

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

MFS CHARTER INCOME TRUST
Form N-CSRS
August 03, 2004

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)

James R. Bordewick, Jr.
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, 2004

Date of reporting period: May 31, 2004

ITEM 1. REPORTS TO STOCKHOLDERS

MFS(R) Mutual Funds
SEMIANNUAL REPORT 5/31/04

MFS(R) CHARTER INCOME TRUST

A path for pursuing opportunity

[graphic omitted]

[logo] M F S(R)
INVESTMENT MANAGEMENT

MFS(R) PRIVACY POLICY: A COMMITMENT TO YOU

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Privacy is a concern for every investor today. At MFS Investment Management (R) and the MFS funds, we take this concern very seriously. We want you to understand our policies about every MFS investment product and service that we offer and how we protect the nonpublic personal information of investors who have a direct relationship with us and our wholly owned subsidiaries.

Throughout our business relationship, you provide us with personal information; we maintain information and records about you, your investments, and the services you use. Examples of the nonpublic personal information we maintain include

- o data from investment applications and other forms
- o share balances and transactional history with us, our affiliates, or others
- o facts from a consumer reporting agency

We do not disclose any nonpublic personal information about our customers or former customers to anyone except as permitted by law. We may share information with companies or financial institutions that perform marketing services on our behalf or to other financial institutions with which we have joint marketing arrangements.

Access to your nonpublic personal information is limited to appropriate personnel who provide products, services, or information to you. We maintain physical, electronic, and procedural safeguards that comply with applicable federal regulations.

If you have any questions about MFS' privacy policy, please call 1-800-225-2606 any business day between 8 a.m. and 8 p.m. Eastern time.

Note: If you own MFS products or receive MFS services in the name of a third party such as a bank or broker-dealer, their privacy policy may apply to you instead of ours.

NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE
NOT A DEPOSIT NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

MFS(R) CHARTER INCOME TRUST

The trust seeks to maximize current income.

New York Stock Exchange Symbol: MCR

TABLE OF CONTENTS

MFS PRIVACY POLICY

LETTER FROM THE CEO	1
MFS ORIGINAL RESEARCH (R)	5
MANAGEMENT REVIEW	6
PORTFOLIO MANAGER'S PROFILE	9

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

PERFORMANCE SUMMARY	10

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN	12

PORTFOLIO OF INVESTMENTS	13

FINANCIAL STATEMENTS	28

NOTES TO FINANCIAL STATEMENTS	32

TRUSTEES AND OFFICERS	43

CONTACT INFORMATION	47

LETTER FROM THE CEO

Dear Shareholders,

[Photo of Robert J. Manning]

Our firm was built on the strength of MFS Original Research(R), our in-depth analysis of every security we consider for our portfolios. We've been honing this process since 1932, when we created one of the mutual fund industry's first research departments. And we continue to fine-tune this process so that we can provide strong and consistent long-term investment performance to help you achieve your financial goals.

While we have achieved strong investment performance in many of our portfolios, our goal is to achieve the same strong results across all asset classes. To ensure that our portfolio teams are doing the best possible job for our firm's clients and shareholders, I am focusing the vast majority of my time on the three key elements that I believe truly differentiate MFS from its competitors: people, process, and culture.

PEOPLE

Our people have always been our most valuable resource. Our philosophy is to deliver consistent, repeatable investment results by hiring the most talented investors in our industry. We recruit from the nation's top business schools and hire experienced analysts, both domestically and around the globe.

Our analysts are the engine that powers our entire investment team because their recommendations have a direct impact on the investment performance of our portfolios. To demonstrate our ongoing commitment in this area, we increased the number of equity analysts at MFS from less than 40 at the end of 2000 to about 50 in June 2004. During that same period, we doubled the average investment experience of our domestic equity analysts, in part by recruiting more seasoned analysts to the firm. Moreover, our international network of investment personnel now spans key regions of the world with offices in London, Mexico City, Singapore, and Tokyo, as well as Boston.

One of the major advantages that MFS has over many of its competitors is that the position of research analyst is a long-term career for many members of our team, not simply a steppingstone toward becoming a portfolio manager. We have worked to elevate the stature of the analyst position to be on par with that of a portfolio manager. In fact, an exceptional research analyst has the opportunity to earn more at MFS than some portfolio managers.

At the same time, we look within the firm to promote talented analysts who

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

choose a path toward becoming a portfolio manager. We rarely hire portfolio managers from our competitors because we believe the best investors are those steeped in the MFS process and culture. In the past few months, we have identified three senior research analysts who will assume roles on the management teams of several of our larger portfolios. MFS is fortunate to have a deep bench of talented investment personnel, and we welcome the opportunity to put their skills to work for our clients.

PROCESS

MFS was built on the strength of its bottom-up approach to researching securities. We have enhanced the mentoring process for our research analysts by calling on several of our most seasoned portfolio managers to supplement the work of Director of Global Equity Research David A. Antonelli. These portfolio managers are taking a special interest in developing the careers of our research analysts and strengthening our investment process. Kenneth J. Enright of our value equity group is working with a team of domestic analysts; David E. Sette-Ducati of our small- and mid-cap equity team is working with analysts concentrating on small- and mid-cap companies; and Barnaby Wiener of our international equity team in London heads the European equity research team.

We have combined the bottom-up approach of our research process with a top-down approach to risk controls on portfolio composition. We have a very strong quantitative team under the leadership of industry veteran Deborah H. Miller, who represents the equity management department on the Management Committee of the firm. Quantitative analysis helps us generate investment ideas and, more importantly, assess the appropriate level of risk for each portfolio. The risk assessment is designed to assure that each portfolio operates within its investment objectives.

Additionally, we have increased the peripheral vision of our investment personnel across asset classes through the collaboration of our Equity, Fixed Income, Quantitative Analysis, and Risk Management teams. We recently codified this key aspect of our culture by forming an Investment Management Committee, composed of key members of these teams. This Committee will work to ensure that all teams are sharing information, actively debating investment ideas, and creating a unified investment team.

CULTURE

Teamwork is at the heart of our ability to deliver consistent and competitive investment performance over time. At MFS, each member of our team is involved in our success; we have no superstars. The collaborative nature of our process works to assure a consistent investment approach across all of our products and provides a high level of continuity in portfolio management because our investment performance never depends on the contributions of just a single individual. Our culture is based on an environment of teamwork that allows our investment personnel to be successful. In turn, we demand superior investment results from every member of our team.

We have created a meritocracy at our firm based on investment results. We hold all of our portfolio managers accountable for the performance of their portfolios and their contributions to the team. We also track the equity and fixed-income ratings of our analysts so we can evaluate them based on the performance of their recommendations. We align bonus compensation to investment performance by weighting rewards to those who have created the greatest long-term benefit for our shareholders and who contribute most successfully to the Original Research(SM) process.

The strength of our culture has resulted in a tremendous amount of stability, both in terms of people and assets under management. Although we have

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

dismissed members of our team whose performance did not meet MFS' high standards, only one portfolio manager has voluntarily left the firm over the past six months, based on a decision to retire from the industry. Similarly, our firm's assets under management have remained quite steady in the midst of a challenging environment.

