

MFS CHARTER INCOME TRUST  
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 811-05822

**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, 2017

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**ITEM 1. REPORTS TO STOCKHOLDERS.**

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**SEMIANNUAL REPORT**

May 31, 2017

**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:

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)****Fixed income sectors (i)**

High Yield Corporates	64.2%
Non-U.S. Government Bonds	16.2%
Investment Grade Corporates	14.9%
Emerging Markets Bonds	9.3%
Mortgage-Backed Securities	3.1%
Collateralized Debt Obligations	1.5%
U.S. Treasury Securities	1.2%
Asset-Backed Securities	0.9%
Commercial Mortgage-Backed Securities	0.9%
Floating Rate Loans	0.7%

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

AAA	4.8%
AA	2.7%
A	9.3%
BBB	16.9%
BB	34.5%
B	29.6%
CCC	5.5%
CC	0.2%
C	0.2%
D	0.1%
U.S. Government	12.6%
Federal Agencies	3.1%
Not Rated	(6.6)%
Non-Fixed Income	0.2%
Cash & Cash Equivalents (less liabilities)	(19.8)%
Other	6.7%

**Portfolio facts (i)**

Average Duration (d)	5.4
Average Effective Maturity (m)	7.4 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, including fixed income futures contracts, 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 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. 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.

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

Percentages are based on net assets as of May 31, 2017.

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

**Table of Contents****PORTFOLIO MANAGERS PROFILES**

<b>Portfolio Manager</b>	<b>Primary Role</b>	<b>Since</b>	<b>Title and Five Year History</b>
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; Managing Director of Imperial Capital from May 2012 to March 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.
Erik Weisman	Sovereign Debt Obligations Portfolio Manager	2012	Investment Officer of MFS; employed in the investment management area of MFS since 2002.

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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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5/31/17 (unaudited)

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

<b>Bonds - 118.1%</b>		
<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>Aerospace - 0.8%</b>		
KLX, Inc., 5.875%, 12/01/2022 (n)	\$ 1,445,000	\$ 1,524,591
Lockheed Martin Corp., 3.55%, 1/15/2026	263,000	272,951
TransDigm, Inc., 6%, 7/15/2022	820,000	849,623
TransDigm, Inc., 6.5%, 7/15/2024	800,000	832,000
TransDigm, Inc., 6.375%, 6/15/2026	380,000	389,500
		<b>\$ 3,868,665</b>
<b>Airlines - 0.2%</b>		
Ryanair Ltd., 1.125%, 3/10/2023	EUR 775,000	\$ 881,465
<b>Asset-Backed &amp; Securitized - 3.3%</b>		
Bayview Financial Revolving Mortgage Loan Trust, FRN, 2.643%, 12/28/2040 (z)	\$ 497,017	\$ 383,998
Chesapeake Funding II LLC, 2016-1A, A2, FRN, 2.139%, 3/15/2028 (n)	1,460,492	1,469,067
Commercial Mortgage Trust, 2015-DC1, A5, 3.35%, 2/10/2048	500,000	511,465
Crest Ltd., CDO, 7%, 1/28/2040 (a)(p)	3,250,826	522,769
Dryden Senior Loan Fund, 2013-26A, A, CLO, FRN, 2.258%, 7/15/2025 (n)	722,000	723,014
Dryden Senior Loan Fund, 2014-34A, CR, FRN, 3.308%, 10/15/2026 (n)	255,098	257,271
First Union-Lehman Brothers Bank of America, FRN, 1.071%, 11/18/2035 (i)	2,586,549	14,047
Flatiron CLO Ltd., 2013-1A, A2R, FRN, 2.808%, 1/17/2026 (n)	929,626	927,528
Ford Credit Floorplan Master Owner Trust, 2015-1, A2, FRN, 1.389%, 1/15/2020	1,848,000	1,850,588
HarbourView CLO VII Ltd., B1R, FRN, 2.831%, 11/18/2026 (z)	940,012	939,965
John Deere Owner Trust, A2, 1.15%, 10/15/2018	636,869	636,651
JPMorgan Chase Commercial Mortgage Securities Corp., A4, FRN, 5.722%, 6/15/2049	7,654	7,647
JPMorgan Chase Commercial Mortgage Trust, 2007-LD11, AM, FRN, 5.722%, 6/15/2049	2,142,300	2,193,180
Loomis, Sayles & Co., CLO, A1, FRN, 2.688%, 10/15/2027 (z)	2,526,150	2,533,425
Merrill Lynch Mortgage Trust, FRN, 5.835%, 6/12/2050	50,218	50,159
Morgan Stanley Capital I Trust, AM, FRN, 5.744%, 4/15/2049	478,851	483,639

