

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

MFS CHARTER INCOME TRUST

Form N-Q

October 31, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-5822

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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

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Date of fiscal year end: November 30

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Date of reporting period: August 31, 2005

ITEM 1. SCHEDULE OF INVESTMENTS.

MFS(R) Mutual Funds  
QUARTERLY PORTFOLIO HOLDINGS 08/31/05

MFS(R) CHARTER INCOME TRUST

[graphic omitted]

[logo] M F S(R)  
INVESTMENT MANAGEMENT

MFS Charter Income Trust  
PORTFOLIO OF INVESTMENTS (Unaudited) 08/31/2005

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ISSUER

P

BONDS - 95.3%

ADVERTISING & BROADCASTING - 1.6%

Allbritton Communications Co., 7.75%, 2012

\$

DIRECTV Holdings LLC, 8.375%, 2013

EchoStar DBS Corp., 6.375%, 2011

Intelsat Ltd., 8.625%, 2015##

Lamar Media Corp., 7.25%, 2013

Liberty Media Corp., 5.7%, 2013

News America Holdings, 7.7%, 2025

News America, Inc., 6.2%, 2034

Paxson Communications Corp., 0% to 2006, 12.25% to 2009

AGENCY - OTHER - 1.0%

Financing Corp., 10.35%, 2018

\$

AIRLINES - 0.2%

Continental Airlines, Inc., 7.566%, 2020

\$

APPAREL MANUFACTURERS - 0%

Quiksilver, Inc., 6.875%, 2015##

\$

ASSET BACKED & SECURITIZED - 8.5%

Airplane Pass-Through Trust, "D", 10.875%, 2019\*\*

\$

Amresco Commercial Mortgage Funding I, 7%, 2029

Asset Securitization Corp., 7.525%, 2029

Asset Securitization Corp., FRN, 8.2916%, 2026

Bear Stearns Commercial Mortgage Securities, Inc., 5.116%, 2041

Commercial Mortgage Acceptance Corp., 5.44%, 2030##

Countrywide Asset-Backed Certificates, 5.147%, 2035

Credit Suisse First Boston Mortgage Securities Corp., 6.75%, 2013##

Crest Ltd., 7%, 2040##

DLJ Commercial Mortgage Corp., 6.04%, 2031

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First Union-Lehman Brothers Bank of America, FRN, 0.6976%, 2028^^ 7

