

EVERGREEN INCOME ADVANTAGE FUND
Form N-Q
September 29, 2008

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT
INVESTMENT COMPANY**

Investment Company Act file number **811-21269**

Evergreen Income Advantage Fund

(Exact name of registrant as specified in charter)

200 Berkeley Street

Boston, Massachusetts 02116

(Address of principal executive offices) (Zip code)

Michael H. Koonce, Esq.

200 Berkeley Street

Boston, Massachusetts 02116

(Name and address of agent for service)

Registrant's telephone number, including area code: (617) 210-3200

Date of fiscal year end: Registrant is making a quarterly filing for one of its series, Evergreen Income Advantage Fund, for the quarter ended July 31, 2008. This one series has an April 30 fiscal year end.

Date of reporting period: **July 31, 2008**

Item 1 – Schedule of Investments

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS 139.8% | | |
| CONSUMER DISCRETIONARY 29.8% | | |
| Auto Components 2.1% | | |
| Cooper Standard Automotive, Inc., 8.375%, 12/15/2014 | \$1,520,000 | \$1,086,800 |
| Cooper Tire & Rubber Co., 7.625%, 03/15/2027 | 6,935,000 | 5,270,600 |
| Goodyear Tire & Rubber Co., 9.00%, 07/01/2015 | 3,475,000 | 3,518,437 |
| Metaldyne Corp.: | | |
| 10.00%, 11/01/2013 | 12,716,000 | 5,277,140 |
| 11.00%, 06/15/2012 | 3,442,000 | 808,870 |
| | | <u>15,961,847</u> |
| Automobiles 2.4% | | |
| Ford Motor Co., 7.70%, 05/15/2097 | 16,140,000 | 7,343,700 |
| General Motors Corp.: | | |
| 6.75%, 12/01/2014 | 935,000 | 536,166 |
| 7.20%, 01/15/2011 | 11,025,000 | 7,276,500 |
| 8.25%, 07/15/2023 | 4,660,000 | 2,330,000 |
| 8.375%, 07/15/2033 | 1,750,000 | 870,625 |
| | | <u>18,356,991</u> |
| Diversified Consumer Services 0.9% | | |
| Carriage Services, Inc., 7.875%, 01/15/2015 | 2,290,000 | 2,192,675 |
| Education Management, LLC, 8.75%, 06/01/2014 | 240,000 | 217,200 |
| Service Corporation International, 6.75%, 04/01/2015 | 110,000 | 104,225 |
| Sotheby's, 7.75%, 06/15/2015 144A | 2,550,000 | 2,528,197 |
| Ticketmaster, 10.75%, 08/01/2016 144A | 1,840,000 | 1,913,600 |
| | | <u>6,955,897</u> |
| Hotels, Restaurants & Leisure 8.2% | | |
| Boyd Gaming Corp., 7.75%, 12/15/2012 | 3,745,000 | 3,127,075 |
| Caesars Entertainment, Inc.: | | |
| 7.875%, 03/15/2010 | 4,169,000 | 3,699,987 |
| 8.125%, 05/15/2011 | 1,350,000 | 1,019,250 |
| Fontainebleau Las Vegas Holdings, LLC, 10.25%, 06/15/2015 144A | 11,728,000 | 6,274,480 |
| Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/2010 | 5,150,000 | 3,785,250 |
| Isle of Capri Casinos, Inc., 7.00%, 03/01/2014 | 13,883,000 | 9,718,100 |
| MGM MIRAGE, 8.50%, 09/15/2010 | 935,000 | 904,613 |
| Pinnacle Entertainment, Inc., 8.75%, 10/01/2013 | 450,000 | 432,000 |
| Pokagon Gaming Authority, 10.375%, 06/15/2014 144A | 4,253,000 | 4,401,855 |
| Seneca Gaming Corp., 7.25%, 05/01/2012 | 2,325,000 | 2,133,188 |
| Shingle Springs Tribal Gaming Authority, 9.375%, 06/15/2015 144A | 7,100,000 | 5,786,500 |
| Six Flags, Inc.: | | |
| 8.875%, 02/01/2010 | 815,000 | 647,925 |
| 9.625%, 06/01/2014 | 1,807,000 | 917,053 |
| 12.25%, 07/15/2016 144A | 516,000 | 468,270 |
| Trump Entertainment Resorts, Inc., 8.50%, 06/01/2015 | 16,841,000 | 8,378,397 |

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| | | |
|---|------------|-------------------|
| Universal City Development Partners, Ltd., 11.75%, 04/01/2010 | 11,315,000 | <u>11,569,587</u> |
| | | <u>63,263,530</u> |
| Household Durables 4.6% | | |
| Centex Corp.: | | |
| 4.875%, 08/15/2008 | 3,080,000 | 3,076,150 |
| 5.80%, 09/15/2009 | 3,810,000 | 3,714,750 |
| D.R. Horton, Inc.: | | |
| 4.875%, 01/15/2010 | 1,550,000 | 1,433,750 |
| 5.00%, 01/15/2009 | 3,525,000 | 3,472,125 |
| 8.00%, 02/01/2009 | 2,125,000 | 2,125,000 |
| 9.75%, 09/15/2010 | 2,515,000 | 2,505,569 |
| Hovnanian Enterprises, Inc.: | | |
| 6.00%, 01/15/2010 | 1,860,000 | 1,627,500 |
| 6.50%, 01/15/2014 | 945,000 | 600,075 |
| 11.50%, 05/01/2013 144A | 475,000 | 483,313 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| CONSUMER DISCRETIONARY continued | | |
| Household Durables continued | | |
| KB Home, 8.625%, 12/15/2008 | \$1,345,000 | \$1,355,087 |
| Lennar Corp.: | | |
| 5.125%, 10/01/2010 | 5,130,000 | 4,488,750 |
| 7.625%, 03/01/2009 | 1,630,000 | 1,609,625 |
| Libbey, Inc., FRN, 9.93%, 06/01/2011 | 5,540,000 | 5,595,400 |
| Meritage Homes Corp., 7.00%, 05/01/2014 | 3,050,000 | 2,455,250 |
| Pulte Homes, Inc.: | | |
| 7.875%, 08/01/2011 | 470,000 | 455,900 |
| 8.125%, 03/01/2011 | 925,000 | 911,125 |
| | | <u>35,909,369</u> |
| Media 7.7% | | |
| Cablevision Systems Corp., Ser. B, 8.00%, 04/15/2012 | 1,330,000 | 1,280,125 |
| Charter Communications, Inc.: | | |
| 8.00%, 04/30/2012 144A | 695,000 | 665,463 |
| 10.875%, 09/15/2014 144A | 9,455,000 | 9,880,475 |
| CSC Holdings, Inc., 7.625%, 04/01/2011 | 4,135,000 | 4,109,156 |
| DIRECTV Holdings, LLC, 7.625%, 05/15/2016 144A | 110,000 | 109,725 |
| Idearc, Inc., 8.00%, 11/15/2016 | 11,950,000 | 5,497,000 |
| Ion Media Networks, Inc., FRN, 8.96%, 01/15/2013 144A | 6,889,240 | 4,409,114 |
| Lamar Media Corp.: | | |
| 7.25%, 01/01/2013 | 440,000 | 422,400 |
| Ser. B, 6.625%, 08/15/2015 | 3,015,000 | 2,728,575 |
| Mediacom Broadband, LLC, 8.50%, 10/15/2015 | 115,000 | 103,213 |
| Mediacom, LLC, 7.875%, 02/15/2011 | 1,170,000 | 1,093,950 |
| R.H. Donnelley Corp., 11.75%, 05/15/2015 144A | 6,387,000 | 4,758,315 |
| Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012 | 5,524,000 | 5,537,810 |
| Sirius Satellite Radio, Inc., 9.625%, 08/01/2013 | 5,225,000 | 4,310,625 |
| Visant Corp., 7.625%, 10/01/2012 | 7,465,000 | 7,278,375 |
| XM Satellite Radio Holdings, Inc., 13.00%, 08/01/2013 144A | 3,045,000 | 2,793,787 |
| Young Broadcasting, Inc.: | | |
| 8.75%, 01/15/2014 | 6,179,000 | 2,672,417 |
| 10.00%, 03/01/2011 | 2,920,000 | 1,408,900 |
| | | <u>59,059,425</u> |
| Multi-line Retail 0.4% | | |
| Macy's, Inc., 7.875%, 07/15/2015 | 1,365,000 | 1,358,772 |
| Neiman Marcus Group, Inc., 9.00%, 10/15/2015 | 2,020,000 | 1,989,700 |
| | | <u>3,348,472</u> |
| Specialty Retail 1.6% | | |
| Autozone, Inc.: | | |
| 6.50%, 01/15/2014 | 905,000 | 913,168 |