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

Issuer	Shares/Par	Value (\$)
<b>Bonds - continued</b>		
Asset-Backed & Securitized - continued		
Octagon Investment Partners XV, Ltd., 2.554%, 10/25/2025 (z)	\$ 1,177,401	\$ 1,177,401
Wells Fargo Commercial Mortgage Trust, 2015-NXS1, A5, 3.148%, 5/15/2048	768,632	781,490
		\$ 15,463,304
<b>Automotive - 1.6%</b>		
Allison Transmission, Inc., 5%, 10/01/2024 (n)	\$ 1,456,000	\$ 1,485,120
Delphi Automotive PLC, 1.5%, 3/10/2025	EUR 200,000	224,602
Ferrari N.V., 1.5%, 3/16/2023	EUR 350,000	400,510
FGA Capital Ireland PLC, 2%, 10/23/2019	EUR 450,000	524,059
Gates Global LLC, 6%, 7/15/2022 (n)	\$ 915,000	932,202
General Motors Financial Co., Inc., 3.45%, 4/10/2022	256,000	259,497
General Motors Financial Co., Inc., 4.35%, 1/17/2027	129,000	130,562
IHO Verwaltungs GmbH, 4.75%, 9/15/2026 (n)	830,000	838,300
RCI Banque S.A., 1%, 5/17/2023	EUR 600,000	674,681
ZF North America Capital, Inc., 4.5%, 4/29/2022 (n)	\$ 1,085,000	1,140,606
ZF North America Capital, Inc., 4.75%, 4/29/2025 (n)	750,000	789,375
		\$ 7,399,514
<b>Biotechnology - 0.0%</b>		
Life Technologies Corp., 6%, 3/01/2020	\$ 200,000	\$ 219,398
<b>Broadcasting - 2.2%</b>		
CBS Radio, Inc., 7.25%, 11/01/2024 (n)	\$ 785,000	\$ 828,175
Clear Channel Worldwide Holdings, Inc., A, 6.5%, 11/15/2022	365,000	372,300
Clear Channel Worldwide Holdings, Inc., B, 6.5%, 11/15/2022	1,305,000	1,349,044
E. W. Scripps Co., 5.125%, 5/15/2025 (n)	885,000	906,019
Liberty Media Corp. - Liberty Formula One, 8.5%, 7/15/2029	875,000	971,250
Liberty Media Corp. - Liberty Formula One, 8.25%, 2/01/2030	210,000	224,963
Match Group, Inc., 6.375%, 6/01/2024	965,000	1,051,850
Netflix, Inc., 5.375%, 2/01/2021	1,680,000	1,822,800
Netflix, Inc., 5.875%, 2/15/2025	70,000	76,825
Omnicom Group, Inc., 3.65%, 11/01/2024	77,000	79,500
Omnicom Group, Inc., 3.6%, 4/15/2026	290,000	295,257
ProSiebenSat.1 Media AG, 2.625%, 4/15/2021	EUR 240,000	287,510
RELX Finance B.V., 1%, 3/22/2024	EUR 150,000	170,625
SES Global Americas Holdings GP, 2.5%, 3/25/2019 (n)	\$ 181,000	180,936
Time Warner, Inc., 3.8%, 2/15/2027	332,000	331,444
WMG Acquisition Corp., 5%, 8/01/2023 (z)	210,000	214,988
WMG Acquisition Corp., 4.875%, 11/01/2024 (n)	1,285,000	1,297,850
		\$ 10,461,336

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*Portfolio of Investments (unaudited) continued*

<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
Bonds - continued		
Brokerage & Asset Managers - 0.2%		
Intercontinental Exchange, Inc., 2.75%, 12/01/2020	\$ 178,000	\$ 181,334
Intercontinental Exchange, Inc., 3.75%, 12/01/2025	292,000	305,902
TD Ameritrade Holding Corp., 3.3%, 4/01/2027	282,000	283,670
		\$ 770,906