First Union-Lehman Brothers Commercial Mortgage Trust, 7%, 2029##

First Union-Lehman Brothers Commercial Mortgage Trust, 7.5%, 2029

J.P. Morgan Chase Commercial Mortgage Securities Corp., 5.038%, 2046

Morgan Stanley Capital I, 5.168%, 2042

Mortgage Capital Funding, Inc., FRN, 0.9824%, 2031^^ 2

New Century Home Equity Loan Trust, 4.532%, 2035

Residential Asset Mortgage Products, Inc., 3.878%, 2035

Spirit Master Funding, LLC, 5.05%, 2023##

Structured Asset Securities Corp., 4.67%, 2035

TIAA Real Estate CDO Ltd., 7.17%, 2032##

Wachovia Bank Commercial Mortgage Trust, 4.847%, 2041

Wachovia Bank Commercial Mortgage Trust, 5.083%, 2042

### AUTOMOTIVE - 1.0%

Affinia Group, Inc., 9%, 2014## \$

DaimlerChrysler N.A. Holdings Corp., 8.5%, 2031

Ford Motor Credit Co., 5.625%, 2008

Ford Motor Credit Co., 5.7%, 2010

General Motors Acceptance Corp., 6.125%, 2008

General Motors Acceptance Corp., 5.85%, 2009

General Motors Acceptance Corp., 6.75%, 2014

General Motors Acceptance Corp., 8%, 2031

General Motors Corp., 8.375%, 2033

Lear Corp., 8.11%, 2009

Navistar International Corp., 7.5%, 2011

TRW Automotive, Inc., 9.375%, 2013

### BANKS & CREDIT COMPANIES - 4.1%

Abbey National Capital Trust I, 8.963% to 2030, FRN to 2049 \$

Banco Mercantil del Norte S.A., 5.875% to 2009, FRN to 2014##

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BNP Paribas, 5.186% to 2015, FRN to 2049##	
Bosphorus Financial Services Ltd., FRN, 5.59%, 2012##	
Chuo Mitsui Trust & Banking Co., 5.506% to 2015, FRN to 2049##	
DFS Funding Corp., FRN, 5.49%, 2010##	
HBOS Capital Funding LP, 6.071% to 2014, FRN to 2049##	
J.P. Morgan Chase & Co., 5.125%, 2014	
Kazkommerts International B.V., 10.125%, 2007##	
Kazkommerts International B.V., 10.125%, 2007	
Mizuho Financial Group, Inc., 5.79%, 2014##	
RBS Capital Trust II, 6.425% to 2034, FRN to 2049	
Russian Standard Finance S.A., 8.125%, 2008##	
Turanalem Finance B.V., 8%, 2014##	
UFJ Finance Aruba AEC, 6.75%, 2013	
VTB Capital S.A., 6.25%, 2035##	
-----	
BROADCAST & CABLE TV - 1.1%	
Charter Communications, Inc., 8.625%, 2009	\$
CSC Holdings, Inc., 8.125%, 2009	
Lenfest Communications, Inc., 10.5%, 2006	
Mediacom Broadband LLC, 9.5%, 2013	
Rogers Cable, Inc., 5.5%, 2014	
TCI Communications, Inc., 9.8%, 2012	
-----	
BROKERAGE & ASSET MANAGERS - 1.0%	
Goldman Sachs Group, Inc., 5.7%, 2012	\$
Morgan Stanley Dean Witter, Inc., 6.6%, 2012	
-----	
BUILDING - 0%	
Texas Industries, Inc., 7.25%, 2013##	\$
-----	
BUSINESS SERVICES - 0.2%	
Iron Mountain, Inc., 7.75%, 2015	\$

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Xerox Corp., 7.625%, 2013

-----  
 CHEMICALS - 1.0%

BCP Crystal Holdings Corp., 9.625%, 2014

\$

Hercules, Inc., 6.75%, 2029

Huntsman International LLC, 10.125%, 2009

Kronos International, Inc., 8.875%, 2009

EUR

Lyondell Chemical Co., 11.125%, 2012

\$

Methanex Corp., 6%, 2015

Nalco Co., 7.75%, 2011

Nova Chemicals Corp., 6.5%, 2012

Rhodia S.A., 8.875%, 2011

Rockwood Specialties Group, Inc., 7.5%, 2014##

Yara International A.S.A., 5.25%, 2014##

-----  
 CONGLOMERATES - 0.2%

Kennametal, Inc., 7.2%, 2012

\$

-----  
 CONSTRUCTION - 0.3%

D.R. Horton, Inc., 8%, 2009

\$

M/I Homes, Inc., 6.875%, 2012##

-----  
 CONSUMER GOODS & SERVICES - 0.1%

Church & Dwight Co., Inc., 6%, 2012

\$

Service Corp. International, 7%, 2017##

-----  
 CONTAINERS - 0.3%

Crown European Holdings S.A., 9.5%, 2011

\$

Huntsman Packaging Corp., 13%, 2010

Owens-Brockway Glass Container, Inc., 8.875%, 2009

Owens-Brockway Glass Container, Inc., 8.25%, 2013

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### DEFENSE ELECTRONICS - 0.5%

