

MFS CHARTER INCOME TRUST
Form N-CSR
January 22, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-05822

MFS CHARTER INCOME TRUST

(Exact name of registrant as specified in charter)

111 Huntington Avenue, Boston, Massachusetts 02199

(Address of principal executive offices) (Zip code)

Christopher R. Bohane

Massachusetts Financial Services Company

111 Huntington Avenue

Boston, Massachusetts 02199

(Name and address of agents for service)

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

Date of fiscal year end: November 30

Date of reporting period: November 30, 2018

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Annual Report

November 30, 2018

MFS® Charter Income Trust

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the fund's annual and semiannual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the complete reports will be made available on the fund's Web site, and you will be notified by mail each time a report is posted and provided with a Web site link to access the report.

If you are already signed up to receive shareholder reports by email, you will not be affected by this change and you need not take any action. You may sign up to receive shareholder reports and other communications from the fund by email by contacting your financial intermediary (such as a broker-dealer or bank) or, if you hold your shares directly with the fund, by calling 1-800-637-2304 or by logging into your Investor Center account at www.computershare.com/investor.

Beginning on January 1, 2019, you may elect to receive all future reports in paper free of charge. Contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with the fund, you can call 1-800-637-2304 to let the fund know that you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held in your account if you invest through your financial intermediary or all funds held with the MFS fund complex if you invest directly.

MCR-ANN

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MANAGED DISTRIBUTION POLICY DISCLOSURE

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

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

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

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MFS® Charter Income Trust

New York Stock Exchange Symbol: **MCR**

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NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

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LETTER FROM THE EXECUTIVE CHAIRMAN

Dear Shareholders:

Higher bond yields, international trade friction, and geopolitical uncertainty have contributed to an uptick in market volatility in recent quarters a departure from the

low-volatility environment that prevailed for much of 2017. Against this more challenging backdrop, equity markets in the United States have outperformed most international markets on a relative basis, though returns have been modest year to date on an absolute basis. Global economic growth has become less synchronized over the past few months, with Europe, China, and some emerging markets having shown signs of slowing growth while U.S. growth has remained above average.

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

U.S. tax reforms adopted in late 2017 have been welcomed by equity markets while emerging market economies have recently had to contend with tighter financial conditions as a result of firmer U.S. Treasury yields and a stronger dollar. With the Republicans losing control of the U.S. House of Representatives, further meaningful U.S. fiscal stimulus appears less likely. A partial U.S. government shutdown, beginning in late 2018, also added to political uncertainty. Globally, inflation remains largely subdued, but tight labor markets and moderate global demand have investors on the lookout for its potential reappearance. Increased U.S. protectionism is also a growing concern, as investors fear trade disputes could dampen business sentiment, leading to even slower global growth. While there has been progress on this front – a NAFTA replacement has been agreed upon between the U.S., Mexico, and Canada; the free trade pact with Korea has been updated; and a negotiating framework with the European Union has been agreed upon – tensions over trade with China remain quite high.

As a global investment manager with nearly a century of expertise, MFS® firmly believes active risk management offers downside mitigation and may help improve investment outcomes. We built our active investment platform with this belief in mind. Our long-term perspective influences nearly every aspect of our business, ensuring our investment decisions align with the investing time horizons of our clients.

Respectfully,

Robert J. Manning

Executive Chairman

MFS Investment Management

January 15, 2019

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

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| | |
|---------------------------------------|-------|
| High Yield Corporates | 53.2% |
| Emerging Markets Bonds | 16.3% |
| Investment Grade Corporates | 10.1% |
| Non-U.S. Government Bonds | 6.4% |
| U.S. Treasury Securities | 6.3% |
| Mortgage-Backed Securities | 5.2% |
| Collateralized Debt Obligations | 2.1% |
| Commercial Mortgage-Backed Securities | 0.5% |
| Asset-Backed Securities | 0.2% |
| Municipal Bonds | 0.2% |
| Floating Rate Loans | 0.2% |

Portfolio facts (i)

| | |
|--------------------------------|----------|
| Average Duration (d) | 6.4 |
| Average Effective Maturity (m) | 8.7 yrs. |

Portfolio structure reflecting equivalent exposure of derivative positions (i)**Composition including fixed income credit quality (a)(i)**

| | |
|--|---------|
| AAA | 7.9% |
| AA | 2.1% |
| A | 6.4% |
| BBB | 16.2% |
| BB | 35.3% |
| B | 23.5% |
| CCC | 4.4% |
| CC | 0.3% |
| C | 0.1% |
| D (o) | 0.0% |
| U.S. Government | 19.1% |
| Federal Agencies | 5.2% |
| Not Rated | (19.8) |
| Non-Fixed Income | 0.2% |
| Cash & Cash Equivalents (Less Liabilities) | (22.8)% |
| Other | 21.9% |