In short, we can help you achieve your financial goals by hiring talented people, following a disciplined process, and maintaining our firm's unique culture. The recent enhancements described in this letter reflect the collaborative spirit and the depth of resources in our investment teams.

As always, we appreciate your confidence in MFS and welcome any questions or comments you may have.

Respectfully,

/s/ Robert J. Manning

Robert J. Manning
CEO, President, and Chief Investment Officer
MFS Investment Management (R)

June 18, 2004

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

The opinions expressed in this letter are those of MFS, and no forecasts can be guaranteed.

MFS ORIGINAL RESEARCH (R)

THE MFS (R) DIFFERENCE

For 80 years MFS has been offering investors clear paths to pursuing specific investment objectives. Today, millions of individuals and thousands of institutions all over the world look to MFS to manage their assets with insight and care.

Our success, we believe, has to do with the fact that we see investors as people with plans, not just dollars to invest.

When you invest with MFS, you invest with a company dedicated to helping you realize your long-term financial goals.

INVESTORS CHOOSE MFS FOR OUR

- o global asset management expertise across all asset classes
- o time-tested money management process for pursuing consistent results
- o full spectrum of investment products backed by MFS Original Research (R)
- o resources and services that match real-life needs

TURNING INFORMATION INTO OPPORTUNITY

Sound investments begin with sound information. MFS has been doing its own research and analyzing findings in-house for decades. The process we use to uncover opportunity is called MFS Original Research (R).

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

MFS ORIGINAL RESEARCH INVOLVES

- o meeting with the management of 3,000 companies each year to assess their business plans and the managers' ability to execute those plans
- o making onsite visits to more than 2,000 companies annually to gain first-hand knowledge of their operations and products
- o analyzing financial statements and balance sheets
- o talking extensively with companies' customers and competitors
- o developing our own proprietary estimates of companies' earnings

MANAGEMENT REVIEW

MARKET ENVIRONMENT

The six-month period ended May 31, 2004, encompassed two markedly contrasting backdrops for fixed-income investing. Early in the period, interest rates continued to move down amid uncertainty about the pace of economic growth, especially in view of reports documenting the lack of new-job creation. In our view, improving corporate profitability and rising gross domestic product statistics were not enough to persuade investors that the economy was in full recovery. We believe the predominant expectation early in the period was that the U.S. Federal Reserve Board was not likely to tighten monetary policy quickly. In this environment, the riskier, higher-yielding classes of bonds, especially domestic high-yield securities and emerging market debt, showed the strongest performance.

A new environment emerged for the final two months of the period, however, after the U.S. Department of Labor reported strong job growth for April and May. We believe investors began to anticipate that the Fed would begin raising short-term interest rates, perhaps as early as June, and that market interest rates shot up and prices of Treasuries and other domestic high-grade securities fell on the basis of those expectations. The yield on the 10-year Treasury, which fell to as low as 3.68% in March, rose to 4.65% by May 31, after starting the six-month period at 4.32%.

Despite losing ground in the final month of the period, domestic high-yield bonds led other fixed-income sectors in performance for the six months, while high-grade domestic securities and Treasuries tended to lag. (The principal value and interest on Treasury securities are guaranteed by the U.S. government if held to maturity while those of other high-grade securities are not.) High-grade sovereign debt of foreign nations fared better than U.S. Treasuries, while emerging market debt fell hard in the final two months after performing strongly early in the period.

TRUST POSITIONING

Throughout the period, we maintained overweighted positions relative to what we would consider neutral positions, in domestic high-yield and emerging market debt to take advantage of their yield premiums over lower-yielding, high-grade investments. This continued the strategy we initiated during 2003 when we became less conservative and sought to benefit from the prospect of an improving economy and rising corporate profitability. Together, domestic high-yield corporate bonds and emerging market securities accounted for approximately 40% of portfolio assets for much of the period. We de-emphasized Treasuries and high-grade domestic bonds, which have tended to be the most sensitive to the

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

risk of falling prices when interest rates begin to rise. To further protect the trust's exposure to interest-rate risk, we lowered the portfolio's effective duration from 4.59 years to 4.36 years, paying particular attention to the duration of our domestic high-grade holdings, which we feel are the most vulnerable to rising rates in the United States.

CONTRIBUTORS TO PERFORMANCE

The trust's emphasis on U.S. high-yield bonds was a significant factor supporting trust performance. Even when interest rates started to rise and overall bond prices declined in April, high-yield bonds tended to hold up better than other types of bonds. However, even they lost value in the final month of the period as investors, we believe, became more risk averse. The lowering of duration helped to reduce the negative impact on prices associated with rising interest rates. The trust's diversification and exposure to non-dollar government bonds also helped, as these securities were less affected by increasing interest rates in the United States.

DETRACTORS FROM PERFORMANCE

A goal of this portfolio is to provide investors with diversification across the fixed-income markets. Relative performance results will naturally vary when compared with a particular benchmark that comprises just one or a few fixed-income sectors. For the six-month period ended May 31, 2004, the trust's net asset value results trailed two of the four benchmarks for the types of securities in which it invests: the Lehman Brothers High Yield Index, a solely high-yield benchmark, and the Citigroup World Government Non-Dollar Hedged Index, which is composed of currency-hedged, high-grade U.S. and foreign government bonds. Conversely, the trust at net asset value outperformed the Lehman Brothers Aggregate Bond Index, a benchmark that covers the broad U.S. fixed-income market, and the J.P. Morgan Emerging Markets Bond Index Global, which is composed entirely of emerging market issues. Nevertheless, the trust's overweighted position in emerging market debt did detract from overall performance.

While the portfolio's performance at net asset value was positive, the discount deepened on the market price of publicly traded trust shares. This resulted in a negative return at the trust's market price despite positive performance by the underlying investment portfolio.

Respectfully,

/s/ Joseph C. Flaherty, Jr.

Joseph C. Flaherty, Jr.
Portfolio Manager

The views expressed in this report are those of the portfolio manager only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market and other conditions, and MFS disclaims any responsibility to update such views. These views may not be relied upon as investment advice or as an indication of trading intent on behalf of any MFS fund. References to specific securities are not recommendations of such securities and may not be representative of any MFS fund's current or future investments.

Visit mfs.com for our latest economic and investment outlook.

o Under Updates & Announcements, click Week in Review for a summary of recent

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

investment-related news.

- o From Week in Review, link to MFS Global Perspective for our current view of the world.

PORTFOLIO MANAGER'S PROFILE

Joseph C. Flaherty, Jr., is Senior Vice President of MFS Investment Management (R) (MFS(R)) and Director of Fixed Income Quantitative Research. He is portfolio manager of the global asset allocation portfolios of our mutual funds, variable annuities, and offshore investment products.

Joe joined MFS as a fixed-income quantitative research associate in 1993 and was named quantitative research analyst and Assistant Vice President in 1996. He became Vice President and manager of the Quantitative Research Group in 1998, portfolio manager in 1999, and Director of Fixed Income Quantitative Research in 2004.

He earned a Bachelor of Science degree in mechanical engineering from Tufts University in 1984 and an M.B.A. in finance from Bentley College in 1990.