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| | | |
|---|------------|-------------------|
| 7.125%, 08/01/2018 | 905,000 | 922,470 |
| Best Buy Co., Inc., 6.75%, 07/15/2013 144A | 910,000 | 925,356 |
| Home Depot, Inc., 5.875%, 12/16/2036 | 1,635,000 | 1,296,655 |
| Michaels Stores, Inc., 10.00%, 11/01/2014 | 1,420,000 | 1,146,650 |
| Payless ShoeSource, Inc., 8.25%, 08/01/2013 | 8,005,000 | 7,244,525 |
| | | <u>12,448,824</u> |
| Textiles, Apparel & Luxury Goods 1.9% | | |
| AAC Group Holdings Corp., Sr. Disc. Note, Step Bond, 0.00%, 10/01/2012 † | 1,055,000 | 1,018,075 |
| Oxford Industries, Inc., 8.875%, 06/01/2011 | 12,915,000 | 12,462,975 |
| Unifi, Inc., 11.50%, 05/15/2014 | 1,197,000 | 999,495 |
| | | <u>14,480,545</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| CONSUMER STAPLES 4.5% | | |
| Beverages 0.0% | | |
| Constellation Brands, Inc., 8.375%, 12/15/2014 | \$ 110,000 | \$ 113,025 |
| Food & Staples Retailing 0.5% | | |
| Ingles Markets, Inc., 8.875%, 12/01/2011 | 2,425,000 | 2,467,438 |
| Rite Aid Corp., 10.375%, 07/15/2016 | 1,760,000 | 1,641,200 |
| | | <u>4,108,638</u> |
| Food Products 2.2% | | |
| Dean Foods Co., 6.625%, 05/15/2009 | 480,000 | 480,000 |
| Del Monte Foods Co.: | | |
| 6.75%, 02/15/2015 | 2,180,000 | 2,049,200 |
| 8.625%, 12/15/2012 | 10,061,000 | 10,337,677 |
| Pilgrim's Pride Corp.: | | |
| 7.625%, 05/01/2015 | 3,545,000 | 3,013,250 |
| 8.375%, 05/01/2017 | 705,000 | 542,850 |
| Smithfield Foods, Inc., 7.75%, 07/01/2017 | 575,000 | 494,500 |
| | | <u>16,917,477</u> |
| Household Products 1.0% | | |
| American Achievement Corp., 8.25%, 04/01/2012 144A | 7,505,000 | 7,354,900 |
| Church & Dwight Co., 6.00%, 12/15/2012 | 685,000 | 667,875 |
| | | <u>8,022,775</u> |
| Personal Products 0.8% | | |
| Central Garden & Pet Co., 9.125%, 02/01/2013 | 7,085,000 | 5,845,125 |
| ENERGY 18.1% | | |
| Energy Equipment & Services 3.7% | | |
| Bristow Group, Inc., 7.50%, 09/15/2017 | 3,085,000 | 3,054,150 |
| GulfMark Offshore, Inc., 7.75%, 07/15/2014 | 3,130,000 | 3,098,700 |
| Hornbeck Offshore Services, Inc., Ser. B, 6.125%, 12/01/2014 | 7,985,000 | 7,685,563 |
| Parker Drilling Co., 9.625%, 10/01/2013 | 5,415,000 | 5,685,750 |
| PHI, Inc., 7.125%, 04/15/2013 | 7,837,000 | 7,445,150 |
| Stallion Oilfield Services, Ltd., 9.75%, 02/01/2015 144A | 1,720,000 | 1,367,400 |
| | | <u>28,336,713</u> |
| Oil, Gas & Consumable Fuels 14.4% | | |
| Chesapeake Energy Corp.: | | |
| 6.875%, 01/15/2016 | 195,000 | 188,419 |
| 7.25%, 12/15/2018 | 7,135,000 | 7,027,975 |
| 7.50%, 09/15/2013 | 5,500,000 | 5,582,500 |
| Delta Petroleum Corp., 7.00%, 04/01/2015 | 4,280,000 | 3,573,800 |
| El Paso Corp.: | | |
| 7.00%, 06/15/2017 | 1,340,000 | 1,348,201 |
| 7.25%, 06/01/2018 | 115,000 | 114,425 |