BAE Systems Holdings, Inc., 5.2%, 2015## \$

L-3 Communications Holdings, Inc., 5.875%, 2015

### ELECTRONICS - 0.2%

Flextronics International Ltd., 6.5%, 2013 \$

### EMERGING MARKET QUASI-SOVEREIGN - 1.4%

Gazprom OAO, 9.625%, 2013## \$

Gazprom OAO, 9.625%, 2013

Pemex Project Funding Master Trust, 7.375%, 2014

Pemex Project Funding Master Trust, 8.625%, 2022

Petronas Capital Ltd., 7.875%, 2022##

Petronas Capital Ltd., 7.875%, 2022

### EMERGING MARKET SOVEREIGN - 3.9%

Federal Republic of Brazil, 8%, 2018 \$

Federal Republic of Brazil, FRN, 3.125%, 2012

Republic of Argentina, FRN, 4.005%, 2012

Republic of Panama, 9.375%, 2029

Republic of Peru, 5%, 2017

Republic of Peru, 8.75%, 2033

Republic of South Africa, 9.125%, 2009

Republic of South Africa, 8.5%, 2017

Russian Federation, 3%, 2008

Russian Federation, 3%, 2011

State of Qatar, 9.75%, 2030

United Mexican States, 8.125%, 2019

United Mexican States, 8.3%, 2031

### ENERGY - INDEPENDENT - 0.7%

Chesapeake Energy Corp., 7.5%, 2014 \$

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Chesapeake Energy Corp., 6.875%, 2016

Forest Oil Corp., 7.75%, 2014

Kerr-McGee Corp., 6.95%, 2024

Newfield Exploration Co., 6.625%, 2014

Plains Exploration & Production Co., 7.125%, 2014

Vintage Petroleum, Inc., 8.25%, 2012

ENERGY - INTEGRATED - 0.3%

Amerada Hess Corp., 7.3%, 2031

\$

Tyumen Oil Co., 11%, 2007

ENTERTAINMENT - 0.6%

AMC Entertainment, Inc., 9.5%, 2011

\$

Loews Cineplex Entertainment Corp., 9%, 2014##

Six Flags, Inc., 9.75%, 2013

Turner Broadcasting System, Inc., 8.375%, 2013

FINANCIAL INSTITUTIONS - 0.1%

International Lease Finance Corp., 5%, 2010

\$

FOOD & NON-ALCOHOLIC BEVERAGES - 0.2%

Burns, Philp & Co. Ltd., 9.75%, 2012

\$

Smithfield Foods, Inc., 7%, 2011

FOREST & PAPER PRODUCTS - 1.2%

Abitibi-Consolidated, Inc., 7.75%, 2011

\$

Buckeye Technologies, Inc., 8.5%, 2013

Donohue Forest Products, Inc., 7.625%, 2007

Georgia-Pacific Corp., 9.375%, 2013

Georgia-Pacific Corp., 7.75%, 2029

MDP Acquisitions PLC, 9.625%, 2012

Norske Skog Canada Ltd., 7.375%, 2014

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 GAMING & LODGING - 1.4%

Aztar Corp., 7.875%, 2014 \$

Boyd Gaming Corp., 6.75%, 2014

Caesars Entertainment, Inc., 8.125%, 2011

Harrah's Operating Co., Inc., 5.625%, 2015##

Host Marriott LP, 7.125%, 2013

Host Marriott LP, 6.375%, 2015

Mandalay Resort Group, 9.375%, 2010

MGM Mirage, Inc., 8.375%, 2011

Pinnacle Entertainment, Inc., 8.75%, 2013

Royal Caribbean Cruises Ltd., 8%, 2010

Scientific Games Corp., 6.25%, 2012

Starwood Hotels & Resorts Worldwide, Inc., 7.875%, 2012

Station Casinos, Inc., 6.5%, 2014

Wynn Las Vegas LLC, 6.625%, 2014

-----  
 INDUSTRIAL - 0.2%

Amsted Industries, Inc., 10.25%, 2011## \$

Valmont Industries, Inc., 6.875%, 2014

Williams Scotsman, Inc., 10%, 2008

-----  
 INSURANCE - 0.8%

American International Group, Inc., 4.25%, 2013 \$

-----  
 INSURANCE - PROPERTY & CASUALTY - 0.9%

Ace Ina Holdings, Inc., 5.875%, 2014 \$

AXIS Capital Holdings Ltd., 5.75%, 2014

Fund American Cos., Inc., 5.875%, 2013

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 INTERNATIONAL MARKET SOVEREIGN - 23.5%