All portfolio managers at MFS are supported by an investment staff of over 160 professionals utilizing MFS Original Research(R), a global, company-oriented, bottom-up process of selecting securities.

PERFORMANCE SUMMARY THROUGH 5/31/04

All results are historical. Investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost. More recent returns may be different from those shown. Past performance is no guarantee of future results.

PRICE SUMMARY

Six months ended
5/31/04

	Date	Price
Net asset value	11/30/2003	\$9.58
	5/31/2004	\$9.43
New York Stock Exchange	11/30/2003	\$8.78
	3/10/2004 (high)*	\$9.32
	5/12/2004 (low)*	\$8.23
	5/31/2004	\$8.37

*For the period December 1, 2003, through May 31, 2004.

TOTAL RETURN VS BENCHMARKS

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Six months ended
5/31/04

New York Stock Exchange price*	-1.68%
Net asset value*	1.52%
Citigroup World Government Non-dollar Hedged Index#	1.56%
J.P. Morgan Emerging Markets Bond Index Global#	-0.86%
Lehman Brothers Aggregate Bond Index#	0.60%
Lehman Brothers High Yield Index#	2.19%

* Includes reinvestment of dividends and capital gains distributions.

Source: Standard & Poor's Micropal.

INDEX DEFINITIONS

CITIGROUP WORLD GOVERNMENT NON-DOLLAR HEDGED INDEX - measures the government bond markets around the world, ex-U.S.

J.P. MORGAN EMERGING MARKETS BOND INDEX GLOBAL (THE EMBI GLOBAL) - tracks debt instruments in the emerging markets (includes a broader array of countries than the EMBI Plus).

LEHMAN BROTHERS AGGREGATE BOND INDEX - a measure of the U.S. bond market.

LEHMAN BROTHERS HIGH YIELD INDEX - measures the performance of the high-yield bond market.

It is not possible to invest directly in an index.

KEY RISK CONSIDERATIONS

Investing in foreign and/or emerging markets securities involves risks relating to interest rates, currency exchange rates, economic, and political conditions.

The portfolio may invest in derivative securities, which may include futures and options. These types of instruments can increase price fluctuation.

The portfolio focuses on companies in a limited number of sectors, making it more susceptible to adverse economic, political, or regulatory developments affecting those sectors than a portfolio that invests more broadly.

Investments in high yield or lower-rated securities may provide greater returns but are subject to greater-than-average risk.

Because the portfolio invests in a limited number of companies a change in one security's value may have a more significant effect on the portfolio's value.

Government guarantees apply to the underlying securities only and not to the prices and yields of the portfolio.

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

These risks may increase share price volatility. Please see the prospectus for further information on these and other risk considerations.

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

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The trust offers a Dividend Reinvestment and Cash Purchase Plan that allows you to reinvest either all of the distributions paid by the trust or only the long-term capital gains. 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 discounted price of either the net asset value or 95% of the market price, whichever is greater. Twice each year you can also buy shares. Investments may be made in any amount over \$100 in January and July on the 15th of the month or shortly thereafter.

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 trust. 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 commissions. 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.

To enroll in or withdraw from the plan, or if you have any questions, call 1-800-637-2304 any business day from 8 a.m. to 8 p.m. Eastern time. Please have available the name of the trust and your account and Social Security numbers. 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 two ways: a check for the value of the full and fractional shares, or a certificate for the full shares and a check for the fractional shares.

PORTFOLIO OF INVESTMENTS (unaudited) - 5/31/04

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

Bonds - 94.1%

ISSUER	PRINCIPAL AMOUNT (000 Omitted)	\$ VALUE
--------	-----------------------------------	----------

U.S. Bonds - 61.6%

Advertising & Broadcasting - 2.0%

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Allbritton Communications Co., 7.75%, 2012	\$1,500	\$1,486,875
Lamar Media Corp., 7.25%, 2013	1,390	1,428,225
Muzak LLC, 10%, 2009	440	422,400
Paxson Communications Corp., 0% to 2006, 12.25% to 2009	2,305	1,959,250
Spanish Broadcasting System, Inc., 9.625%, 2009	1,500	1,582,500
XM Satellite Radio Holdings, Inc., 12%, 2010	882	987,840
XM Satellite Radio Holdings, Inc., 0% to 2005, 14% to 2009	358	331,608
Young Broadcasting, Inc., 8.5%, 2008	2,600	2,749,500
		\$10,948,198
Aerospace - 0.8%		
Hexcel Corp., 9.875%, 2008	\$1,240	\$1,370,200
Hexcel Corp., 9.75%, 2009	800	836,000
K&F Industries, Inc., 9.25%, 2007	941	959,820
TransDigm Holding Co., 8.375%, 2011	995	995,000
		\$4,161,020
Agency - Other - 1.0%		
Financing Corp., 10.35%, 2018	\$3,600	\$5,296,291
Airlines - 0.3%		
Continental Airlines, Inc., 7.568%, 2006	\$575	\$472,730
Continental Airlines, Inc., 7.566%, 2020	1,077	877,481
		\$1,350,211
Apparel Manufacturers - 0%		
WestPoint Stevens, Inc., 7.875%, 2005 - 2008**	\$3,550	\$71,000
Asset Backed & Securitized - 4.5%		
Airplane Pass-Through Trust, 10.875%, 2019**	\$222	\$1,111
Amresco Commercial Mortgage Funding I, 7%, 2029	3,000	3,232,031
Asset Securitization Corp., 8.0037%, 2026	2,000	1,994,221
Asset Securitization Corp., 7.525%, 2029	1,586	1,338,053
Commercial Mortgage Acceptance Corp., 5.44%, 2013	3,535	3,151,150
Credit Suisse First Boston Mortgage, 6.75%, 2030##	2,000	1,783,200

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

First Union-Lehman Brothers Bank of America, 0.5505%, 2028^^	82,997	1,960,545
First Union-Lehman Brothers Commercial Mortgage Trust, 7%, 2014	850	911,923
First Union-Lehman Brothers Commercial Mortgage Trust, 7.5%, 2029	3,000	3,031,875
Morgan Stanley Capital I, Inc., 7.6943%, 2010	2,000	2,066,367
Mortgage Capital Funding, Inc., 0.912%, 2031^^	25,225	719,238
TIAA Real Estate CDO Ltd., 7.17%, 2032##	4,221	4,512,512
		\$24,702,226
Automotive - 1.5%		
Dana Corp., 9%, 2011	\$1,195	\$1,359,313
Eagle-Picher Industries, Inc., 9.75%, 2013	905	966,088
Ford Motor Credit Co., 7%, 2013	952	955,481
General Motors Acceptance Corp., 8%, 2031	1,363	1,378,037
Metaldyne Corp., 11%, 2012	610	506,300
TRW Automotive, Inc., 9.375%, 2013	781	872,768
TRW Automotive, Inc., 11%, 2013	84	97,860
Tenneco Automotive, Inc., 10.25%, 2013	1,715	1,903,650
		\$8,039,497
Banks & Credits Cos. - 0.1%		
RBS Capital Trust II, 6.425%, 2049	\$829	\$788,731
Broadcast & Cable TV - 2.8%		
CSC Holdings, Inc., 8.125%, 2009	\$3,450	\$3,622,500
Charter Communications, Inc., 8.625%, 2009	3,030	2,484,600
Continental Cablevision, Inc., 9.5%, 2013	2,390	2,670,875
DIRECTV Holdings LLC, 8.375%, 2013	335	370,175
Lenfest Communications, Inc., 10.5%, 2006	1,900	2,159,607
Mediacom Broadband LLC, 11%, 2013	2,400	2,538,000
TCI Communications, Inc., 9.8%, 2012	1,169	1,479,443
		\$15,325,200
Building - 0.8%		