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| | | |
|--|-----------|-----------|
| 7.75%, 01/15/2032 | 250,000 | 249,736 |
| Encore Acquisition Co.: | | |
| 6.00%, 07/15/2015 | 3,350,000 | 3,048,500 |
| 6.25%, 04/15/2014 | 1,735,000 | 1,635,238 |
| Energy Partners, Ltd., 9.75%, 04/15/2014 | 1,667,000 | 1,541,975 |
| Exco Resources, Inc., 7.25%, 01/15/2011 | 6,130,000 | 6,099,350 |
| Ferrellgas Partners, LP, 6.75%, 05/01/2014 | 5,195,000 | 4,415,750 |
| Forbes Energy Services, LLC, 11.00%, 02/15/2015 144A | 6,260,000 | 6,291,300 |
| Forest Oil Corp., 7.25%, 06/15/2019 144A | 3,960,000 | 3,742,200 |
| Frontier Oil Corp., 6.625%, 10/01/2011 | 1,830,000 | 1,784,250 |
| Newfield Exploration Co.: | | |
| 6.625%, 04/15/2016 | 3,450,000 | 3,234,375 |
| 7.125%, 05/15/2018 | 1,670,000 | 1,586,500 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|--------------------|
| CORPORATE BONDS continued | | |
| ENERGY continued | | |
| Oil, Gas & Consumable Fuels continued | | |
| Peabody Energy Corp.: | | |
| 5.875%, 04/15/2016 | \$9,745,000 | \$9,330,837 |
| 7.875%, 11/01/2026 | 1,470,000 | 1,477,350 |
| Petrohawk Energy Corp., 7.875%, 06/01/2015 144A | 7,590,000 | 7,381,275 |
| Plains Exploration & Production Co.: | | |
| 7.625%, 06/01/2018 | 2,345,000 | 2,286,375 |
| 7.75%, 06/15/2015 | 2,305,000 | 2,276,187 |
| Quicksilver Resources, Inc., 7.75%, 08/01/2015 | 2,300,000 | 2,248,250 |
| Range Resources Corp., 7.25%, 05/01/2018 | 195,000 | 191,100 |
| Sabine Pass LNG, LP: | | |
| 7.25%, 11/30/2013 | 1,140,000 | 991,800 |
| 7.50%, 11/30/2016 | 10,545,000 | 9,121,425 |
| SandRidge Energy, Inc., 8.00%, 06/01/2018 144A | 895,000 | 890,525 |
| Southwestern Energy Co., 7.50%, 02/01/2018 144A | 1,630,000 | 1,678,900 |
| Tesoro Corp.: | | |
| 6.50%, 06/01/2017 | 7,110,000 | 6,079,050 |
| 6.625%, 11/01/2015 | 510,000 | 451,350 |
| Williams Cos.: | | |
| 7.50%, 01/15/2031 | 5,520,000 | 5,644,200 |
| 8.125%, 03/15/2012 | 9,285,000 | 9,981,375 |
| | | <u>111,494,493</u> |
| FINANCIALS 20.9% | | |
| Capital Markets 0.7% | | |
| E*TRADE Financial Corp.: | | |
| 7.375%, 09/15/2013 | 110,000 | 93,500 |
| 8.00%, 06/15/2011 | 110,000 | 97,350 |
| 12.50%, 11/30/2017 | 470,000 | 498,200 |
| 12.50%, 11/30/2017 144A | 2,825,000 | 3,051,000 |
| Lehman Brothers Holdings, Inc., 6.875%, 05/02/2018 | 1,615,000 | 1,518,752 |
| | | <u>5,258,802</u> |
| Consumer Finance 12.5% | | |
| CCH II Capital Corp., 10.25%, 09/15/2010 | | |
| | 12,095,000 | 11,580,962 |
| Ford Motor Credit Co., LLC: | | |
| 5.70%, 01/15/2010 | 11,895,000 | 10,250,778 |
| 5.80%, 01/12/2009 | 4,925,000 | 4,777,940 |
| 7.375%, 10/28/2009 | 3,995,000 | 3,639,920 |
| 9.75%, 09/15/2010 | 14,962,000 | 12,923,727 |
| General Motors Acceptance Corp., LLC: | | |
| 6.875%, 09/15/2011 | 13,695,000 | 9,048,492 |
| 6.875%, 08/28/2012 | 17,075,000 | 10,724,671 |
| 7.75%, 01/19/2010 | 5,200,000 | 4,202,167 |

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|--|------------|-------------------|
| 8.00%, 11/01/2031 | 12,185,000 | 6,839,745 |
| FRN, 3.93%, 05/15/2009 | 10,645,000 | 9,423,369 |
| Sprint Capital Corp., 6.875%, 11/15/2028 | 6,665,000 | 5,294,823 |
| Toll Corp.: | | |
| 8.25%, 02/01/2011 | 7,105,000 | 6,820,800 |
| 8.25%, 12/01/2011 | 1,040,000 | 990,600 |
| | | <u>96,517,994</u> |
| Diversified Financial Services 2.2% | | |
| Citigroup, Inc., FRN, 8.40%, 04/29/2049 | 530,000 | 454,470 |
| JPMorgan Chase & Co., FRN, 7.90%, 12/31/2049 | 5,160,000 | 4,787,118 |
| Leucadia National Corp.: | | |
| 7.125%, 03/15/2017 | 825,000 | 776,531 |
| 8.125%, 09/15/2015 | 10,820,000 | 10,833,525 |
| | | <u>16,851,644</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| FINANCIALS continued | | |
| Real Estate Investment Trusts 3.1% | | |
| Host Marriott Corp.: | | |
| 7.125%, 11/01/2013 | \$6,465,000 | \$5,980,125 |
| Ser. O, 6.375%, 03/15/2015 | 395,000 | 345,625 |
| Ser. Q, 6.75%, 06/01/2016 | 7,700,000 | 6,622,000 |
| Omega Healthcare Investors, Inc.: | | |
| 7.00%, 04/01/2014 | 4,210,000 | 4,052,125 |
| 7.00%, 01/15/2016 | 4,405,000 | 4,140,700 |
| Ventas, Inc., 7.125%, 06/01/2015 | 2,480,000 | 2,455,200 |
| | | <u>23,595,775</u> |
| Real Estate Management & Development 0.0% | | |
| Realogy Corp., 10.50%, 04/15/2014 | 175,000 | 114,625 |
| Thriffs & Mortgage Finance 2.4% | | |
| Residential Capital, LLC: | | |
| 8.50%, 05/15/2010 144A | 7,695,000 | 5,540,400 |
| 9.625%, 05/15/2015 144A | 10,903,000 | 4,306,685 |
| Step Bond: | | |
| 8.125%, 11/21/2008 †† | 4,825,000 | 4,439,000 |
| 8.375%, 06/30/2010 †† | 13,975,000 | 4,402,125 |
| | | <u>18,688,210</u> |
| HEALTH CARE 6.3% | | |
| Health Care Equipment & Supplies 0.3% | | |
| Biomet, Inc., 11.625%, 10/15/2017 | 1,635,000 | 1,735,144 |
| Universal Hospital Services, Inc., 8.50%, 06/01/2015 | 189,000 | 189,945 |
| | | <u>1,925,089</u> |
| Health Care Providers & Services 6.0% | | |
| HCA, Inc.: | | |
| 6.375%, 01/15/2015 | 130,000 | 107,250 |
| 8.75%, 09/01/2010 | 6,860,000 | 6,962,900 |
| 9.25%, 11/15/2016 | 20,670,000 | 21,341,775 |
| Humana, Inc., 7.20%, 06/15/2018 | 3,560,000 | 3,460,559 |
| Omnicare, Inc.: | | |
| 6.125%, 06/01/2013 | 9,185,000 | 8,473,162 |
| 6.875%, 12/15/2015 | 6,225,000 | 5,727,000 |
| Symbion, Inc., 11.00%, 08/23/2015 144A | 725,000 | 551,000 |
| | | <u>46,623,646</u> |
| INDUSTRIALS 13.9% | | |
| Aerospace & Defense 7.5% | | |
| Alliant Techsystems, Inc., 6.75%, 04/01/2016 | 2,560,000 | 2,476,800 |
| DAE Aviation Holdings, 11.25%, 08/01/2015 144A | 970,000 | 950,600 |
| DRS Technologies, Inc.: | | |
| 6.625%, 02/01/2016 | 3,860,000 | 3,917,900 |

