

MFS CHARTER INCOME TRUST
Form N-CSRS
July 30, 2010
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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 811-5822

MFS CHARTER INCOME 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, 2010

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Semiannual report

MFS® Charter Income Trust

5/31/10

MCR-SEM

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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 CEO

Dear Shareholders:

After having suffered their biggest declines since the Great Depression, most global markets experienced an impressive resurgence during the latter months of 2009 and the first quarter of 2010. The global economy was able to reap the benefits of two major trends. The first of these was the massive efforts of governments and central banks to increase liquidity in the financial system as they sought to prevent the credit crisis from further affecting the banking system. The second was the move by companies around the world to cut costs and operations to prepare for rapidly changing market conditions. We believe that these moves not only shortened the length of the downturn but also set the stage for recovery.

Even with the significant market gains of 2009 and the early part of 2010, the recovery is unrolling at a moderate pace, with rebounds in the manufacturing sector and corporate America leading the way. Central bankers are proceeding with caution and many have held benchmark interest rates unchanged as they debate the best way to withdraw stimulus measures without disrupting the fragile growth process. Complicating that debate late in the period was the emergence of the European debt crisis and worries about whether this crisis could derail the global recovery.

While hurdles remain, we believe that the global economy is proceeding on the road to recovery. As always, we continue to be mindful of the many challenges faced at the individual, national, and international levels. It is at times such as these that we want to remind investors of the merits of maintaining a long-term view, adhering to basic investing principles such as asset allocation and diversification, and working closely with advisors to identify and research investment opportunities. At MFS®, we take particular pride in how well mutual funds can help investors by providing the diversification that is important in any type of market climate.

Respectfully,

Robert J. Manning

Chairman and Chief Executive Officer

MFS Investment Management®

July 15, 2010

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

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

High Yield Corporates	55.8%
High Grade Corporates	14.2%
Non-U.S. Government Bonds	13.4%
Emerging Markets Bonds	12.4%
Commercial Mortgage-Backed Securities	6.3%
Mortgage-Backed Securities	5.6%
Floating Rate Loans	1.0%
U.S. Government Agencies	0.7%
Asset-Backed Securities	0.5%
Collateralized Debt Obligations	0.2%
U.S. Treasury Securities	(7.1)%

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

AAA	16.6%
AA	11.1%
A	5.7%
BBB	14.6%
BB	24.4%
B	27.5%
CCC	10.7%
CC	0.1%
C	0.1%
D	0.1%
Equity	0.5%
Other	(11.4)%

Portfolio facts (i)

Average Duration (d)	5.1
Average Effective Maturity (m)	7.2 yrs.

Issuer country weightings (i)

United States	66.0%
Japan	4.7%
Italy	2.3%
United Kingdom	2.1%
Brazil	2.1%
Canada	2.0%
Mexico	1.8%
Netherlands	1.7%
Indonesia	1.6%
Other Countries	15.7%

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Portfolio Composition continued

- (a) Included in the rating categories are: (1) debt securities and fixed income structured products which have long-term public ratings; (2) U.S. Government Securities (all of which are given AAA ratings); and (3) credit default swaps, if applicable, for which the underlying security has a long term public rating. U.S. Government Securities consist of U.S. Treasury securities, and certain securities issued by certain U.S. government agencies or U.S. government-sponsored entities. All rated securities are assigned a rating in accordance with the following ratings hierarchy: If a security is rated by Moody's, then that rating is used; if not rated by Moody's, then a Standard & Poor's rating is used; if not rated by S&P, then a Fitch rating is used. Any equity securities are listed separately. The Other category includes cash, other assets, liabilities (including any derivative offsets), short-term and unrated debt securities. Ratings from Moody's (e.g., Aaa) are shown in the S&P and Fitch scale (e.g. AAA). All ratings are subject to change.
- (d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value.
- (i) For purposes of this presentation, the components include the market value of securities, and reflect the impact of the equivalent exposure of derivative positions, if applicable. 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.
- (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. From time to time Cash & Other Net Assets may be negative due to borrowings for leverage transactions, timing of cash receipts, and/or equivalent exposure from any derivative holdings.

Percentages are based on net assets as of 5/31/10, unless otherwise noted.

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

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MARKET ENVIRONMENT

After having suffered through one of the largest and most concentrated downturns since the 1930s, most asset markets staged a remarkable rebound during 2009 and early 2010. This recovery in global activity, which covers this reporting period, has been led importantly by emerging Asian economies, but broadening to include most of the global economy to varying degrees. Primary drivers of the recovery included an unwinding of the inventory destocking that took place earlier, the production of manufacturing and capital goods, as well as massive fiscal and monetary stimulus.