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Portfolio Composition continued

- (a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). Securities rated BBB or higher are considered investment grade. All ratings are subject to change. U.S. Government includes securities issued by the U.S. Department of the Treasury. Federal Agencies includes rated and unrated U.S. Agency fixed-income securities, U.S. Agency mortgage-backed securities, and collateralized mortgage obligations of U.S. Agency mortgage-backed securities. Not Rated includes fixed income securities and fixed income derivatives, which have not been rated by any rating agency. Non-Fixed Income includes any equity securities (including convertible bonds and equity derivatives) and/or commodity-linked derivatives. The fund may or may not have held all of these instruments on this date. The fund is not rated by these agencies.
- (d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value due to the interest rate move.
- (i) For purposes of this presentation, the components include the value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than value. The bond component will include any accrued interest amounts.
- (m) In determining each instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.
- (o) Less than 0.1%.

Where the fund holds convertible bonds, they are treated as part of the equity portion of the portfolio.

Cash & Cash Equivalents includes any cash, investments in money market funds, short-term securities, and other assets less liabilities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and other assets and liabilities.

From time to time Cash & Cash Equivalents may be negative due to borrowings for leverage transactions and/or timing of cash receipts and disbursements.

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

Percentages are based on net assets as of November 30, 2018.

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

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MANAGEMENT REVIEW

Summary of Results

MFS Charter Income Trust (fund) is a closed-end fund. The fund s investment objective is to seek high current income, but may also consider capital appreciation. MFS normally invests the fund s assets primarily in debt instruments. MFS normally invests the fund s assets in corporate bonds of U.S. and/or foreign issuers, U.S. Government securities, foreign government securities, mortgage-backed and other securitized instruments 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.

For the twelve months ended November 30, 2018, shares of the fund provided a total return of 0.36%, at net asset value and a total return of 3.56%, at market value. This compares with a return of 0.36% for the fund s benchmark, the Bloomberg Barclays U.S. High-Yield Corporate Bond 2% Issuer Capped Index. Over the same period, the fund s other benchmark, the MFS Charter Income Trust Blended Index (Blended Index), generated a return of 0.66%. The Blended Index reflects the blended returns of various fixed income market indices, with percentage allocations to each index designed to resemble the fixed income allocations of the fund. The market indices and related percentage allocations used to compile the Blended Index are set forth in the Performance Summary.

The performance commentary below is based on the net asset value performance of the fund which reflects the performance of the underlying pool of assets held by the fund. The total return at market value represents the return earned by owners of the shares of the fund which are traded publicly on the exchange.

Market Environment

During the reporting period, the US Federal Reserve raised interest rates by 100 basis points, bringing the total number of rate hikes to eight since the central bank began to normalize monetary policy in late 2015. Economic growth rates in the US, eurozone and Japan remained above trend despite a slowing in global growth, particularly toward the end of the period. Inflation remained contained, particularly outside the US. Late in the period, the European Central Bank announced that it would halt its asset purchase program at the end of 2018, but issued forward guidance that it does not expect to raise interest rates at least until after the summer of 2019. Both the Bank of England and the Bank of Canada raised rates several times during the period. The European political backdrop became a bit more volatile late in the period, spurred by concerns over cohesion in the eurozone after the election of an anti-establishment, Eurosceptic coalition government in Italy.

Bond yields rose in the US during the period but remained low by historical standards, while yields in many developed markets fell. Outside of emerging markets, where spreads and currencies came under pressure, credit spreads remained quite tight until the end of the period when thinner liquidity, lower oil prices and concerns over high degrees of corporate leverage emerged. Growing concern over increasing global trade friction appeared to have weighed on business sentiment during the period s second

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Management Review continued

half, especially outside the US. Tighter financial conditions from rising US rates and a strong dollar, combined with trade uncertainty, helped expose structural weaknesses in several emerging markets in the second half of the period.

Volatility increased at the end of the period amid signs of slowing global economic growth and increasing trade tensions, which prompted a market setback shortly after US markets set record highs in September. It was the second such equity market decline during the reporting period. The correction came despite a third consecutive quarter of strong growth in US earnings per share. Strong earnings growth, combined with the market decline, brought US equity valuations down from elevated levels earlier in the period to multiples more in line with long-term averages. While the US economy maintained its strength, global economic growth became less synchronized during the period, with Europe and China showing signs of a modest slowdown and some emerging markets coming under stress.