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|---|------------|-------------------|
| 7.625%, 02/01/2018 | 910,000 | 950,950 |
| L-3 Communications Holdings, Inc.: | | |
| 5.875%, 01/15/2015 | 29,885,000 | 27,867,762 |
| 6.375%, 10/15/2015 | 15,461,000 | 14,610,645 |
| Sequa Corp.: | | |
| 11.75%, 12/01/2015 144A | 130,000 | 113,750 |
| 13.50%, 12/01/2015 144A | 2,030,000 | 1,776,250 |
| Vought Aircraft Industries, Inc., 8.00%, 07/15/2011 | 5,595,000 | 5,189,363 |
| | | <u>57,854,020</u> |
| Building Products 0.2% | | |
| Ply Gem Industries, Inc., 11.75%, 06/15/2013 144A | 1,405,000 | <u>1,264,500</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| INDUSTRIALS continued | | |
| Commercial Services & Supplies 1.9% | | |
| Allied Waste North America, Inc., 6.875%, 06/01/2017 | \$990,000 | \$955,350 |
| Browning-Ferris Industries, Inc.: | | |
| 7.40%, 09/15/2035 | 6,290,000 | 5,692,450 |
| 9.25%, 05/01/2021 | 3,715,000 | 3,919,325 |
| Corrections Corporation of America, 6.25%, 03/15/2013 | 190,000 | 186,675 |
| Geo Group, Inc., 8.25%, 07/15/2013 | 785,000 | 800,700 |
| Mobile Mini, Inc., 6.875%, 05/01/2015 | 3,435,000 | 2,954,100 |
| | | <u>14,508,600</u> |
| Machinery 1.7% | | |
| Commercial Vehicle Group, Inc., 8.00%, 07/01/2013 | 15,831,000 | 13,535,505 |
| Road & Rail 2.3% | | |
| Avis Budget Car Rental, LLC, 7.75%, 05/15/2016 | 2,320,000 | 1,612,400 |
| Hertz Global Holdings, Inc.: | | |
| 8.875%, 01/01/2014 | 1,715,000 | 1,582,088 |
| 10.50%, 01/01/2016 | 230,000 | 201,250 |
| Kansas City Southern: | | |
| 7.50%, 06/15/2009 | 2,730,000 | 2,774,362 |
| 8.00%, 06/01/2015 | 10,830,000 | 10,992,450 |
| Swift Transportation Co., Inc., 12.50%, 05/15/2017 144A | 1,015,000 | 400,925 |
| | | <u>17,563,475</u> |
| Trading Companies & Distributors 0.3% | | |
| Neff Corp., 10.00%, 06/01/2015 | 525,000 | 196,875 |
| United Rentals, Inc., 6.50%, 02/15/2012 | 2,275,000 | 2,064,563 |
| | | <u>2,261,438</u> |
| INFORMATION TECHNOLOGY 5.7% | | |
| Communications Equipment 0.1% | | |
| Echostar Corp., 7.75%, 05/31/2015 | 650,000 | 627,250 |
| Electronic Equipment & Instruments 3.1% | | |
| Da-Lite Screen Co., Inc., 9.50%, 05/15/2011 | 7,755,000 | 7,483,575 |
| Jabil Circuit, Inc.: | | |
| 5.875%, 07/15/2010 | 1,650,000 | 1,617,000 |
| 8.25%, 03/15/2018 | 13,190,000 | 13,190,000 |
| Sanmina-SCI Corp., 8.125%, 03/01/2016 | 1,635,000 | 1,463,325 |
| | | <u>23,753,900</u> |
| IT Services 1.9% | | |
| First Data Corp., 9.875%, 09/24/2015 144A | 2,675,000 | 2,370,719 |
| ipayment, Inc., 9.75%, 05/15/2014 | 4,255,000 | 3,584,837 |
| Iron Mountain, Inc., 8.00%, 06/15/2013 | 110,000 | 107,525 |
| Lender Processing Services, Inc., 8.125%, 07/01/2016 144A | 2,420,000 | 2,429,075 |
| SunGard Data Systems, Inc.: | | |
| 4.875%, 01/15/2014 | 3,510,000 | 3,132,675 |