During the worst of the credit crisis, policy makers globally loosened monetary and fiscal policy on a massive scale. Having reached their lower bound on policy rates prior to the beginning of the reporting period, several central banks were implementing quantitative easing as a means to further loosen monetary policy to offset the continuing fall in global economic activity. However, by the beginning of the period, there were ever-broadening signs that the global macroeconomic deterioration had passed, which caused the subsequent rise in asset valuations. As most asset prices rebounded during the period and the demand for liquidity waned, the debate concerning the existence of asset bubbles and the need for monetary exit strategies had begun, creating added uncertainty regarding the forward path of policy rates. Late in the period, though, heightened risk surrounding the public-debt profiles of several of the peripheral European countries caused risky asset valuations to retrench considerably.

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INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES AND RISKS OF THE FUND

Investment Objective

The fund's investment objective is to seek high current income, but may also consider capital appreciation. The fund's objective may be changed without shareholder approval.

Principal Investment Strategies

MFS normally invests the fund's assets primarily in debt instruments.

MFS normally invests the fund's assets in U.S. Government securities, foreign government securities, mortgage-backed and other asset-backed securities of U.S. and/or foreign issuers, corporate bonds of U.S. and/or foreign issuers, and/or debt instruments of issuers located in emerging market countries. MFS allocates the fund's assets across these categories with a view toward broad diversification across and within these categories.

MFS may invest up to 100% of the fund's assets in lower quality debt instruments.

MFS may invest a relatively high percentage of the fund's assets in a single country, a small number of countries, or a particular geographic region.

MFS may use derivatives for different purposes, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the fund, or as alternatives to direct investments.

MFS uses a bottom-up investment approach in buying and selling investments for the fund. Investments are selected primarily based on fundamental analysis of instruments and their issuers in light of current market, economic, political, and regulatory conditions. Factors considered may include the instrument's credit quality, collateral characteristics, and indenture provisions, and the issuer's management ability, capital structure, leverage, and ability to meet its current obligations. Factors considered for equity securities may include analysis of earnings, cash flows, competitive position, and management ability. Quantitative analysis of the structure of the instrument and its features may also be considered.

The fund may use leverage by borrowing up to 33 1/3% of the fund's assets, including borrowings for investment purposes, and investing the proceeds pursuant to its investment strategies. If approved by the fund's Board of Trustees, the fund may use leverage by other methods.

MFS may engage in active and frequent trading in pursuing the fund's principal investment strategies.

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

In response to market, economic, political, or other conditions, MFS may depart from the fund's principal investment strategies by temporarily investing for defensive purposes.

Principal Risks

The portfolio's yield and share prices change daily based on the credit quality of its investments and changes in interest rates. In general, the value of debt securities will decline when interest rates rise and will increase when interest rates fall. Debt securities with longer maturity dates will generally be subject to greater price fluctuations than those with shorter maturities. Mortgage securities are subject to prepayment risk which can offer less potential for gains in a declining interest rate environment and greater potential for loss in a rising interest rate environment. Derivatives can be highly volatile and involve risks in addition to those of the underlying indicators upon whose value the derivative is based. Gains or losses from derivatives can be substantially greater than the derivatives' original cost. Lower quality debt securities involve substantially greater risk of default and their value can decline significantly over time. Foreign investments can be more volatile than U.S. investments. Changes in currency exchange rates can affect the U.S. dollar rate of foreign currency investments and investments denominated in foreign currency. Investing in emerging markets can involve risks in addition to those generally associated with investing in more developed foreign markets. To the extent that investments are purchased with the proceeds from the borrowings from a bank, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund. When you sell your shares, they may be worth more or less than the amount you paid for them. Please see the fund's registration statement for further information regarding these and other risk considerations. A copy of the fund's registration statement on Form N-2 is available on the EDGAR database on the Securities and Exchange Commission's Internet Web site at <http://sec.gov> and on the MFS Web site at mfs.com.

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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PORTFOLIO MANAGERS PROFILES

Richard Hawkins	Investment Officer of MFS; employed in the investment management area of MFS since 1988. Portfolio Manager of the Fund since July 2004.
John Addeo	Investment Officer of MFS; employed in the investment management area of MFS since 1998. Portfolio Manager of the Fund since February 2005.
David Cole	Investment Officer of MFS; employed in the investment management area of MFS since 2004. Portfolio Manager of the Fund since October 2006.
Matthew Ryan	Investment Officer of MFS; employed in the investment management area of MFS since 1997. Portfolio Manager of the Fund since September 2004.

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 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. In addition, distributions of current year long-term gains may be recharacterized as ordinary income. Returns of shareholder capital have the effect of reducing the fund's assets and may increase the fund's expense ratio.