Canada Housing Trust, 4.65%, 2009 CAD

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Federal Republic of Germany, 3.5%, 2008	EUR
Federal Republic of Germany, 3.75%, 2015	EUR
Federal Republic of Germany, 6.25%, 2030	EUR
Government of Australia, 6.25%, 2015	AUD
Government of Canada, 5.25%, 2012	CAD
Government of New Zealand, 7%, 2009	NZD
Government of New Zealand, 6.5%, 2013	NZD
Government of New Zealand, 6%, 2015	NZD
Kingdom of Netherlands, 5.75%, 2007	EUR
Kingdom of Netherlands, 3.75%, 2009	EUR
Kingdom of Norway, 6.5%, 2013	NOK
Kingdom of Spain, 6%, 2008	EUR
Kingdom of Spain, 5.35%, 2011	EUR
Republic of Austria, 5.5%, 2007	EUR
Republic of Finland, 3%, 2008	EUR
Republic of Finland, 5.375%, 2013	EUR
Republic of France, 4.75%, 2007	EUR
Republic of France, 6%, 2025	EUR
Republic of Ireland, 4.25%, 2007	EUR
Republic of Ireland, 4.6%, 2016	EUR
United Kingdom Treasury, 5.75%, 2009	GBP
United Kingdom Treasury, 8%, 2015	GBP
-----	
MACHINERY & TOOLS - 0.4%	
Case New Holland, Inc., 6%, 2009	\$
Manitowoc Co., Inc., 10.5%, 2012	
Terex Corp., 9.25%, 2011	
United Rentals, Inc., 6.5%, 2012	
-----	
MEDICAL & HEALTH TECHNOLOGY & SERVICES - 0.6%	
AmerisourceBergen Corp., 7.25%, 2012	\$

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DaVita, Inc., 6.625%, 2013##

Fisher Scientific International, Inc., 6.125%, 2015##

HCA, Inc., 8.75%, 2010

HCA, Inc., 6.375%, 2015

METALS & MINING - 0.6%

Foundation PA Coal Co., 7.25%, 2014

\$

Ispat Inland ULC, 9.75%, 2014

Peabody Energy Corp., 5.875%, 2016

Peabody Energy Corp., "B", 6.875%, 2013

U.S. Steel Corp., 9.75%, 2010

MORTGAGE BACKED - 15.2%

Fannie Mae, 6.8%, 2011

\$

Fannie Mae, 4.845%, 2013

Fannie Mae, 4.1%, 2013

Fannie Mae, 4.19%, 2013

Fannie Mae, 3.81%, 2013

Fannie Mae, 4.6%, 2014

Fannie Mae, 4.667%, 2014

Fannie Mae, 4.518%, 2014

Fannie Mae, 4.56%, 2015

Fannie Mae, 4.665%, 2015

Fannie Mae, 4.7%, 2015

Fannie Mae, 4.89%, 2015

Fannie Mae, 4.74%, 2015

Fannie Mae, 4.87%, 2015

Fannie Mae, 4.925%, 2015

Fannie Mae, 6%, 2016 - 2034

Fannie Mae, 5.5%, 2019 - 2035

4

Fannie Mae, 4.88%, 2020

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Fannie Mae, 5.9958%, 2020	
-----	
Fannie Mae, 6.5%, 2032 - 2033	
-----	
Freddie Mac, 6%, 2034	
-----	
Freddie Mac, 5.5%, 2034	
-----	
-----	
MUNICIPALS - 1.0%	
-----	
Massachusetts State Water Resources Authority, "A", MBIA, 5.25%, 2015	\$
-----	
NATURAL GAS - DISTRIBUTION - 0.1%	
-----	
AmeriGas Partners LP, 7.25%, 2015##	\$
-----	
NATURAL GAS - PIPELINE - 1.0%	
-----	
CenterPoint Energy Resources Corp., 7.875%, 2013	\$
-----	
Colorado Interstate Gas Co., 5.95%, 2015##	
-----	
Enterprise Products Operating LP, 6.375%, 2013	
-----	
Magellan Midstream Partners LP, 5.65%, 2016	
-----	
Southern Natural Gas Co., Inc., 8.875%, 2010	
-----	
Williams Cos., Inc., 8.75%, 2032	
-----	
-----	
NETWORK & TELECOM - 2.1%	
-----	
AT&T Corp., 9.05%, 2011	\$
-----	
AT&T Corp., 9.75%, 2031	
-----	
Citizens Communications Co., 9.25%, 2011	
-----	
Citizens Communications Co., 6.25%, 2013	
-----	
Citizens Communications Co., 9%, 2031	
-----	
Deutsche Telekom International Finance B.V., 8.75%, 2030	
-----	
Eircom Funding PLC, 8.25%, 2013	
-----	
Espirit Telecom Group PLC, 10.875%, 2008**	
-----	
Qwest Corp., 7.875%, 2011	
-----	
Qwest Corp., 8.875%, 2012	
-----	
Qwest Services Corp., 13.5%, 2010	
-----	
Telecom Italia Capital, 6%, 2034##	
-----	
Verizon New York, Inc., 6.875%, 2012	
-----	