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| | | |
|--|-----------|-------------------|
| 9.125%, 08/15/2013 | 240,000 | 246,600 |
| 10.25%, 08/15/2015 | 130,000 | 132,600 |
| Unisys Corp., 6.875%, 03/15/2010 | 3,128,000 | <u>3,018,520</u> |
| | | <u>15,022,551</u> |
| Semiconductors & Semiconductor Equipment 0.6% | | |
| Freescale Semiconductor, Inc., 9.125%, 12/15/2014 | 1,040,000 | 847,600 |
| Spansion, Inc., FRN, 5.81%, 06/01/2013 144A | 4,950,000 | <u>3,489,750</u> |
| | | <u>4,337,350</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| MATERIALS 17.1% | | |
| Chemicals 6.7% | | |
| Airgas, Inc., 7.125%, 10/01/2018 144A | \$225,000 | \$226,688 |
| ARCO Chemical Co.: | | |
| 9.80%, 02/01/2020 | 5,460,000 | 4,067,700 |
| 10.25%, 11/01/2010 | 460,000 | 462,300 |
| Huntsman, LLC: | | |
| 7.375%, 01/01/2015 | 1,000,000 | 930,000 |
| 11.625%, 10/15/2010 | 7,000,000 | 7,297,500 |
| Koppers Holdings, Inc.: | | |
| 9.875%, 10/15/2013 | 575,000 | 605,906 |
| Sr. Disc. Note, Step Bond, 0.00%, 11/15/2014 † | 5,599,000 | 5,067,095 |
| MacDermid, Inc., 9.50%, 04/15/2017 144A | 7,751,000 | 7,130,920 |
| Millenium America, Inc., 7.625%, 11/15/2026 | 6,355,000 | 3,717,675 |
| Momentive Performance Materials, Inc.: | | |
| 9.75%, 12/01/2014 | 2,335,000 | 2,078,150 |
| 10.125%, 12/01/2014 | 7,720,000 | 6,793,600 |
| Mosaic Co.: | | |
| 7.30%, 01/15/2028 | 3,385,000 | 3,266,525 |
| 7.875%, 12/01/2016 144A | 4,665,000 | 4,921,575 |
| Tronox Worldwide, LLC, 9.50%, 12/01/2012 | 8,760,000 | 5,475,000 |
| | | <u>52,040,634</u> |
| Construction Materials 1.2% | | |
| CPG International, Inc.: | | |
| 10.50%, 07/01/2013 | 8,910,000 | 7,083,450 |
| FRN, 9.90%, 07/01/2012 | 1,670,000 | 1,294,250 |
| CRH America, Inc., 8.125%, 07/15/2018 | 465,000 | 470,355 |
| | | <u>8,848,055</u> |
| Containers & Packaging 4.3% | | |
| Berry Plastics Holdings Corp., 8.875%, 09/15/2014 | 1,566,000 | 1,260,630 |
| Exopack Holding Corp., 11.25%, 02/01/2014 | 8,370,000 | 7,491,150 |
| Graham Packaging Co.: | | |
| 8.50%, 10/15/2012 | 5,510,000 | 5,151,850 |
| 9.875%, 10/15/2014 | 3,810,000 | 3,276,600 |
| Graphic Packaging International, Inc.: | | |
| 8.50%, 08/15/2011 | 4,685,000 | 4,497,600 |
| 9.50%, 08/15/2013 | 4,750,000 | 4,441,250 |
| Smurfit-Stone Container Corp., 8.375%, 07/01/2012 | 7,715,000 | 6,847,062 |
| | | <u>32,966,142</u> |
| Metals & Mining 2.1% | | |
| Freeport-McMoRan Copper & Gold, Inc.: | | |
| 8.25%, 04/01/2015 | 905,000 | 944,666 |
| 8.375%, 04/01/2017 | 8,430,000 | 8,844,039 |

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| | | |
|--|-----------|-------------------|
| Indalex Holdings Corp., 11.50%, 02/01/2014 | 5,985,000 | 3,441,375 |
| PNA Group, Inc., 10.75%, 09/01/2016 | 2,785,000 | 3,321,113 |
| | | <u>16,551,193</u> |

Paper & Forest Products 2.8%

| | | |
|--|-----------|-------------------|
| Georgia Pacific Corp.: | | |
| 8.125%, 05/15/2011 | 5,000,000 | 4,950,000 |
| 8.875%, 05/15/2031 | 3,605,000 | 3,316,600 |
| International Paper Co., 7.95%, 06/15/2018 | 7,110,000 | 7,082,086 |
| Verso Paper Holdings, LLC: | | |
| 9.125%, 08/01/2014 | 230,000 | 207,000 |
| 11.375%, 08/01/2016 | 7,255,000 | 6,130,475 |
| | | <u>21,686,161</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| TELECOMMUNICATION SERVICES 9.9% | | |
| Diversified Telecommunication Services 3.7% | | |
| Citizens Communications Co.: | | |
| 7.875%, 01/15/2027 | \$1,760,000 | \$1,557,600 |
| 9.25%, 05/15/2011 | 6,680,000 | 6,980,600 |
| FairPoint Communications, Inc., 13.125%, 04/01/2018 144A | 1,645,000 | 1,645,000 |
| Qwest Corp.: | | |
| 6.50%, 06/01/2017 | 2,665,000 | 2,205,287 |
| 7.50%, 06/15/2023 | 1,725,000 | 1,423,125 |
| 8.875%, 03/15/2012 | 11,660,000 | 11,689,150 |
| West Corp., 11.00%, 10/15/2016 | 4,115,000 | 3,292,000 |
| | | <u>28,792,762</u> |
| Wireless Telecommunication Services 6.2% | | |
| Centennial Communications Corp.: | | |
| 8.125%, 02/01/2014 | 6,815,000 | 6,917,225 |
| 10.125%, 06/15/2013 | 2,715,000 | 2,837,175 |
| Cricket Communications, Inc., 9.375%, 11/01/2014 | 4,380,000 | 4,314,300 |
| MetroPCS Communications, Inc., 9.25%, 11/01/2014 | 7,860,000 | 7,663,500 |
| Rural Cellular Corp., 8.25%, 03/15/2012 | 13,350,000 | 13,717,125 |
| Sprint Nextel Corp.: | | |
| 6.90%, 05/01/2019 | 4,410,000 | 3,766,263 |
| Ser. D, 7.375%, 08/01/2015 | 5,320,000 | 4,098,938 |
| Ser. F, 5.95%, 03/15/2014 | 5,375,000 | 4,089,553 |
| | | <u>47,404,079</u> |
| UTILITIES 13.6% | | |
| Electric Utilities 13.3% | | |
| Allegheny Energy Supply Co., 8.25%, 04/15/2012 144A | 9,870,000 | 10,412,850 |
| Aquila, Inc., Step Bond, 11.875%, 07/01/2012 †† | 17,404,000 | 20,275,660 |
| CMS Energy Corp.: | | |
| 6.55%, 07/17/2017 | 505,000 | 488,331 |
| 8.50%, 04/15/2011 | 860,000 | 912,063 |
| Edison Mission Energy, 7.00%, 05/15/2017 | 940,000 | 893,000 |
| Energy Future Holdings Corp.: | | |
| 10.875%, 11/01/2017 144A | 8,150,000 | 8,435,250 |
| 11.25%, 11/01/2017 144A | 4,515,000 | 4,492,425 |
| Mirant Americas Generation, LLC, 8.50%, 10/01/2021 | 895,000 | 801,025 |
| Mirant Mid-Atlantic, LLC, Ser. C, 10.06%, 12/30/2028 | 2,499,065 | 2,817,696 |
| Mirant North America, LLC, 7.375%, 12/31/2013 | 12,365,000 | 12,426,825 |
| NRG Energy, Inc., 7.375%, 02/01/2016 | 10,550,000 | 10,259,875 |
| Orion Power Holdings, Inc., 12.00%, 05/01/2010 | 12,800,000 | 13,856,000 |
| PNM Resources, Inc., 9.25%, 05/15/2015 | 920,000 | 941,850 |
| Public Service Company of New Mexico, 13.00%, 04/01/2015 | 1,050,000 | 1,067,179 |
| Reliant Energy, Inc.: | | |
| 6.75%, 12/15/2014 | 13,433,000 | 13,768,825 |