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

American Standard Cos., Inc., 7.375%, 2008	\$1,005	\$1,092,938
Atrium Cos., Inc., 10.5%, 2009	1,070	1,120,825
Jacuzzi Brands, Inc., 9.625%, 2010	510	545,700
Williams Scotsman, Inc., 9.875%, 2007	1,650	1,608,750
Williams Scotsman, Inc., 10%, 2008	205	221,400
		\$4,589,613
Business Services - 0.9%		
Iron Mountain, Inc., 7.75%, 2015	\$3,000	\$2,977,500
Xerox Corp., 7.625%, 2013	1,995	1,966,627
		\$4,944,127
Chemicals - 1.9%		
Equistar Chemicals LP, 10.625%, 2011	\$710	\$779,225
Huntsman International LLC, 10.125%, 2009	1,950	1,998,750
IMC Global, Inc., 10.875%, 2013	1,745	2,085,275
JohnsonDiversey, Inc., "B", 9.625%, 2012	2,000	2,140,000
JohnsonDiversey, Inc., 0% to 2007, 10.67% to 2013	1,470	1,087,800
Lyondell Chemical Co., 11.125%, 2012	1,690	1,850,550
Nalco Co., 7.75%, 2011##	690	721,050
		\$10,662,650
Consumer Goods & Services - 0.3%		
Kindercare Learning Centers, Inc., 9.5%, 2009	\$656	\$669,120
Samsonite Corp., 10.75%, 2008	925	962,000
		\$1,631,120
Containers - 0.3%		
Owens-Brockway Glass Container, Inc., 8.875%, 2009	\$660	\$693,000
Owens-Brockway Glass Container, Inc., 8.25%, 2013	745	741,275
Pliant Corp., 13%, 2010	190	171,000
		\$1,605,275
Defense Electronics - 0.3%		
L-3 Communications Holdings, Inc., 7.625%, 2012	\$1,480	\$1,528,100

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Energy - Independent - 0.4%

Chesapeake Energy Corp., 7.5%, 2014##	\$2,165	\$2,208,300
---------------------------------------	---------	-------------

Entertainment - 1.1%

AMC Entertainment, Inc., 9.5%, 2011	\$1,224	\$1,266,840
-------------------------------------	---------	-------------

News Media Holdings, Inc., 7.7%, 2025	530	596,175
---------------------------------------	-----	---------

News Media Holdings, Inc., 6.55%, 2033	538	541,412
--	-----	---------

Six Flags, Inc., 9.75%, 2013	1,500	1,500,000
------------------------------	-------	-----------

Turner Broadcasting System, Inc., 8.375%, 2013	1,784	2,090,097
--	-------	-----------

\$5,994,524

Food & Non-Alcoholic Beverages - 0.1%

Seminis Vegetable Seeds, Inc., 10.25%, 2013	\$360	\$390,600
---	-------	-----------

Forest & Paper Products - 1.0%

Buckeye Technologies, Inc., 8.5%, 2013	\$1,680	\$1,730,400
--	---------	-------------

Graphic Packaging International, Inc., 8.5%, 2011	500	532,500
---	-----	---------

Graphic Packaging International, Inc., 9.5%, 2013	2,940	3,160,500
---	-------	-----------

\$5,423,400

Gaming & Lodging - 2.3%

GEO Group, Inc., 8.25%, 2013	\$1,120	\$1,092,000
------------------------------	---------	-------------

Hilton Hotels Corp., 7.625%, 2012	1,100	1,171,500
-----------------------------------	-------	-----------

MGM Mirage, Inc., 8.375%, 2011	1,675	1,809,000
--------------------------------	-------	-----------

Park Place Entertainment Corp., 8.875%, 2008	1,550	1,685,625
--	-------	-----------

Pinnacle Entertainment, Inc., 8.75%, 2013	900	884,250
---	-----	---------

Royal Caribbean Cruises Ltd., 8%, 2010	1,195	1,278,650
--	-------	-----------

Starwood Hotels & Resorts Worldwide, Inc., 7.875%, 2012	3,000	3,150,000
---	-------	-----------

Venetian Casino Resort LLC, 11%, 2010	1,550	1,780,563
---------------------------------------	-------	-----------

\$12,851,588

Industrial - 0.2%

MSW Energy Holdings, 7.375%, 2010##	\$1,045	\$1,029,325
-------------------------------------	---------	-------------

Insurance - Property & Casualty - 0.2%

Fund American Cos., Inc., 5.875%, 2013	\$1,351	\$1,344,129
--	---------	-------------

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Machinery & Tools - 1.8%

AGCO Corp., 9.5%, 2008	\$1,750	\$1,898,750
AMSTED Industries, Inc., 10.25%, 2011##	1,865	2,014,200
Case New Holland, Inc., 9.25%, 2011##	2,185	2,294,250
Terex Corp., 9.25%, 2011	1,405	1,513,888
United Rentals, Inc., 6.5%, 2012##	2,430	2,284,200
		\$10,005,288

Medical & Health Technology & Services - 0.3%

Fisher Scientific International, Inc., 8.125%, 2012	\$1,147	\$1,212,953
Mariner Health Care, Inc., 8.25%, 2013##	255	249,900
		\$1,462,853

Metals & Mining - 0.2%

Peabody Energy Corp., 6.875%, 2013	\$355	\$357,663
U.S. Steel Corp., 9.75%, 2010	858	945,945
		\$1,303,608

Mortgage Backed - 9.3%

Fannie Mae, 6%, 2016 - 2033	\$15,029	\$15,440,241
Fannie Mae, 5.989%, 2020	4	3,571
Fannie Mae, 6.5%, 2031 - 2032	7,680	7,957,445
Fannie Mae, 5.5%, 2033	22,524	22,346,825
Fannie Mae, 5%, 2034	5,639	5,429,021
		\$51,177,103

Natural Gas - Distribution - 0.6%

AmeriGas Partners LP, 8.875%, 2011	\$3,235	\$3,429,100
------------------------------------	---------	-------------

Natural Gas - Pipeline - 1.3%

El Paso Energy Corp., 7.625%, 2010	\$2,890	\$2,918,900
Southern Natural Gas Co., Inc., 8.875%, 2010	1,650	1,790,250
Williams Cos., Inc., 7.125%, 2011	2,100	2,121,000
		\$6,830,150

