

EVERGREEN INCOME ADVANTAGE FUND
Form N-Q
September 29, 2009

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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 Registrant is making a quarterly filing for one of its series, Evergreen Income Advantage Fund, for end: the quarter ended July 31, 2009. This series has April 30 fiscal year end.

Date of reporting period: **July 31, 2009**

Item 1 - Schedule of Investments

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS 118.0% | | |
| CONSUMER DISCRETIONARY 16.7% | | |
| Auto Components 2.2% | | |
| Cooper Standard Automotive, Inc.: | | |
| 7.00%, 12/15/2012 | \$630,000 | \$144,900 |
| 8.375%, 12/15/2014 | 1,520,000 | 98,800 |
| Cooper Tire & Rubber Co., 7.625%, 03/15/2027 | 6,405,000 | 4,579,575 |
| Goodyear Tire & Rubber Co.: | | |
| 7.86%, 08/15/2011 | 2,545,000 | 2,545,000 |
| 8.625%, 12/01/2011 | 1,420,000 | 1,444,850 |
| 9.00%, 07/01/2015 | 497,000 | 506,940 |
| 10.50%, 05/15/2016 | 1,320,000 | 1,422,300 |
| FRN, 5.01%, 12/01/2009 | 2,390,000 | 2,392,987 |
| | | <u>13,135,352</u> |
| Diversified Consumer Services 0.7% | | |
| Carriage Services, Inc., 7.875%, 01/15/2015 | 3,645,000 | 3,061,800 |
| Service Corporation International: | | |
| 6.75%, 04/01/2015 | 760,000 | 718,200 |
| 7.50%, 04/01/2027 | 366,000 | 297,375 |
| | | <u>4,077,375</u> |
| Hotels, Restaurants & Leisure 3.1% | | |
| Boyd Gaming Corp.: | | |
| 7.125%, 02/01/2016 | 810,000 | 652,050 |
| 7.75%, 12/15/2012 | 235,000 | 229,713 |
| Caesars Entertainment, Inc., 7.875%, 03/15/2010 | 1,620,000 | 1,555,200 |
| Harrah's Entertainment Corp., 11.25%, 06/01/2017 144A | 3,340,000 | 3,398,450 |
| Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/2010 | 2,350,000 | 963,500 |
| MGM MIRAGE: | | |
| 6.625%, 07/15/2015 | 410,000 | 299,300 |
| 8.50%, 09/15/2010 | 1,405,000 | 1,331,238 |
| 11.125%, 11/15/2017 144A | 995,000 | 1,099,475 |
| Pinnacle Entertainment, Inc.: | | |
| 8.625%, 08/01/2017 144A | 805,000 | 809,025 |
| 8.75%, 10/01/2013 | 145,000 | 150,075 |
| Pokagon Gaming Authority, 10.375%, 06/15/2014 144A | 120,000 | 120,000 |
| Seneca Gaming Corp., 7.25%, 05/01/2012 | 1,260,000 | 1,171,800 |
| Shingle Springs Tribal Gaming Authority, 9.375%, 06/15/2015 144A | 2,265,000 | 1,460,925 |
| Speedway Motorsports, Inc., 8.75%, 06/01/2016 144A | 1,435,000 | 1,474,462 |
| Trump Entertainment Resorts, Inc., 8.50%, 06/01/2015 | 4,516,000 | 609,660 |
| Universal City Development Partners, Ltd., 11.75%, 04/01/2010 | 2,965,000 | 2,957,587 |
| | | <u>18,282,460</u> |
| Household Durables 4.2% | | |
| D.R. Horton, Inc.: | | |
| 6.00%, 04/15/2011 | 285,000 | 283,575 |