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| | | |
|--|-----------|----------------------|
| 7.875%, 06/15/2017 | 230,000 | 223,100 |
| Texas Competitive Electric Holdings Co., LLC: | | |
| 10.25%, 11/01/2015 144A | 825,000 | 829,125 |
| 10.50%, 11/01/2016 144A | 135,000 | 130,612 |
| | | <u>103,031,691</u> |
| Independent Power Producers & Energy Traders 0.3% | | |
| AES Corp.: | | |
| 8.00%, 10/15/2017 | 275,000 | 272,250 |
| 8.00%, 06/01/2020 144A | 1,690,000 | 1,635,075 |
| Dynegy Holdings, Inc., 7.50%, 06/01/2015 | 115,000 | 109,538 |
| | | <u>2,016,863</u> |
| <i>Total Corporate Bonds (cost \$1,194,010,071)</i> | | <u>1,078,265,100</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| YANKEE OBLIGATIONS – CORPORATE 7.1% | | |
| ENERGY 2.2% | | |
| Oil, Gas & Consumable Fuels 2.2% | | |
| Connacher Oil & Gas, Ltd., 10.25%, 12/15/2015 144A | \$3,145,000 | \$3,310,112 |
| Griffin Coal Mining Co., Ltd.: | | |
| 9.50%, 12/01/2016 | 2,075,000 | 1,648,727 |
| 9.50%, 12/01/2016 144A | 11,685,000 | 9,289,575 |
| OPTI Canada, Inc., 8.25%, 12/15/2014 | 2,500,000 | 2,531,250 |
| | | <u>16,779,664</u> |
| FINANCIALS 1.3% | | |
| Consumer Finance 0.3% | | |
| NXP Funding, LLC: | | |
| 5.54%, 10/15/2013 | 1,740,000 | 1,372,425 |
| 9.50%, 10/15/2015 | 1,785,000 | 1,240,575 |
| | | <u>2,613,000</u> |
| Diversified Financial Services 1.0% | | |
| FMG Finance Property, Ltd., 10.625%, 09/01/2016 144A | 4,000,000 | 4,660,000 |
| Preferred Term Securities XII, Ltd., FRN, 10.00%, 12/24/2033 + | 1,540,000 | 899,006 |
| Ship Finance International, Ltd., 8.50%, 12/15/2013 | 1,860,000 | 1,892,550 |
| | | <u>7,451,556</u> |
| INDUSTRIALS 0.4% | | |
| Road & Rail 0.4% | | |
| Kansas City Southern de Mexico: | | |
| 7.375%, 06/01/2014 | 1,796,000 | 1,737,630 |
| 9.375%, 05/01/2012 | 1,495,000 | 1,551,062 |
| | | <u>3,288,692</u> |
| INFORMATION TECHNOLOGY 0.8% | | |
| Communications Equipment 0.7% | | |
| Nortel Networks Corp., 10.125%, 07/15/2013 | 6,115,000 | 6,000,344 |
| Semiconductors & Semiconductor Equipment 0.1% | | |
| Sensata Technologies, Inc., 8.00%, 05/01/2014 | 465,000 | 397,575 |
| MATERIALS 1.5% | | |
| Metals & Mining 1.3% | | |
| Evrax Group SA, 9.50%, 04/24/2018 144A | 275,000 | 268,469 |
| Novelis, Inc., 7.25%, 02/15/2015 | 7,070,000 | 6,575,100 |
| Vedanta Resource plc, 9.50%, 07/18/2018 144A | 2,760,000 | 2,746,200 |
| | | <u>9,589,769</u> |
| Paper & Forest Products 0.2% | | |
| Corporacion Durango SAB de CV, 10.50%, 10/05/2017 144A | 3,675,000 | 1,617,000 |
| TELECOMMUNICATION SERVICES 0.9% | | |

Wireless Telecommunication Services 0.9%

| | | |
|---|-----------|-------------------|
| Intelsat, Ltd.: | | |
| 8.50%, 04/15/2013 144A | 3,890,000 | 3,870,550 |
| 11.25%, 06/15/2016 | 3,290,000 | 3,429,825 |
| Telesat Canada, Inc., FRN, 11.00%, 11/01/2015 144A | 50,000 | 47,250 |
| | | <u>7,347,625</u> |
| <i>Total Yankee Obligations – Corporate (cost \$60,747,042)</i> | | <u>55,085,225</u> |

| | Shares | Value |
|------------------------------------|---------------|----------------|
| COMMON STOCKS 0.3% | | |
| CONSUMER DISCRETIONARY 0.0% | | |
| Auto Components 0.0% | | |
| Cooper Tire & Rubber Co. | 41,426 | <u>381,533</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Shares | Value |
|--|--------|------------------|
| COMMON STOCKS continued | | |
| ENERGY 0.0% | | |
| Oil, Gas & Consumable Fuels 0.0% | | |
| Frontier Oil Corp. | 20,678 | \$377,374 |
| INDUSTRIALS 0.1% | | |
| Aerospace & Defense 0.0% | | |
| L-3 Communications Holdings, Inc. | 27 | 2,664 |
| Airlines 0.1% | | |
| Delta Air Lines, Inc. | 35,470 | 267,444 |
| Machinery 0.0% | | |
| Commercial Vehicle Group, Inc. | 12,373 | 119,647 |
| INFORMATION TECHNOLOGY 0.1% | | |
| Communications Equipment 0.1% | | |
| Cisco Systems, Inc. * | 16,584 | 364,682 |
| Software 0.0% | | |
| Microsoft Corp. | 13,210 | 339,761 |
| TELECOMMUNICATION SERVICES 0.1% | | |
| Diversified Telecommunication Services 0.0% | | |
| Qwest Communications International, Inc. | 68,352 | 261,788 |
| Wireless Telecommunication Services 0.1% | | |
| Sprint Nextel Corp. | 39,490 | 321,449 |
| <i>Total Common Stocks (cost \$2,678,608)</i> | | <u>2,436,342</u> |

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CONVERTIBLE DEBENTURES 0.1% | | |
| INFORMATION TECHNOLOGY 0.1% | | |
| Communications Equipment 0.1% | | |
| Nortel Networks Corp., 2.125%, 04/15/2014 (cost \$605,625) | \$850,000 | 605,625 |
| LOANS 9.3% | | |
| CONSUMER DISCRETIONARY 5.4% | | |
| Ford Motor Co., 5.46%, 12/15/2013 | 5,876,127 | 4,640,025 |
| General Motors Corp., N/A, 11/29/2013 > | 3,075,000 | 2,396,901 |
| Greektown Casino, LLC, N/A, 12/03/2012 > | 3,371,172 | 3,192,500 |
| Idearc, Inc., FRN, 4.47%-4.80%, 11/17/2014 > | 4,543,098 | 3,370,388 |
| Ion Media Networks, Inc., FRN, 6.04%, 01/15/2012 | 8,230,000 | 6,978,629 |
| Metaldyne Corp., FRN: 6.56%-9.07%, 01/11/2012 | 1,223,838 | 783,256 |
| 6.56%-9.07%, 01/11/2014 > | 8,322,103 | 5,360,599 |
| Newsday, N/A, 07/15/2013 > | 2,035,000 | 2,020,796 |
| Tropicana Entertainment, LLC, FRN, 10.75%, 01/03/2012 > | 14,750,000 | <u>12,496,052</u> |