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OIL SERVICES - 0.1%

GulfMark Offshore, Inc., 7.75%, 2014 \$

Petroleum Export Peloil, 5.265%, 2011##

OILS - 0.2%

CITGO Petroleum Corp., 6%, 2011 \$

Premcor Refining Group, Inc., 7.5%, 2015

POLLUTION CONTROL - 0.1%

Allied Waste North America, Inc., 7.875%, 2013 \$

PRINTING & PUBLISHING - 0.5%

Dex Media East LLC, 9.875%, 2009 \$

Dex Media West LLC, 9.875%, 2013

MediaNews Group, Inc., 6.875%, 2013

RAILROAD & SHIPPING - 0.4%

TFM S.A. de C.V., 9.375%, 2012## \$

REAL ESTATE - 0.3%

HRPT Properties Trust, 6.25%, 2016 \$

RESTAURANTS - 0.3%

YUM! Brands, Inc., 8.875%, 2011 \$

RETAILERS - 0.5%

Couche-Tard, Inc., 7.5%, 2013 \$

Gap, Inc., 9.55%, 2008

Limited Brands, Inc., 5.25%, 2014

Rite Aid Corp., 8.125%, 2010

SUPERMARKETS - 0.1%

Roundy's, Inc., 8.875%, 2012 \$

TELECOMMUNICATIONS - WIRELESS - 1.5%

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AT&T Wireless Services, Inc., 8.75%, 2031	\$
Centennial Communications Corp., 10.125%, 2013	
Cingular Wireless LLC, 6.5%, 2011	
Dolphin Telecom PLC, 11.5%, 2008**	
Dolphin Telecom PLC, "B", 14%, 2009**	
Mobile TeleSystems OJSC, 9.75%, 2008##	
Nextel Communications, Inc., 5.95%, 2014	
Rogers Wireless, Inc., 6.375%, 2014	
Rogers Wireless, Inc., 7.5%, 2015	
TOBACCO - 0.4%	
R.J. Reynolds Tobacco Holdings, Inc., 7.25%, 2012	\$
R.J. Reynolds Tobacco Holdings, Inc., 7.3%, 2015##	
TRANSPORTATION - SERVICES - 0.1%	
Stena AB, 7%, 2016	\$
Westinghouse Air Brake Technologies Corp., 6.875%, 2013	
U.S. GOVERNMENT AGENCIES - 3.0%	
Small Business Administration, 4.34%, 2024	\$
Small Business Administration, 4.77%, 2024	
Small Business Administration, 5.11%, 2025	
U.S. TREASURY OBLIGATIONS - 7.2%	
U.S. Treasury Bonds, 12%, 2013	\$
U.S. Treasury Bonds, 10.625%, 2015	
U.S. Treasury Bonds, 9.875%, 2015	
U.S. Treasury Bonds, 5.375%, 2031	
U.S. Treasury Notes, 4.25%, 2014	
U.S. Treasury Notes, 4.125%, 2015	
U.S. Treasury Notes, TIPS, 2%, 2014###	1

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U.S. Treasury Notes, TIPS, 1.625%, 2015