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DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The fund offers a Dividend Reinvestment and Cash Purchase Plan (the Plan) that allows common shareholders to reinvest either all of the distributions paid by the fund or only the long-term capital gains. Generally, purchases are made at the market price unless that price exceeds the net asset value (the shares are trading at a premium). If the shares are trading at a premium, purchases will be made at a price of either the net asset value or 95% of the market price, whichever is greater. You can also buy shares on a quarterly basis in any amount \$100 and over. The Plan Agent will purchase shares under the Cash Purchase Plan on the 15th of January, April, July, and October or shortly thereafter.

If shares are registered in your own name, new shareholders will automatically participate in the Plan, unless you have indicated that you do not wish to participate. If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you may wish to request that your shares be re-registered in your own name so that you can participate. There is no service charge to reinvest distributions, nor are there brokerage charges for shares issued directly by the fund. However, when shares are bought on the New York Stock Exchange or otherwise on the open market, each participant pays a pro rata share of the transaction expenses, including commissions. Dividends and capital gains distributions are taxable whether received in cash or reinvested in additional shares the automatic reinvestment of distributions does not relieve you of any income tax that may be payable (or required to be withheld) on the distributions.

You may withdraw from the Plan at any time by going to the Plan Agent's website at www.computershare.com, by calling 1-800-637-2304 any business day from 9 a.m. to 5 p.m. Eastern time or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078. Please have available the name of the fund and your account number. For certain types of registrations, such as corporate accounts, instructions must be submitted in writing. Please call for additional details. When you withdraw from the Plan, you can receive the value of the reinvested shares in one of three ways: your full shares will be held in your account, the Plan Agent will sell your shares and send the proceeds to you, or you may transfer your full shares to your investment professional who can hold or sell them. Additionally, the Plan Agent will sell your fractional shares and send the proceeds to you.

If you have any questions or for further information or a copy of the Plan, contact the Plan Agent Computershare Trust Company, N.A. (the Transfer Agent for the fund) at 1-800-637-2304, at the Plan Agent's website at www.computershare.com, or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078.

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5/31/10 (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 - 108.6%		
Issuer	Shares/Par	Value (\$)
Aerospace - 1.0%		
BE Aerospace, Inc., 8.5%, 2018	\$ 1,225,000	\$ 1,267,875
Bombardier, Inc., 7.5%, 2018 (n)	485,000	489,850
Bombardier, Inc., 7.45%, 2034 (n)	625,000	568,750
Hawker Beechcraft Acquisition Co. LLC, 8.5%, 2015	1,534,000	1,284,725
Oshkosh Corp., 8.25%, 2017	290,000	298,700
Oshkosh Corp., 8.5%, 2020	320,000	331,200
Spirit AeroSystems Holdings, Inc., 7.5%, 2017	1,065,000	1,049,025
		\$ 5,290,125
Airlines - 0.4%		
American Airlines Pass-Through Trust, 7.377%, 2019	\$ 370,319	\$ 299,959
Continental Airlines, Inc., 7.339%, 2014	381,466	356,671
Continental Airlines, Inc., 7.25%, 2019	220,000	238,700
Delta Air Lines, Inc., 7.711%, 2011	995,000	985,050
		\$ 1,880,380
Apparel Manufacturers - 0.2%		
Hanesbrands, Inc., 8%, 2016	\$ 965,000	\$ 979,475
Phillips-Van Heusen Corp., 7.375%, 2020	235,000	236,175
		\$ 1,215,650
Asset-Backed & Securitized - 7.0%		
Anthracite Ltd., A CDO, FRN, 0.701%, 2019 (z)	\$ 1,554,641	\$ 1,103,795
Banc of America Commercial Mortgage, Inc., FRN, 5.744%, 2051	1,500,000	1,470,777
Banc of America Commercial Mortgage, Inc., FRN, 6.184%, 2051	6,000,000	6,080,525
Bayview Financial Acquisition Trust, FRN, 5.483%, 2041	404,000	394,206
Bayview Financial Revolving Mortgage Loan Trust, FRN, 1.864%, 2040 (z)	903,464	370,149
Citigroup/Deutsche Bank Commercial Mortgage Trust, FRN, 5.366%, 2049	1,605,000	1,271,919
Commercial Mortgage Pass-Through Certificates, FRN, 5.792%, 2046	230,000	207,032
Countrywide Asset-Backed Certificates, FRN, 5.147%, 2035	1,707,570	1,674,328
Credit Suisse Mortgage Capital Certificate, FRN, 5.722%, 2039	1,400,000	1,427,795
Crest Ltd., CDO, 7%, 2040	2,000,000	100,000
CWCapital LLC, 5.223%, 2048	5,839,000	5,598,933
DLJ Commercial Mortgage Corp., 6.04%, 2031 (z)	1,972,973	2,015,850
First Union-Lehman Brothers Bank of America, FRN, 0.423%, 2035 (i)	18,911,105	356,338

