2026 (n)	255,098	254,856
First Union-Lehman Brothers Bank of America, 1.133%, 11/18/2035 (i)	752,969	15,782
Flatiron CLO Ltd., 2013-1A, A2R, FLR, 4.003% (LIBOR-3mo. + 1.65%), 1/17/2026 (n)	929,626	929,596
HarbourView CLO VII Ltd., 7RA, B, FLR, 3.522% (LIBOR-3mo. + 1.7%), 7/18/2031 (z)	940,000	940,000
JPMorgan Chase Commercial Mortgage Trust, 2007-LD11, AM, 6.005%, 6/15/2049	557,170	566,085
Loomis, Sayles & Co., CLO, 2015-2A, A1R, FLR, 3.253% (LIBOR-3mo. + 0.9%), 4/15/2028 (n)	2,526,000	2,524,694

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

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Asset-Backed & Securitized - continued		
Octagon Investment Partners XVII Ltd., 2013-1A, BR2, FLR, 3.384% (LIBOR-3mo. + 1.4%), 1/25/2031 (n)	\$ 1,050,000	\$ 1,050,264
Wells Fargo Commercial Mortgage Trust, 2015-NXS1, A5, 3.148%, 5/15/2048	768,632	751,417
		\$ 9,626,943
Automotive - 1.4%		
Allison Transmission, Inc., 5%, 10/01/2024 (n)	\$ 2,006,000	\$ 1,990,955
Ferrari N.V., 1.5%, 3/16/2023	EUR 350,000	414,522
General Motors Co., 6.75%, 4/01/2046	\$ 123,000	140,326
General Motors Financial Co., Inc., 3.45%, 4/10/2022	256,000	253,416
General Motors Financial Co., Inc., 4.35%, 1/17/2027	129,000	126,781
IHO Verwaltungs GmbH, 4.75%, (4.75% cash or 5.5% PIK) 9/15/2026 (n)(p)	1,230,000	1,156,200
Jaguar Land Rover PLC, 4.5%, 10/01/2027 (n)	215,000	190,275
Lear Corp., 3.8%, 9/15/2027	238,000	227,545
LKQ European Holdings B.V., 3.625%, 4/01/2026 (n)	EUR 100,000	115,333
RCI Banque S.A., 1%, 5/17/2023	600,000	708,978
Volkswagen Bank GmbH, 0.75%, 6/15/2023	220,000	255,877
Volkswagen International Finance N.V., 2.7%, 12/31/2099	100,000	117,490
Volkswagen Leasing GmbH, 1.375%, 1/20/2025	240,000	281,721
		\$ 5,979,419
Banks & Diversified Financials (Covered Bonds) - 0.0%		
CaixaBank S.A., 1.125%, 1/12/2023	EUR 200,000	\$ 229,304
Broadcasting - 2.3%		
Liberty Media Corp. - Liberty Formula One, 8.5%, 7/15/2029	\$ 720,000	\$ 774,000
Liberty Media Corp. - Liberty Formula One, 8.25%, 2/01/2030	480,000	510,240
Match Group, Inc., 6.375%, 6/01/2024	1,195,000	1,245,788
Meredith Corp., 6.875%, 2/01/2026 (n)	985,000	994,850
Netflix, Inc., 5.875%, 2/15/2025	785,000	807,647
Netflix, Inc., 4.375%, 11/15/2026	400,000	376,004
Netflix, Inc., 3.625%, 5/15/2027	EUR 775,000	897,144
Netflix, Inc., 4.875%, 4/15/2028 (n)	\$ 325,000	308,783
ProSiebenSat.1 Media AG, 2.625%, 4/15/2021	EUR 315,000	384,333
RELX Finance B.V., 1%, 3/22/2024	150,000	176,805
SES S.A., 1.625%, 3/22/2026	200,000	233,646
Sinclair Broadcast Group, Inc., 5.125%, 2/15/2027 (n)	\$ 1,285,000	1,195,050
WMG Acquisition Corp., 5%, 8/01/2023 (n)	210,000	207,375
WMG Acquisition Corp., 4.875%, 11/01/2024 (n)	1,360,000	1,326,000
WMG Acquisition Corp., 5.5%, 4/15/2026 (n)	225,000	222,750
WPP Finance 2016 Co., 1.375%, 3/20/2025	EUR 120,000	139,971
		\$ 9,800,386

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
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