-----  
UTILITIES - ELECTRIC POWER - 3.1%

-----  
CMS Energy Corp., 8.5%, 2011

\$

-----  
DPL, Inc., 6.875%, 2011

-----  
Duke Capital Corp., 8%, 2019

-----  
Dynegy Holdings, Inc., 9.875%, 2010##

-----  
Enersis S.A., 7.375%, 2014

-----  
FirstEnergy Corp., 6.45%, 2011

-----  
FirstEnergy Corp., 7.375%, 2031

-----  
MSW Energy Holdings LLC, 7.375%, 2010

-----  
Nevada Power Co., 5.875%, 2015##

-----  
NorthWestern Corp., 5.875%, 2014##

-----  
NRG Energy, Inc., 8%, 2013

-----  
PSEG Energy Holdings LLC, 7.75%, 2007

-----  
Reliant Resources, Inc., 9.5%, 2013

-----  
System Energy Resources, Inc., 5.129%, 2014##

-----  
TECO Energy, Inc., 7.5%, 2010

-----  
Tenaska Alabama Partners LP, 7%, 2021##

-----  
Texas Genco LLC, 6.875%, 2014##

-----  
TXU Corp., 6.5%, 2024

-----  
Total Bonds (Identified Cost, \$516,518,170)

-----  
ISSUER

-----  
STOCKS - 0.1%

-----  
PRINTING & PUBLISHING - 0%

-----  
Golden Books Family Entertainment, Inc.\*

-----  
SPECIAL PRODUCTS & SERVICES - 0.1%

-----  
Sind Holdings, Inc.\*

-----  
SPECIALTY CHEMICALS - 0%

-----  
Sterling Chemicals, Inc.\*

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Total Stocks (Identified Cost, \$2,127,667)

ISSUER	STRIKE PRICE	FIRST EXERCISE
WARRANTS - 0%		
Loral Space & Communications Ltd. (Business Services)*	\$0.14	1/28/97
Loral Space & Communications Ltd. (Business Services)*	\$0.14	1/28/97
Sterling Chemicals, Inc. (Specialty Chemicals)*	52.00	12/31/02
Thermadyne Holdings Corp. (Machinery & Tools)*	20.78	5/29/03
Total Warrants (Identified Cost, \$39,014)		

ISSUER	P
SHORT-TERM OBLIGATION - 1.1%	
American Express Credit Corp., 3.55%, due 9/23/05, at Amortized Cost<	\$ 6
REPURCHASE AGREEMENT - 2.4%	
Morgan Stanley, 3.58%, dated 8/31/05, due 9/01/05, total to be received \$13,443,337 (secured by various U.S. Treasury and Federal Agency obligations in a jointly traded account), at Cost	\$ 1
Total Investments (Identified Cost, \$538,113,834) ~	
OTHER ASSETS, LESS LIABILITIES - 1.1%	
Net Assets - 100.0%	

\* Non-income producing security.

\*\* Non income producing security - in default.

^^ Interest only security for which the fund receives interest on notional principal (Par amount notional principal and does not reflect the cost of the security.

## SEC Rule 144A restriction.

### All or a portion of the security has been segregated as collateral for an open futures contract  
<The rate shown represents an annualized yield at time of purchase.

~ As of August 31, 2005, the fund had five securities representing \$602,888 and 0.1% of net assets in accordance with the policies adopted by the Board of Trustees.

### Abbreviations:

FRN = Floating Rate Note. The interest rate is the rate in effect as of period end.

MBIA = Municipal Bond Insurance Corp.

TIPS = Treasury Inflation Protected Security.

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

AUD = Australian Dollar

CAD = Canadian Dollar

CNY = Chinese Yuan Renminbi

EUR = Euro

GBP = British Pound

NOK = Norwegian Krone

NZD = New Zealand Dollar

SEK = Swedish Krona

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### Country Weightings

United States	62.4%
United Kingdom	3.8%
Germany	3.4%
Spain	3.3%
Netherlands	3.0%
Ireland	2.8%
New Zealand	2.6%
Russia	2.5%
France	2.5%
Other	13.5%

Percentages as based on total net assets as of August 31, 2005.