Personal Computers & Peripherals - 0.2%

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Jabil Circuit, Inc., 5.875%, 2010	\$1,042	\$1,074,056
Pharmaceuticals - 0.2%		
Schering-Plough Corp., 6.5%, 2033	\$996	\$989,785
Pollution Control - 0.5%		
Allied Waste North America, Inc., 7.875%, 2013	\$2,500	\$2,550,000
Printing & Publishing - 0.9%		
Dex Media East LLC, 9.875%, 2009	\$1,500	\$1,695,000
Dex Media West LLC, 9.875%, 2013##	1,500	1,651,875
Media News Group, Inc., 6.875%, 2013	1,700	1,640,500
		\$4,987,375
Retailers - 0.8%		
Gap, Inc., 10.55%, 2008	\$1,070	\$1,292,025
J. Crew Operating Corp., 10.375%, 2007	1,100	1,100,000
Rite Aid Corp., 9.5%, 2011	1,250	1,350,000
Rite Aid Corp., 9.25%, 2013	825	845,625
		\$4,587,650
Supermarkets - 0.3%		
Roundy's, Inc., 8.875%, 2012	\$1,650	\$1,757,250
Telecommunications - Wireless - 1.7%		
Alamosa Holdings, Inc., 11%, 2010	\$1,251	\$1,369,845
Alamosa Holdings, Inc., 8.5%, 2012##	385	377,300
Centennial Communications Corp., 10.125%, 2013	1,800	1,836,000
Crown Castle International Corp., 7.5%, 2013	1,745	1,683,925
Dobson Communications Corp., 8.875%, 2013	500	387,500
Nextel Communications, Inc., 7.375%, 2015	520	523,900
Rural Cellular Corp., 9.75%, 2010	98	90,160
Rural Cellular Corp., 9.875%, 2010	1,175	1,177,938
Western Wireless Corp., 9.25%, 2013	1,735	1,787,050
		\$9,233,618

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Telecommunications - Wireline - 1.1%

MCI, Inc., 5.908%, 2007	\$119	\$115,133
MCI, Inc., 6.688%, 2009	119	111,563
MCI, Inc., 7.735%, 2014	102	92,693
Qwest Corp., 13.5%, 2010##	2,500	2,881,250
Verizon New York, Inc., 6.875%, 2012	2,542	2,734,043
		\$5,934,682

Tobacco - 0.1%

R.J. Reynolds Tobacco Holdings, Inc., 7.25%, 2012	\$818	\$760,740
---	-------	-----------

U.S. Government Agencies - 6.4%

Fannie Mae, 5%, 2007^	\$5,105	\$5,327,343
Fannie Mae, 6%, 2008^	3,672	3,954,535
Freddie Mac, 7%, 2005^	6,100	6,431,224
Freddie Mac, 6%, 2011^	5,005	5,351,121
Small Business Administration, 4.34%, 2024	8,168	7,818,308
Small Business Administration, 4.77%, 2024	6,386	6,204,398
		\$35,086,929

U.S. Treasury Obligations - 9.9%

U.S. Treasury Bonds, 10.75%, 2005^	\$8,000	\$8,829,064
U.S. Treasury Bonds, 12%, 2013^	7,500	9,957,128
U.S. Treasury Bonds, 10.625%, 2015^	3,350	5,019,767
U.S. Treasury Bonds, 9.875%, 2015^	5,025	7,216,764
U.S. Treasury Notes, 6.875%, 2006^	8,000	8,660,624
U.S. Treasury Notes, 3.375%, 2007^	6,701	7,222,722
U.S. Treasury Notes, 3.625%, 2008^	6,543	7,200,003
		\$54,106,072

Utilities - Electric Power - 3.2%

CMS Energy Corp., 8.5%, 2011	\$2,000	\$2,035,000
Calpine Corp., 8.75%, 2013##	1,185	986,513
DPL, Inc., 6.875%, 2011	1,673	1,673,000

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Dynergy Holdings, Inc., 9.875%, 2010##	1,150	1,207,500
Dynergy Holdings, Inc., 6.875%, 2011	1,500	1,230,000
PG&E Corp., 6.875%, 2008##	405	425,250
PSEG Energy Holdings LLC, 7.75%, 2007	3,101	3,225,040
Pacific Gas & Electric Co., 6.05%, 2034	479	449,058
Reliant Resources, Inc., 9.25%, 2010	370	390,350
Reliant Resources, Inc., 9.5%, 2013	430	455,800
System Energy Resources, Inc., 5.129%, 2014##	2,757	2,701,474
TXU Corp., 6.375%, 2006	2,727	2,890,565
		\$17,669,550
Total U.S. Bonds		\$337,830,934
Foreign Bonds - 32.5%		
Australia - 0.8%		
Burns Philp Capital Property Ltd., 9.75%, 2012 (Food & Non-Alcoholic Beverages)	\$2,000	\$2,060,000
Government of Australia, 6.25%, 2015 (International Market Sovereign)^	AUD 3,011	2,214,506
		\$4,274,506
Austria - 1.7%		
Republic of Austria, 5.5%, 2007 (International Market Sovereign)	EUR 5,859	\$7,691,744
Republic of Austria, 5%, 2012 (International Market Sovereign)	772	995,528
Republic of Austria, 4.65%, 2018 (International Market Sovereign)	358	438,355
		\$9,125,627
Belgium - 0.9%		
Kingdom of Belgium, 3.75%, 2009 (International Market Sovereign)	EUR 1,810	\$2,228,984
Kingdom of Belgium, 5%, 2012 (International Market Sovereign)	1,973	2,537,672
		\$4,766,656
Brazil - 1.6%		
Federal Republic of Brazil, 2.125%, 2012 (Emerging Market		

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Sovereign)	\$728	\$594,755
<hr/>		
Federal Republic of Brazil, 8%, 2014 (Emerging Market Sovereign)	6,651	5,923,183
<hr/>		
Federal Republic of Brazil, 2.0625%, 2024 (Emerging Market Sovereign)	749	576,730
<hr/>		
Federal Republic of Brazil, 11%, 2040 (Emerging Market Sovereign)	1,993	1,783,735
<hr/>		
		\$8,878,403
<hr/>		
Bulgaria - 0.3%		
<hr/>		
Republic of Bulgaria, 8.25%, 2015 (Emerging Market Sovereign)##	\$1,604	\$1,800,490
<hr/>		
Canada - 2.0%		
<hr/>		
Abitibi-Consolidated, Inc., 8.3%, 2005 (Forest & Paper Products)	\$2,592	\$2,691,685
<hr/>		
Acetex Corp., 10.875%, 2009 (Chemicals)	1,350	1,471,500
<hr/>		
EnCana Holdings Finance Corp., 5.8%, 2014 (Energy - Independent)	1,348	1,373,329
<hr/>		
Government of Canada, 5.5%, 2009 - 2010 (International Market Sovereign)	CAD 6,054	4,693,775
<hr/>		
Government of Canada, 5.25%, 2012 (International Market Sovereign)	369	280,291
<hr/>		
Government of Canada, 8%, 2023 (International Market Sovereign)	224	218,064
<hr/>		
		\$10,728,644
<hr/>		
Chile - 0.6%		
<hr/>		
AES Corp., 7.5%, 2014 (Utilities - Electric Power)##	\$281	\$252,900
<hr/>		
Empresa Nacional de Electricidad S.A., 8.35%, 2013 (Utilities - Electric Power)	1,288	1,333,113
<hr/>		
Enerjis S.A., 7.375%, 2014 (Utilities - Electric Power)##	1,656	1,577,459
<hr/>		
		\$3,163,472
<hr/>		
Colombia - 0.3%		
<hr/>		
Republic of Colombia, 10.75%, 2013 (Emerging Market Sovereign)	\$1,475	\$1,537,688
<hr/>		
Denmark - 1.0%		
<hr/>		
Kingdom of Denmark, 7%, 2007 (International Market Sovereign)	DKK 11,863	\$2,180,062
<hr/>		