| | | |
|---|-----------|------------|
| | | 41,239,146 |
| CONSUMER STAPLES 0.4% | | |
| Merisant Co., N/A, 01/11/2010 > | 3,560,000 | 3,338,924 |
| ENERGY 0.6% | | |
| Alon Krotz Springs, Inc., 10.75%, 07/03/2014 | 1,475,000 | 1,398,477 |
| Saint Acquisition Corp., FRN, 6.13%, 06/05/2014 | 1,600,000 | 1,226,368 |
| Semgroup Energy Partners, N/A%, 07/20/2012 > | 2,445,000 | 2,131,869 |
| | | 4,756,714 |
| INDUSTRIALS 1.8% | | |
| Clarke American Corp., FRN, 5.29%-5.30%, 02/28/2014 > | 8,252,022 | 6,838,615 |
| Neff Corp., FRN, 6.40%, 11/30/2014 | 9,805,000 | 6,882,718 |
| | | 13,721,333 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-----------------------------|
| LOANS continued | | |
| INFORMATION TECHNOLOGY 0.2% | | |
| Activant Solutions, Inc., N/A, 05/02/2013 > | \$1,972,184 | \$1,723,523 |
| MATERIALS 0.9% | | |
| Boise Paper Holdings, LLC, FRN, 11.00%, 02/15/2015 | 970,000 | 950,260 |
| Lyondell Chemical, Co., 7.00%, 12/20/2014 > | 7,565,000 | 6,316,775 |
| | | <u>7,267,035</u> |
| UTILITIES 0.0% | | |
| Energy Future Holdings Corp., FRN, N/A, 10/10/2014 > | 195 | 180 |
| <i>Total Loans (cost \$75,353,863)</i> | | <u>72,046,855</u> |
| SHORT-TERM INVESTMENTS 18.9% | | |
| CORPORATE BONDS 1.8% | | |
| Commercial Banks 1.8% | | |
| First Tennessee Bank, FRN, 2.47%, 08/15/2008 | 6,000,000 | 5,999,652 |
| Metropolitan Life Global Funding, FRN, 2.46%, 08/21/2008 | 8,000,000 | 7,999,480 |
| | | <u>13,999,132</u> |
| | Shares | Value |
| MUTUAL FUND SHARES 17.1% | | |
| Evergreen Institutional Money Market Fund, Class I, 2.54% q ø | 131,496,911 | 131,496,911 |
| <i>Total Short-Term Investments (cost \$145,496,911)</i> | | <u>145,496,043</u> |
| Total Investments (cost \$1,478,892,120) | | 1,353,935,190 |
| Other Assets and Liabilities and Preferred Shares (75.5%) | | <u>(582,309,646)</u> |
| Net Assets Applicable to Common Shareholders 100.0% | | <u><u>\$771,625,544</u></u> |

All or a portion of this security is on loan.

144A Security that may be sold to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended. This security has been determined to be liquid under guidelines established by the Board of Trustees, unless otherwise noted.

† Security initially issued in zero coupon form which converts to coupon form at a specified rate and date. An effective interest rate is applied to recognize interest income daily for the bond. This rate is based on total expected interest to be earned over the life of the bond which consists of the aggregate coupon-interest payments and discount at acquisition. The rate shown is the stated rate at the current period end.

†† The rate shown is the stated rate at the current period end.

+ Security is deemed illiquid.

* Non-income producing security

> All or a portion of the position represents an unfunded loan commitment.

All or a portion of this security represents investment of cash collateral received from securities on loan.

- q Rate shown is the 7-day annualized yield at period end.
 ø Evergreen Investment Management Company, LLC is the investment advisor to both the Fund and the money market fund.

Summary of Abbreviations

FRN Floating Rate
 Note

At July 31, 2008, the Fund had the following interest rate swap contracts outstanding:

| <u>Expiration</u> | <u>Notional Amount</u> | <u>Counterparty</u> | <u>Cash Flows Paid by the Fund</u> | <u>Cash Flows Received by the Fund</u> | <u>Unrealized Gain (Loss)</u> |
|-------------------|------------------------|---------------------------|------------------------------------|--|-------------------------------|
| 11/26/2008 | \$65,000,000 | Merrill Lynch & Co., Inc. | Fixed – 3.585% | Floating – 2.46% ¹ | \$(237,599) |

¹ This rate represents the 1 month USD London InterBank Offered Rate (LIBOR) effective for the period of July 28, 2008 through August 26, 2008.

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

At July 31, 2008, the Fund had the following credit default swap contracts outstanding:

| <u>Expiration</u> | <u>Counterparty</u> | <u>Reference Debt Obligation/Index</u> | <u>Notional Amount</u> | <u>Fixed Payments Made by the Fund</u> | <u>Frequency of Payments Made</u> | <u>Unrealized Gain (Loss)</u> |
|-------------------|-------------------------|---|------------------------|--|---------------------------------------|-------------------------------|
| 09/20/2013 | UBS | Motorola, 6.05%, 09/01/2025 | \$665,000 | 3.02% | Quarterly | \$2,201 |
| 09/20/2013 | Lehman Brothers | Pulte, 5.25%, 01/15/2014 | 1,105,000 | 1.47% | Quarterly | (95) |
| 09/20/2013 | Deutsche | Pulte, 5.25%, 01/15/2014 | 1,080,000 | 3.25% | Quarterly | (2,259) |
| 09/20/2013 | UBS | Motorola, 6.05%, 09/01/2025 | 1,295,000 | 2.97% | Quarterly | 7,031 |
| 09/20/2013 | Lehman Brothers | Pulte, 5.25%, 01/15/2014 | 1,995,000 | 2.86% | Quarterly | 27,040 |
| <u>Expiration</u> | <u>Counterparty</u> | <u>Reference Debt Obligation/Index</u> | <u>Notional Amount</u> | <u>Fixed Payments Received by the Fund</u> | <u>Frequency of Payments Received</u> | <u>Unrealized Gain (Loss)</u> |
| 12/20/2012 | UBS | Dow Jones CDX, North American Investment Grade Index | \$48,350 | 3.75% | Quarterly | \$(1,053) |
| 06/20/2013 | JPMorgan Chase & Co. | Dow Jones CDX, North American Investment Grade Index | 8,040,000 | 5.00% | Quarterly | (267,555) |
| 09/20/2013 | Lehman Brothers | Centex, 5.25%, 06/15/2015 | 1,105,000 | 4.50% | Quarterly | (8,115) |
| 09/20/2013 | Deutsche Lehman | Centex, 5.25%, 06/15/2015 | 1,080,000 | 4.75% | Quarterly | 2,156 |
| 09/20/2013 | Brothers | Motorola, 6.05%, 09/01/2025 | 1,550,000 | 2.39% | Quarterly | (42,616) |
| 09/20/2013 | Lehman Brothers | Centex, 5.25%, 06/15/2015 | 1,995,000 | 3.85% | Quarterly | (63,119) |
| 12/13/2049 | Lehman Brothers | CMBX North America AJ Index | 565,000 | 0.08% | Quarterly | (13,733) |
| 12/13/2049 | UBS | CMBX North America AAA | 1,000,000 | 0.08% | Quarterly | 74,655 |