See attached schedules. For more information see notes to financial statements as disclosed in the annual report.

MFS CHARTER INCOME TRUST  
 SUPPLEMENTAL SCHEDULES (UNAUDITED) 08/31/2005

(1) Portfolio Securities

The cost and unrealized appreciation and depreciation in the value of the investments owned by the trust as computed on a federal income tax basis, are as follows:

Aggregate Cost	\$ 539,697,582
	=====
Gross unrealized appreciation	\$ 15,020,279
Gross unrealized depreciation	(7,391,377)
	-----
Net unrealized appreciation(depreciation)	\$ 7,628,902
	=====

(2) Financial Instruments

The fund trust trades financial instruments with off-balance-sheet risk in the normal course of its investing activities in order to manage exposure to market risks such as interest rates and foreign currency exchange rates. These financial instruments include forward foreign currency exchange contracts and futures contracts. The notional or contractual amounts of these instruments represent the investment the trust has in particular classes of financial instruments and does not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered.

Forward Foreign Currency Exchange Contracts

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Sales and purchases in the table below are netted by currency.

SETTLEMENT DATE		CONTRACTS TO DELIVER/RECEIVE	IN EXCHANGE FOR	CONTRACTS AT VALUE
<b>SALES</b>				
10/05/05	AUD	2,289,464	\$ 1,760,295	\$ 1,722,042
09/22/05 - 10/04/05	EUR	77,114,460	94,760,578	95,182,551
09/01/05 - 12/01/05	GBP	15,287,751	27,379,154	27,543,805
09/01/05 - 10/05/05	NOK	7,689,274	1,161,522	1,205,131
	NZD	19,662,871	13,508,443	13,601,785
			-----	-----
			\$138,569,992	\$139,255,314
			=====	=====
<b>PURCHASES</b>				
02/06/06	CNY	42,072,400	\$ 5,350,000	\$ 5,270,968
10/04/05	EUR	1,992,268	2,472,163	2,459,607
09/01/05 - 09/06/05	GBP	7,643,875	13,770,261	13,779,685
09/01/05	NZD	895,242	616,106	621,106
10/17/05	SEK	1,151,519	155,014	152,606
			-----	-----
			\$ 22,363,544	\$ 22,283,972
			=====	=====

At August 31, 2005, forward foreign currency purchases and sales under master netting agreements excluded above amounted to a net payable of \$39,701 with Merrill Lynch International.

At August 31, 2005, the trust had sufficient cash and/or securities to cover any commitments under these contracts.

### Futures Contracts

Description	Expiration	Contracts	Position
U.S. Treasury Notes 10 Year	December 2005	183	Short
U.S. Treasury Notes 5 Year	December 2005	200	Short
U.S. Treasury Notes 2 Year	December 2005	170	Short

At August 31, 2005, the trust had sufficient cash and/or securities to cover any margin requirements under these contracts.

THE TRUST IS A CLOSED-END INVESTMENT PRODUCT. SHARES OF THE TRUST ARE ONLY AVAILABLE FOR PURCHASE/SALE ON THE NYSE AT THE CURRENT MARKET PRICE. SHARES MAY

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TRADE AT A PREMIUM OR DISCOUNT TO NAV.

(C)2005 MFS Investment Management

ITEM 2. CONTROLS AND PROCEDURES.

- (a) Based upon their evaluation of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) as conducted within 90 days of the filing date of this Form N-Q, the registrant's principal financial officer and principal executive officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.
- (b) There were no changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2): Attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: MFS CHARTER INCOME TRUST

By (Signature and Title)\* ROBERT J. MANNING

Robert J. Manning, President

Date: October 24, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* ROBERT J. MANNING

Robert J. Manning, President (Principal Executive Officer)

Date: October 24, 2005

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By (Signature and Title)\* TRACY ATKINSON

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Tracy Atkinson, Treasurer (Principal Financial Officer  
and Accounting Officer)

Date: October 24, 2005  
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\* Print name and title of each signing officer under his or her signature.