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Kingdom of Denmark, 6%, 2009 (International Market Sovereign)	16,161	2,928,553
Kingdom of Denmark, 5%, 2013 (International Market Sovereign)	3,511	599,354
		\$5,707,969

Finland - 1.9%		
Republic of Finland, 2.75%, 2006 (International Market Sovereign)	EUR 4,222	\$5,167,276
Republic of Finland, 3%, 2008 (International Market Sovereign)	4,489	5,410,485
		\$10,577,761

France - 2.4%		
Crown European Holdings S.A., 9.5%, 2011 (Containers)	\$2,580	\$2,799,300
Republic of France, 4.75%, 2007 - 2012 (International Market Sovereign)	EUR 5,270	6,745,712
Republic of France, 4%, 2009 (International Market Sovereign)	1,681	2,086,858
Rhodia S.A., 8.875%, 2011 (Chemicals)##	\$1,045	799,425
Vivendi Universal S.A., 6.25%, 2008 (Advertising & Broadcasting)	915	956,175
		\$13,387,470

Germany - 3.8%		
Federal Republic of Germany, 4%, 2007 (International Market Sovereign)	EUR 2,998	\$3,761,739
Federal Republic of Germany, 3.5%, 2008 (International Market Sovereign)	9,552	11,707,138
Federal Republic of Germany, 5.25%, 2010 (International Market Sovereign)	2,111	2,778,861
Kreditanstalt fur Wiederaufbau, 3.25%, 2008 (International Market Agencies)	2,244	2,732,893
Kronos International, Inc., 8.875%, 2009 (Chemicals)	100	127,052
		\$21,107,683

Ireland - 2.3%		
Eircom Funding PLC, 8.25%, 2013 (Telecommunications - Wireline)	\$810	\$826,200
MDP Acquisitions PLC, 9.625%, 2012 (Forest & Paper Products)	970	1,052,450

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Republic of Ireland, 4.25%, 2007 (International Market Sovereign)	EUR 5,547	7,016,801
<hr/>		
Republic of Ireland, 3.25%, 2009 (International Market Sovereign)	3,123	3,759,687
<hr/>		
		\$12,655,138
<hr/>		
Japan - 0.8%		
<hr/>		
Mizuho Financial Group, Inc., 5.79%, 2014 (Banks & Credit Companies)##	\$1,898	\$1,825,903
<hr/>		
UFJ Finance Aruba AEC, 6.75%, 2013 (Banks & Credit Companies)	2,700	2,762,386
<hr/>		
		\$4,588,289
<hr/>		
Kazakhstan - 0.6%		
<hr/>		
Kazkommerts International B.V., 10.125%, 2007 (Banks & Credit Companies)##	\$123	\$133,455
<hr/>		
Kazkommerts International B.V., 10.125%, 2007 (Banks & Credit Companies)+	128	138,880
<hr/>		
Kazkommerts International B.V., 8.5%, 2013 (Banks & Credit Companies)	190	185,250
<hr/>		
Kazkommerts International B.V., 8.5%, 2013 (Banks & Credit Companies)##	949	934,765
<hr/>		
Turanalem Finance B.V., 8%, 2014 (Banks & Credit Companies)##	2,012	1,810,800
<hr/>		
		\$3,203,150
<hr/>		
Luxembourg - 0.4%		
<hr/>		
Millicom International Cellular S.A., 10%, 2013 (Telecommunications - Wireless)##	\$865	\$890,950
<hr/>		
Telecom Italia S.p.A., 5.25%, 2013 (Telecommunications - Wireline)##	1,418	1,371,322
<hr/>		
		\$2,262,272
<hr/>		
Malaysia - 0.5%		
<hr/>		
Petroliam Nasional Berhad, 7.75%, 2015 (Emerging Market Agencies)	\$970	\$1,109,719
<hr/>		
Petroliam Nasional Berhad, 7.875%, 2022 (Emerging Market Agencies)##	1,357	1,489,069
<hr/>		
		\$2,598,788
<hr/>		
Mexico - 2.3%		
<hr/>		
BBVA Bancomer Capital Trust I, 10.5%, 2011 (Banks & Credit Companies)##	\$1,000	\$1,092,500

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Innova S. de R.L., 9.375%, 2013 (Telecommunications - Wireless)	654	680,160
Pemex Finance Ltd., 9.69%, 2009 (Emerging Market Agencies)	915	1,050,127
Pemex Project Funding Master Trust, 8.625%, 2022 (Emerging Market Agencies)	5,105	5,360,250
Petroleos Mexicanos, 9.5%, 2027 (Emerging Market Agencies)	1,416	1,600,080
United Mexican States, 8%, 2022 (Emerging Market Sovereign)	889	924,560
United Mexican States, 7.5%, 2033 (Emerging Market Sovereign)	1,804	1,749,880
		\$12,457,557
Netherlands - 2.0%		
Hurricane Finance B.V., 9.625%, 2010 (Oils)	\$735	\$749,700
Kingdom of Netherlands, 3.75%, 2009 (International Market Sovereign)	EUR 4,895	6,018,393
Kingdom of Netherlands, 5%, 2012 (International Market Sovereign)	3,173	4,092,081
		\$10,860,174
New Zealand - 1.0%		
Government of New Zealand, 7%, 2009 (International Market Sovereign)	NZD 2,425	\$1,587,014
Government of New Zealand, 6.5%, 2013 (International Market Sovereign)^	6,408	4,109,886
		\$5,696,900
Panama - 0.4%		
Republic of Panama, 9.375%, 2029 (Emerging Market Sovereign)	\$2,208	\$2,412,240
Poland - 0.3%		
PTC International Finance II S.A., 11.25%, 2009 (Telecommunications - Wireless)	\$1,316	\$1,414,700
Portugal - 0.4%		
Republic of Portugal, 5.45%, 2013 (International Market Sovereign)	EUR 1,777	\$2,350,811

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Qatar - 0.6%

State of Qatar, 9.75%, 2030 (Emerging Market Sovereign)+	\$2,292	\$3,082,740
--	---------	-------------

Russia - 1.4%

Gaz Capital S.A., 8.625%, 2034 (Utilities - Gas)##	\$1,410	\$1,378,275
--	---------	-------------

Gazprom OAO, 9.625%, 2013 (Utilities - Gas)##	1,020	1,048,050
---	-------	-----------

Mobile TeleSystems OJSC, 9.75%, 2008 (Telecommunications - Wireless)##	1,042	1,068,050
--	-------	-----------