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Asset-Backed & Securitized - continued		
First Union-Lehman Brothers Commercial Mortgage Trust, 7%, 2029 (n)	\$ 503,883	\$ 527,194
Greenwich Capital Commercial Funding Corp., FRN, 5.887%, 2038	4,839,456	4,909,160
JPMorgan Chase Commercial Mortgage Securities Corp., 5.42%, 2049	1,255,000	1,175,985
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.818%, 2049	1,000,000	1,004,490
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 6.034%, 2051	185,000	52,654
Merrill Lynch Mortgage Trust, FRN, 5.826%, 2050	1,350,000	1,331,099
Merrill Lynch Mortgage Trust, FRN, 5.826%, 2050	185,000	55,853
Mortgage Capital Funding, Inc., FRN, 2.084%, 2031 (i)	112,765	42
PNC Mortgage Acceptance Corp., FRN, 7.1%, 2032 (z)	2,510,000	2,507,822
Spirit Master Funding LLC, 5.05%, 2023 (z)	1,533,005	1,311,609
Structured Asset Securities Corp., FRN, 4.67%, 2035	471,993	460,458
Wachovia Bank Commercial Mortgage Trust, FRN, 5.692%, 2047	1,503,155	302,772
Wachovia Bank Commercial Mortgage Trust, FRN, 5.902%, 2051	1,250,000	1,168,814
		\$ 36,879,599
Automotive - 1.8%		
Allison Transmission, Inc., 11%, 2015 (n)	\$ 1,535,000	\$ 1,604,075
Ford Motor Credit Co. LLC, 12%, 2015	4,528,000	5,275,029
General Motors Corp., 7.125%, 2013 (d)	1,350,000	438,750
Goodyear Tire & Rubber Co., 9%, 2015	880,000	902,000
Goodyear Tire & Rubber Co., 10.5%, 2016	1,200,000	1,272,000
		\$ 9,491,854
Basic Industry - 0.2%		
TriMas Corp., 9.75%, 2017 (n)	\$ 795,000	\$ 806,925
Broadcasting - 2.6%		
Allbritton Communications Co., 8%, 2018 (n)	\$ 565,000	\$ 533,925
Gray Television, Inc., 10.5%, 2015 (z)	320,000	302,400
Inmarsat Finance PLC, 7.375%, 2017 (n)	995,000	992,513
Intelsat Jackson Holdings Ltd., 9.5%, 2016	3,510,000	3,615,300
Lamar Media Corp., 6.625%, 2015	740,000	703,000
Lamar Media Corp., C, 6.625%, 2015	245,000	230,300
LIN TV Corp., 6.5%, 2013	755,000	731,406
Local TV Finance LLC, 9.25%, 2015 (p)(z)	799,312	610,141
Newport Television LLC, 13%, 2017 (n)(p)	119,932	95,971
News America, Inc., 6.2%, 2034	325,000	333,706
News America, Inc., 6.9%, 2039	205,000	227,878
Nexstar Broadcasting Group, Inc., 0.5% to 2011, 7% to 2014 (n)(p)	509,449	453,070
Nexstar Broadcasting Group, Inc., 7%, 2014	168,000	149,730

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

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Broadcasting - continued		
Salem Communications Corp., 9.625%, 2016	\$ 273,000	\$ 276,413
Sinclair Broadcast Group, Inc., 9.25%, 2017 (n)	1,425,000	1,410,750
SIRIUS XM Radio, Inc., 8.75%, 2015 (n)	725,000	703,250
Univision Communications, Inc., 12%, 2014 (n)	790,000	849,250
Univision Communications, Inc., 9.75%, 2015 (n)(p)	1,445,169	1,193,710
		\$ 13,412,713
Brokerage & Asset Managers - 0.6%		
E*TRADE Financial Corp., 7.875%, 2015	\$ 785,000	\$ 722,200
Janus Capital Group, Inc., 6.95%, 2017	1,900,000	1,942,279
Nuveen Investments, Inc., 10.5%, 2015	680,000	612,000
		\$ 3,276,479
Building - 2.0%		
Associated Materials, Inc., 11.25%, 2014	\$ 1,000,000	\$ 995,000
Building Materials Holding Corp., 7%, 2020 (n)	600,000	594,000
CEMEX Finance Europe B.V., 9.625%, 2017 (n)	EUR 490,000	548,145
CEMEX Finance LLC, 9.5%, 2016 (n)	\$ 2,550,000	2,326,875
Goodman Global, Inc., 13.5%, 2016	480,000	528,000
Masco Corp., 7.125%, 2020	980,000	949,403
Nortek, Inc., 11%, 2013	1,611,711	1,676,179
Owens Corning, 9%, 2019	1,550,000	1,788,630
Ply Gem Industries, Inc., 11.75%, 2013	350,000	358,750
Ply Gem Industries, Inc., 13.125%, 2014 (n)	670,000	676,700