Factors Affecting Performance

Relative to the Blended Index, the fund's positioning along the yield curve^(y) contributed to relative performance. The fund's lesser exposure to the *government-related sovereign* sector, and a greater exposure to the *treasury* sector, helped relative results. Additionally, security selection within the *government-related agencies*, *treasury* and *financial institutions* sectors also supported relative returns.

The fund employs leverage which has been created through the use of loan agreements with a bank. To the extent that investments are purchased through the use of leverage, the fund's net asset value may increase or decrease at a greater rate than a comparable unleveraged fund. During the reporting period, the use of leverage benefited the fund's performance.

Conversely, the fund's security selection within the *industrials* and *government-related sovereign* sectors, in particular within *B-rated* bonds, detracted from relative results. Additionally, security selection within the *utilities* sector, particularly in high yield securities, also held back relative performance.

Respectfully,

Portfolio Manager(s)

Robert Spector, Ward Brown, David Cole, Pilar Gomez-Bravo, Joshua Marston, Robert Persons, Matt Ryan, Michael Skatrud, and Erik Weisman

(r) Bonds rated *BBB*, *Baa*, or higher are considered investment grade; bonds rated *BB*, *Ba*, or below are considered non-investment grade. The source for bond quality ratings is Moody's Investors Service, Standard & Poor's and Fitch, Inc. and are applied using the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). For securities which are not rated by any of the three agencies, the security is considered Not Rated.

(y) A yield curve graphically depicts the yields of different maturity bonds of the same credit quality and type; a normal yield curve is upward sloping, with short-term rates lower than long-term rates.

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Management Review continued

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

The views expressed in this report are those of the portfolio manager(s) 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 or other conditions, and MFS disclaims any responsibility to update such views. These views may not be relied upon as investment advice or an indication of trading intent on behalf of any MFS portfolio. References to specific securities are not recommendations of such securities, and may not be representative of any MFS portfolio s current or future investments.

Table of Contents**PERFORMANCE SUMMARY THROUGH 11/30/18**

The following chart presents the fund's historical performance in comparison to its benchmark(s). Investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost; current performance may be lower or higher than quoted. The performance shown does not reflect the deduction of taxes, if any, that a shareholder would pay on fund distributions or the sale of fund shares. Performance data shown represents past performance and is no guarantee of future results.

Price Summary for MFS Charter Income Trust

| | Net Asset Value | Date | Price |
|------------|-------------------------------|--------------------|--------|
| | | 11/30/18 | \$8.44 |
| | New York Stock Exchange Price | 11/30/17 | \$9.26 |
| | | 11/30/18 | \$7.41 |
| | | 1/05/18 (high) (t) | \$8.54 |
| Year Ended | | 11/21/18 (low) (t) | \$7.26 |
| 11/30/18 | | 11/30/17 | \$8.40 |

Total Returns vs Benchmark(s)

| | | |
|------------|--|---------|
| | MFS Charter Income Trust at | |
| | New York Stock Exchange Price (r) | (3.56)% |
| | Net Asset Value (r) | (0.36)% |
| | Bloomberg Barclays U.S. High-Yield Corporate Bond | |
| | 2% Issuer Capped Index (f) | 0.36% |
| | MFS Charter Income Trust Blended Index (f)(w) | (0.66)% |
| | Bloomberg Barclays U.S. Credit Bond Index (f) | (2.79)% |
| | Bloomberg Barclays U.S. Government/Mortgage Bond Index (f) | (0.74)% |
| Year Ended | FTSE World Government Bond Non-Dollar Hedged Index (f) | 1.95% |
| 11/30/18 | JPMorgan Emerging Markets Bond Index Global (f) | (5.39)% |

(f) Source: FactSet Research Systems Inc.

(r) Includes reinvestment of all distributions.

(t) For the period December 1, 2017 through November 30, 2018.

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Performance Summary continued

(w) As of November 30, 2018, the MFS Charter Income Trust Blended Index was comprised of 42% Bloomberg Barclays U.S. High-Yield Corporate Bond 2% Issuer Capped Index, 20% Bloomberg Barclays U.S. Government/Mortgage Bond Index, 15.2% FTSE World Government Bond Non-Dollar Hedged Index, 12.8% JPMorgan Emerging Markets Bond Index Global, and 10% Bloomberg Barclays U.S. Credit Bond Index.