Russian Federation, 3%, 2008 - 2011 (Emerging Market Sovereign)	954	741,240
---	-----	---------

Russian Federation, 11%, 2018 (Emerging Market Sovereign)	721	905,216
---	-----	---------

Siberian Oil Co. (SIBNEFT), 10.75%, 2009 (Energy - Integrated)	750	742,500
--	-----	---------

Tyumen Oil Co., 11%, 2007 (Energy - Integrated)	1,514	1,669,185
---	-------	-----------

\$7,552,516

Singapore - 0.2%

Flextronics International Ltd., 6.5%, 2013 (Electronics)	\$1,145	\$1,110,650
--	---------	-------------

Spain - 1.1%

Kingdom of Spain, 6%, 2008 (International Market Sovereign)	EUR 1,600	\$2,143,726
---	-----------	-------------

Kingdom of Spain, 5.35%, 2011 (International Market Sovereign)	3,014	3,977,667
--	-------	-----------

\$6,121,393

Sweden - 0.3%

Spintab AB, 5%, 2008 (Banks & Credit Companies)	SEK 12,700	\$1,760,976
---	------------	-------------

Ukraine - 0.2%

Ukraine Cabinet of Ministers, 6.875%, 2011 (Emerging Market Sovereign)##	\$1,000	\$947,500
--	---------	-----------

United Kingdom - 0.4%

United Kingdom Treasury, 7.25%, 2007 (International Market Sovereign)	GBP 826	\$1,616,081
---	---------	-------------

United Kingdom Treasury, 5%, 2012 (International Market Sovereign)	298	540,221
--	-----	---------

\$2,156,302

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Total Foreign Bonds		\$178,288,465
Total Bonds (Identified Cost, \$506,575,214)		\$516,119,399

Convertible Bonds - 0.3%		

Telecommunications - Wireless - 0.3%		

Nextel Communications, Inc., 5.25%, 2010 (Identified Cost, \$1,436,036)	\$1,500	\$1,441,875

Stocks - 0.2%		

ISSUER	SHARES	\$ VALUE

Apparel Manufacturers - 0.1%		

Sind Holdings, Inc.*	5,720	\$446,160

Machinery & Tools - 0%		

Thermadyne Holdings Corp.*	119	\$1,589

Specialty Chemicals - 0%		

Sterling Chemicals, Inc.*	59	\$1,298

Telephone Services - 0.1%		

MCI, Inc.*	44,340	\$658,449

Total Stocks (Identified Cost, \$3,018,813)		\$1,107,496

Warrants - 0%		

Basic Industry - Other - 0%		

Thermadyne Holdings Corp., Expire 5/23/06*	760	\$608

Broadcast & Cable TV - 0%		

Ono Finance PLC, Expire 2/15/11*	1,000	\$0

Business Services - 0%		

Loral Space & Communications Ltd., Expire 1/15/07*	1,625	\$0

Loral Space & Communications Ltd., Expire 1/15/07*	750	0

		\$0

Specialty Chemicals - 0%		

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Sterling Chemicals, Inc., Expire 12/19/08*	3	\$4
<hr style="border-top: 1px dashed black;"/>		
Total Warrants (Identified Cost, \$176,974)		\$612

Collateral for Securities Loaned - 13.4%

Navigator Securities Lending Prime Portfolio	73,233,925	\$73,233,925
--	------------	--------------

Portfolio of Investments (unaudited) - continued

Repurchase Agreements - 3.1%

ISSUER	PRINCIPAL AMOUNT (000 Omitted)	\$ VALUE
<hr style="border-top: 1px dashed black;"/>		
Morgan Stanley Repurchase Agreement, dated 5/28/04, due 6/01/04, total to be received \$16,982,962 (secured by various U.S. Treasury and Federal Agency obligations in a jointly traded account), at Cost	\$16,981	\$16,981,000
<hr style="border-top: 1px dashed black;"/>		
Total Investments(+) (Identified Cost, \$601,421,962)		\$608,884,307

Other Assets, Less Liabilities - (11.1)%	(60,677,542)
--	--------------

Net Assets - 100.0%	\$548,206,765
---------------------	---------------

(+) As of May 31, 2004, one security representing \$446,160 and 0.08% of net assets was fair value in accordance with the policies adopted by the Board of Trustees.

- * Non-income producing security.
- ** Non-income producing security - in default.
- ## SEC Rule 144A restriction.
- + Restricted security.
- ^ All or a portion of this security is on loan.
- ^^ Interest only security.

Abbreviations have been used throughout this report to indicate amounts shown in currencies other than the U.S. dollar. A list of abbreviations is shown below.

AUD = Australian Dollar	JPY = Japanese Yen
CAD = Canadian Dollar	KRW = Korean Won
DKK = Danish Krone	NZD = New Zealand Dollar
EUR = Euro	SEK = Swedish Krona
GBP = British Pound	

SEE NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS STATEMENT OF ASSETS AND LIABILITIES (unaudited)

This statement represents your fund's balance sheet, which details the assets and liabilities composing the total value of your fund.

AT 5/31/04

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

ASSETS

Investments, at value, including \$71,800,306 of securities on loan (identified cost, \$601,421,962)	\$608,884,307	
<hr style="border-top: 1px dashed black;"/>		
Cash	87,449	
<hr style="border-top: 1px dashed black;"/>		
Foreign currency, at value (identified cost, \$863)	882	
<hr style="border-top: 1px dashed black;"/>		
Receivable for forward foreign currency exchange contracts	399,073	
<hr style="border-top: 1px dashed black;"/>		
Receivable for forward foreign currency exchange contracts subject to master netting agreements	184,411	
<hr style="border-top: 1px dashed black;"/>		
Receivable for investments sold	3,021,338	
<hr style="border-top: 1px dashed black;"/>		
Interest receivable	10,228,041	
<hr style="border-top: 1px dashed black;"/>		
Other assets	17,491	
<hr style="border-top: 1px dashed black;"/>		
Total assets		\$622,822

LIABILITIES

Payable to dividend disbursing agent	\$210,583	
<hr style="border-top: 1px dashed black;"/>		
Payable for forward foreign currency exchange contracts	359,171	
<hr style="border-top: 1px dashed black;"/>		
Payable for investments purchased	137,303	
<hr style="border-top: 1px dashed black;"/>		
Payable for treasury shares reacquired	247,622	
<hr style="border-top: 1px dashed black;"/>		
Collateral for securities loaned, at value	73,233,925	
<hr style="border-top: 1px dashed black;"/>		
Payable to affiliates		
<hr style="border-top: 1px dashed black;"/>		
Management fee	37,785	
<hr style="border-top: 1px dashed black;"/>		
Transfer agent and dividend disbursing costs	17,475	
<hr style="border-top: 1px dashed black;"/>		
Administrative fee	673	
<hr style="border-top: 1px dashed black;"/>		
Accrued expenses and other liabilities	371,690	
<hr style="border-top: 1px dashed black;"/>		
Total liabilities		\$74,616
<hr style="border-top: 1px dashed black;"/>		
Net assets		\$548,206

NET ASSETS CONSIST OF

Paid-in capital	\$609,167,161	
<hr style="border-top: 1px dashed black;"/>		
Unrealized appreciation on investments and translation of assets and liabilities in foreign currencies	7,573,597	
<hr style="border-top: 1px dashed black;"/>		
Accumulated net realized loss on investments and foreign currency transactions	(55,852,685)	
<hr style="border-top: 1px dashed black;"/>		
Accumulated distributions in excess of net investment income	(12,681,308)	

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Net assets	\$548,206
Shares of beneficial interest outstanding (62,734,983 issued, less 4,601,344 treasury shares)	58,133
Net asset value per share (net assets of \$548,206,765/58,133,639 shares of beneficial interest outstanding)	\$

SEE NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS STATEMENT OF OPERATIONS

This statement describes how much your fund received in investment income and paid in expenses. It also describes any gains and/or losses generated by fund operations.