| | | | | | | |
|------------|----------|------------|-----------|-------|-----------|-----------|
| | | Index | | | | |
| | | CMBX North | | | | |
| | Lehman | America AJ | | | | |
| 12/13/2049 | Brothers | Index | 1,050,000 | 1.47% | Quarterly | (66,367) |
| | | CMBX North | | | | |
| | Goldman | America AJ | | | | |
| 12/13/2049 | Sachs | Index | 1,250,000 | 1.47% | Quarterly | 5,304 |
| | | CMBX North | | | | |
| | | America AJ | | | | |
| 12/13/2049 | Deutsche | Index | 800,000 | 1.47% | Quarterly | (418) |

On July 31, 2008, the aggregate cost of securities for federal income tax purposes was \$1,481,450,174. The gross unrealized appreciation and depreciation on securities based on tax cost was \$2,557,750 and \$130,072,734, respectively, with a net unrealized depreciation of \$127,514,984.

Valuation of investments

Portfolio debt securities acquired with more than 60 days to maturity are fair valued using matrix pricing methods determined by an independent pricing service which takes into consideration such factors as similar security prices, yields, maturities, liquidity and ratings. Securities for which valuations are not readily available from an independent pricing service may be valued by brokers which use prices provided by market makers or estimates of market value obtained from yield data relating to investments or securities with similar characteristics.

Listed equity securities are usually valued at the last sales price or official closing price on the national securities exchange where the securities are principally traded.

Short-term securities with remaining maturities of 60 days or less at the time of purchase are valued at amortized cost, which approximates market value.

Investments in open-end mutual funds are valued at net asset value. Securities for which market quotations are not readily available or not reflective of current market value are valued at fair value as determined by the investment advisor in good faith, according to procedures approved by the Board of Trustees.

When-issued and delayed delivery transactions

The Fund records when-issued or delayed delivery securities as of trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked-to-market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

Loans

The Fund may purchase loans through an agent, by assignment from another holder of the loan or as a participation interest in another holder's portion of the loan. Loans are purchased on a when-issued or delayed delivery basis. Interest income is accrued based on the terms of the securities. Fees earned on loan purchasing activities are recorded as income when earned. Loans involve interest rate risk, liquidity risk and credit risk, including the potential default or insolvency of the borrower.

As of July 31, 2008, the Fund had unfunded loan commitments of \$33,052,809.

Securities lending

The Fund may lend its securities to certain qualified brokers in order to earn additional income. The Fund receives compensation in the form of fees or interest earned on the investment of any cash collateral received. The Fund also continues to receive interest and dividends on the securities loaned. The Fund receives collateral in the form of cash or securities with a market value at least equal to the market value of the securities on loan, including accrued interest. In the event of default or bankruptcy by the borrower, the Fund could experience delays and costs in recovering the loaned securities or in gaining access to the collateral. The Fund has the right under the lending agreement to recover the securities from the borrower on demand.

Interest rate swaps

The Fund may enter into interest rate swap contracts to manage the Fund's exposure to interest rates. Interest rate swaps involve the exchange between the Fund and another party of their commitments to pay or receive interest based on a notional principal amount.

The value of the swap contract is marked-to-market daily based upon quotations from market makers and any change in value is recorded as an unrealized gain or loss. Payments made or received are recorded as realized gains or losses. The Fund could be exposed to risks if the counterparty defaults on its obligation to perform or if there are unfavorable changes in the fluctuation of interest rates.

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2008 (unaudited)

Credit default swaps

The Fund may enter into credit default swap contracts. Credit default swaps involve an exchange of a stream of payments for protection against the loss in value of an underlying security or index in the event of default or bankruptcy. Under the terms of the swap, one party acts as a guarantor and receives a periodic stream of payments that is a fixed percentage applied to a notional principal amount over the term of the swap. The guarantor agrees to purchase the notional amount of the underlying instrument or index, at par, if a credit event occurs during the term of the swap. The Fund may enter into credit default swaps as either the guarantor or the counterparty.

Any premiums paid or received on the transactions are recorded as an asset or liability on the Statement of Assets and Liabilities and amortized. The value of the swap contract is marked-to-market daily based on quotations from an independent pricing service or market makers and any change in value is recorded as an unrealized gain or loss. Periodic payments made or received are recorded as realized gains or losses. In addition, payments received or made as a result of a credit event or termination of the contract are recognized as realized gains or losses. The Fund could be exposed to risks if the guarantor defaults on its obligation to perform, or if there are unfavorable changes in the fluctuation of interest rates or in the price of the underlying security or index.

Valuation hierarchy

On May 1, 2008, the Fund implemented Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("FAS 157"). FAS 157 establishes a single authoritative definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 establishes a fair value hierarchy based upon the various inputs used in determining the value of the Fund's investments. These inputs are summarized into three broad levels as follows:

Level 1 – quoted prices in active markets for identical securities

1

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

2

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

3

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

As of July 31, 2008, the inputs used in valuing the Fund's assets, which are carried at fair value, were as follows:

| Valuation Inputs | Investments in Securities | Other Financial Instruments* |
|-------------------------|---------------------------|------------------------------|
| Level 1 – Quoted Prices | \$138,349,003 | \$0 |

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| | | |
|---|------------------------|---------------------|
| Level 2 – Other Significant Observable Inputs | 1,215,586,187 | (584,542) |
| Level 3 – Significant Unobservable Inputs | 0 | 0 |
| Total | <u>\$1,353,935,190</u> | <u>\$(584,542)</u> |

* Other financial instruments include swap contracts.

Item 2 - Controls and Procedures

- (a) The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within 90 days of this filing and have concluded that the registrant's disclosure controls and procedures were effective, as of that date, in ensuring that information required to be disclosed by the registrant in this Form N-Q was recorded, processed, summarized, and reported timely.
- (b) There has been no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

- (a) Separate certifications for the registrant's principal executive officer and principal financial officer, as required by Rule 30a-2(a) under the Investment Company Act of 1940, are attached as EX-99.CERT.
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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.

Evergreen Income Advantage Fund

By:
Dennis H. Ferro,
Principal Executive Officer

Date: September 24, 2008

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:
Dennis H. Ferro,
Principal Executive Officer

Date: September 24, 2008

By:
Kasey Phillips
Principal Financial Officer

Date: September 24, 2008