Benchmark Definition(s)

Bloomberg Barclays U.S. Credit Bond Index a market capitalization-weighted index that measures the performance of publicly issued, SEC-registered, U.S. corporate and specified foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Government/Mortgage Bond Index measures debt issued by the U.S. Government, and its agencies, as well as mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. High-Yield Corporate Bond 2% Issuer Capped Index a component of the Bloomberg Barclays U.S. High-Yield Corporate Bond Index, which measures performance of non-investment grade, fixed rate debt. The index limits the maximum exposure to any one issuer to 2%.

FTSE World Government Bond Non-Dollar Hedged Index (formerly Citigroup World Government Bond Non-Dollar Hedged Index) a market capitalization-weighted index that is designed to represent the currency-hedged performance of the international developed government bond markets, excluding the United States.

JPMorgan Emerging Markets Bond Index Global measures the performance of U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds.

It is not possible to invest directly in an index.

Notes to Performance Summary

The fund's shares may trade at a discount or premium to net asset value. When fund shares trade at a premium, buyers pay more than the net asset value underlying fund shares, and shares purchased at a premium would receive less than the amount paid for them in the event of the fund's concurrent liquidation.

The fund's target annual distribution rate is calculated based on an annual rate of 8.00% of the fund's average monthly net asset value, not a fixed share price, and the fund's dividend amount will fluctuate with changes in the fund's average monthly net assets.

Net asset values and performance results based on net asset value per share do not include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles and may differ from amounts reported in the Statement of Assets and Liabilities or the Financial Highlights.

From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.

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.

Table of Contents**PORTFOLIO MANAGERS PROFILES**

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

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

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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. The tax status of dividends and capital gain distributions does not change 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.

If your shares are held directly with the Plan Agent, you may withdraw from the Plan at any time by going to the Plan Agent's website at www.computershare.com/investor, 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/investor, or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078.

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11/30/18

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

| Bonds - 120.6% | | |
|--|-------------------|-------------------|
| Issuer | Shares/Par | Value (\$) |
| Aerospace - 1.1% | | |
| Bombardier, Inc., 7.5%, 3/15/2025 (n) | \$ 140,000 | \$ 133,000 |
| DAE Funding LLC, 5.75%, 11/15/2023 (n) | 725,000 | 712,313 |
| DAE Funding LLC, 5%, 8/01/2024 (n) | 1,640,000 | 1,545,700 |
| Huntington Ingalls Industries, Inc., 3.483%, 12/01/2027 | 140,000 | 128,674 |
| L3 Technologies, Inc., 3.85%, 6/15/2023 | 213,000 | 211,137 |
| Lockheed Martin Corp., 3.55%, 1/15/2026 | 263,000 | 257,809 |
| TransDigm, Inc., 6.5%, 7/15/2024 | 925,000 | 927,313 |
| TransDigm, Inc., 6.375%, 6/15/2026 | 595,000 | 580,803 |
| | | \$ 4,496,749 |
| Apparel Manufacturers - 0.0% | | |
| Coach, Inc., 4.125%, 7/15/2027 | \$ 193,000 | \$ 179,616 |
| Asset-Backed & Securitized - 2.8% | | |
| ALM Loan Funding CLO, 2015-16A, BR2, FLR, 4.336% (LIBOR - 3mo. + 1.9%), 7/15/2027 (n) | \$ 1,120,000 | \$ 1,114,980 |
| Bayview Financial Revolving Mortgage Loan Trust, FLR, 3.936% (LIBOR - 1mo. + 1.6%), 12/28/2040 (z) | 362,844 | 335,025 |
| Chesapeake Funding II LLC, 2016-1A, A2, FLR, 3.457% (LIBOR - 1mo. + 1.15%), 3/15/2028 (n) | 456,221 | 457,274 |
| Commercial Mortgage Trust, 2015-DC1, A5, 3.35%, 2/10/2048 | 500,000 | 487,658 |
| Crest Ltd., CDO, 7%, (0.001% cash or 7% PIK) 1/28/2040 (a)(p) | 3,545,404 | 425,449 |
| Dryden Senior Loan Fund, 2013-26A, AR, CLO, FLR, 3.336% (LIBOR - 3mo. + 0.9%), 4/15/2029 (z) | 592,000 | 587,769 |
| Flatiron CLO Ltd., 2013-1A, A2R, FLR, 4. | | |