FOR SIX MONTHS ENDED 5/31/04

NET INVESTMENT INCOME (LOSS)

Income	
Interest	\$16,977,486
Dividends	1,995
Total investment income	\$16,979
Expenses	
Management fee	\$1,728,017
Trustees' compensation	45,639
Transfer agent and dividend disbursing costs	50,713
Administrative fee	34,948
Investor communication expense	101,817
Custodian fee	158,477
Printing	18,249
Postage	15,007
Auditing fees	22,650
Legal fees	4,325
Miscellaneous	77,555
Total expenses	\$2,257
Fees paid indirectly	(3,692)

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Net expenses		\$2,253
Net investment income		\$14,725
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized gain (loss) (identified cost basis)		
Investment transactions	\$11,158,475	
Futures contracts	162,070	
Foreign currency transactions	(4,724,424)	
Net realized gain on investments and foreign currency transactions		\$6,596
Change in unrealized appreciation (depreciation)		
Investments	\$(16,849,095)	
Futures contracts	(239,779)	
Translation of assets and liabilities in foreign currencies	2,635,230	
Net unrealized loss on investments and foreign currency translation	\$(14,453,644)	
Net realized and unrealized loss on investments and foreign currency		\$(7,857)
Increase in net assets from operations		\$6,868

SEE NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS STATEMENT OF CHANGES IN NET ASSETS

This statement describes the increases and/or decreases in net assets resulting from operations, distributions, and any shareholder transactions.

	SIX MONTHS ENDED 5/31/04 (UNAUDITED)	YEAR 11/3
INCREASE IN NET ASSETS		
OPERATIONS		
Net investment income	\$14,725,776	\$29,2
Net realized gain on investments and foreign currency transactions	6,596,121	14,8

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

Net unrealized gain (loss) on investments and foreign currency translation	(14,453,644)	15,7
Increase in net assets from operations	\$6,868,253	\$59,7

DISTRIBUTIONS DECLARED TO SHAREHOLDERS

From net investment income	\$(16,146,858)	\$(31,7
Net decrease in net assets from trust share transactions	\$(4,414,412)	\$(12,3
Total increase (decrease) in net assets	\$(13,693,017)	\$15,6

NET ASSETS

At beginning of period	\$561,899,782	\$546,2
At end of period (including accumulated distributions in excess of net investment income of \$12,681,308 and \$11,260,226, respectively)	\$548,206,765	\$561,8

SEE NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the trust's financial performance and the past 5 fiscal years. Certain information reflects financial results for a single trust share. The table represents the rate by which an investor would have earned (or lost) on an investment in the trust (of all distributions) held for the entire period.

	SIX MONTHS ENDED 5/31/04 (UNAUDITED)	2003	2002	YEAR ENDED 11/ 2001
Net asset value, beginning of period	\$9.58	\$9.09	\$9.17	\$9.20
INCOME FROM INVESTMENT OPERATIONS# (S) (S)				
Net investment income	\$0.25	\$0.49	\$0.52	\$0.67
Net realized and unrealized gain (loss) on investments and foreign currency	(0.12)	0.53	(0.02)	(0.01)
Total from investment operations	\$0.13	\$1.02	\$0.50	\$0.66

LESS DISTRIBUTIONS DECLARED TO SHAREHOLDERS

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

From net investment income	\$ (0.28)	\$ (0.53)	\$ (0.49)	\$ (0.64)
From paid-in capital	--	--	(0.09)	(0.05)
Total distributions declared to shareholders	\$ (0.28)	\$ (0.53)	\$ (0.58)	\$ (0.69)
Net asset value, end of period	\$9.43	\$9.58	\$9.09	\$9.17
Per share market value, end of period	\$8.37	\$8.78	\$8.26	\$8.35
Total return at market value (%)	(1.68)++	13.02	5.99	6.92

RATIOS (%) TO AVERAGE
NET ASSETS AND
SUPPLEMENTAL DATA:

Expenses##	0.80+	0.83	0.85	0.91
Net investment income	5.21+	5.21	5.80	7.18
Portfolio turnover	26	129	137	98
Net assets at end of period (000 Omitted)	\$548,207	\$561,900	\$546,281	\$556,614

+ Annualized.

++ Not annualized.

Per share data are based on average shares outstanding.

Ratios do not reflect expense reductions from fees paid indirectly.

(S) (S) As required, effective December 1, 2001, the trust adopted the provisions of the AICPA Investment Companies and began amortizing premium on debt securities. The effect of this November 30, 2002 was to decrease net investment income per share by \$0.02, increase net share by \$0.02, and decrease the ratio of net investment income to average net assets by supplemental data for periods prior to December 1, 2001 have not been restated to reflect

SEE NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (unaudited)

(1) BUSINESS AND ORGANIZATION

MFS Charter Income Trust (the trust) is a non-diversified Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a closed-end management investment company.

(2) SIGNIFICANT ACCOUNTING POLICIES

GENERAL - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Edgar Filing: MFS CHARTER INCOME TRUST - Form N-CSRS

The trust can invest in foreign securities. Investments in foreign securities are vulnerable to the effects of changes in the relative values of the local currency and the U.S. dollar and to the effects of changes in each country's legal, political, and economic environment.

INVESTMENT VALUATIONS - Bonds and other fixed income securities (other than short-term obligations) in the trust's portfolio are valued at an evaluated bid price as reported by an independent pricing service, or to the extent a valuation is not reported by a pricing service, such securities are valued on the basis of quotes from brokers and dealers. Prices obtained from pricing services utilize both dealer-supplied valuations and electronic data processing techniques which take into account appropriate factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data without exclusive reliance upon quoted prices or exchange or over-the-counter prices, since such valuations are believed to reflect more accurately the fair value of such securities. Equity securities in the trust's portfolio for which market quotations are available are valued at the last sale or official closing price as reported by an independent pricing service on the primary market or exchange on which they are primarily traded, or at the last quoted bid price for securities in which there were no sales during the day. Equity securities traded over the counter are valued at the last sales price traded each day as reported by an independent pricing service, or to the extent there are no sales reported, such securities are valued on the basis of quotations obtained from brokers and dealers. Futures contracts are valued at the settlement price as reported by an independent pricing service on the primary exchange on which they are traded. Forward foreign