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| | | |
|---|-----------|-----------|
| 9.75%, 09/15/2010 | 4,385,000 | 4,500,106 |
| Hovnanian Enterprises, Inc., 11.50%, 05/01/2013 | 475,000 | 440,563 |
| Lennar Corp.: | | |
| 5.125%, 10/01/2010 | 5,125,000 | 5,022,500 |
| 5.60%, 05/31/2015 | 125,000 | 105,625 |
| 12.25%, 06/01/2017 144A | 125,000 | 140,625 |
| Libbey, Inc., FRN, 8.26%, 06/01/2011 | 3,515,000 | 2,583,525 |
| Meritage Homes Corp.: | | |
| 6.25%, 03/15/2015 | 2,136,000 | 1,756,860 |
| 7.00%, 05/01/2014 | 2,185,000 | 1,857,250 |
| Newell Rubbermaid, Inc., 10.60%, 04/15/2019 | 855,000 | 1,010,788 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| CONSUMER DISCRETIONARY continued | | |
| Household Durables continued | | |
| Pulte Homes, Inc.: | | |
| 7.875%, 08/01/2011 | \$2,680,000 | \$2,767,100 |
| 8.125%, 03/01/2011 | 1,712,000 | 1,763,360 |
| Sealy Corp., 10.875%, 04/15/2016 144A | 370,000 | 405,150 |
| Whirlpool Corp., 8.60%, 05/01/2014 | 2,180,000 | 2,342,340 |
| | | <u>24,979,367</u> |
| Internet & Catalog Retail 0.3% | | |
| Ticketmaster Entertainment, Inc., 10.75%, 08/01/2016 | 1,830,000 | 1,711,050 |
| Media 3.5% | | |
| AMC Entertainment, Inc., 8.75%, 06/01/2019 144A | 235,000 | 232,650 |
| CBS Corp., 8.875%, 05/15/2019 | 2,545,000 | 2,654,084 |
| Charter Communications, Inc.: | | |
| 12.875%, 09/15/2014 144A | 7,565,000 | 8,208,025 |
| Step Bond, 8.00%, 04/30/2012 144A | 3,145,000 | 3,152,862 |
| CSC Holdings, Inc.: | | |
| 7.625%, 04/01/2011 | 25,000 | 25,438 |
| 8.50%, 04/15/2014 144A | 50,000 | 51,750 |
| DirectTV Holdings, LLC, 7.625%, 05/15/2016 | 835,000 | 849,612 |
| Interpublic Group of Companies, Inc., 10.00%, 07/15/2017 144A | 360,000 | 378,000 |
| Lamar Media Corp., 7.25%, 01/01/2013 | 440,000 | 426,800 |
| Mediacom, LLC, 7.875%, 02/15/2011 | 1,440,000 | 1,436,400 |
| R.H. Donnelley Corp., 11.75%, 05/15/2015 144A | 416,000 | 218,400 |
| Regal Cinemas, Inc., 8.625%, 07/15/2019 144A | 205,000 | 212,175 |
| Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012 | 433,000 | 334,493 |
| Sirius Satellite Radio, Inc., 9.625%, 08/01/2013 | 315,000 | 265,388 |
| WMG Acquisition Corp., 9.50%, 06/15/2016 144A | 1,540,000 | 1,643,950 |
| XM Satellite Radio Holdings, Inc., 13.00%, 08/01/2013 144A | 615,000 | 555,037 |
| Young Broadcasting, Inc.: | | |
| 8.75%, 01/15/2014 | 4,739,000 | 4,739 |
| 10.00%, 03/01/2011 | 3,455,000 | 3,455 |
| | | <u>20,653,258</u> |
| Multiline Retail 0.1% | | |
| Neiman Marcus Group, Inc., 9.00%, 10/15/2015 @ | 446,217 | 332,432 |
| Saks, Inc., 9.875%, 10/01/2011 | 225,000 | 219,375 |
| | | <u>551,807</u> |
| Specialty Retail 1.1% | | |
| American Achievement Corp.: | | |
| 8.25%, 04/01/2012 144A | 5,040,000 | 4,964,400 |
| Step Bond, 10.25%, 10/01/2012 | 1,055,000 | 907,300 |
| Freedom Group, Inc., 10.25%, 08/01/2015 144A | 805,000 | 829,150 |
| Limited Brands, Inc., 8.50%, 06/15/2019 144A | 90,000 | 90,732 |

| | | |
|---|-----------|------------------|
| | | <u>6,791,582</u> |
| Textiles, Apparel & Luxury Goods 1.5% | | |
| Oxford Industries, Inc., 11.375%, 07/15/2015 144A | 5,195,000 | 5,441,762 |
| Visant Corp., 7.625%, 10/01/2012 | 3,235,000 | <u>3,267,350</u> |
| | | <u>8,709,112</u> |
| CONSUMER STAPLES 2.9% | | |
| Beverages 0.4% | | |
| Cott Beverages, Inc., 8.00%, 12/15/2011 | 2,190,000 | <u>2,168,100</u> |
| Food Products 1.7% | | |
| Del Monte Foods Co.: | | |
| 6.75%, 02/15/2015 | 185,000 | 180,837 |
| 8.625%, 12/15/2012 | 2,946,000 | 3,019,650 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| CONSUMER STAPLES continued | | |
| Food Products continued | | |
| Smithfield Foods, Inc.: | | |
| 7.00%, 08/01/2011 | \$3,035,000 | \$2,898,425 |
| 10.00%, 07/15/2014 144A | 2,500,000 | 2,618,750 |
| Tyson Foods, Inc.: | | |
| 7.85%, 04/01/2016 | 830,000 | 842,450 |
| 10.50%, 03/01/2014 144A | 350,000 | 390,250 |
| | | <u>9,950,362</u> |
| Tobacco 0.8% | | |
| Altria Group, Inc.: | | |
| 9.25%, 08/06/2019 | 2,100,000 | 2,515,605 |
| 9.70%, 11/10/2018 | 1,975,000 | 2,405,475 |
| | | <u>4,921,080</u> |
| ENERGY 20.0% | | |
| Energy Equipment & Services 4.4% | | |
| Basic Energy Services, Inc., 11.625%, 08/01/2014 144A | 1,260,000 | 1,260,000 |
| Bristow Group, Inc., 7.50%, 09/15/2017 | 3,105,000 | 2,918,700 |
| Forbes Energy Services, Ltd., 11.00%, 02/15/2015 | 6,880,000 | 4,953,600 |
| GulfMark Offshore, Inc., 7.75%, 07/15/2014 | 3,155,000 | 2,965,700 |
| Hornbeck Offshore Services, Inc., Ser. B, 6.125%, 12/01/2014 | 4,565,000 | 4,268,275 |
| Parker Drilling Co., 9.625%, 10/01/2013 | 1,850,000 | 1,803,750 |
| PHI, Inc., 7.125%, 04/15/2013 | 4,240,000 | 3,869,000 |
| Pride International, Inc., 8.50%, 06/15/2019 | 2,755,000 | 2,961,625 |
| Smith International, Inc., 9.75%, 03/15/2019 | 805,000 | 975,242 |
| | | <u>25,975,892</u> |
| Oil, Gas & Consumable Fuels 15.6% | | |
| Arch Coal, Inc., 8.75%, 08/01/2016 144A | 2,200,000 | 2,233,000 |
| Atlas Energy Resources, LLC, 12.125%, 08/01/2017 | 1,390,000 | 1,469,925 |
| Bill Barrett Corp., 9.875%, 07/15/2016 | 675,000 | 707,063 |
| Chesapeake Energy Corp.: | | |
| 6.875%, 01/15/2016 | 1,400,000 | 1,323,000 |
| 7.50%, 09/15/2013 | 8,500,000 | 8,500,000 |
| 9.50%, 02/15/2015 | 2,790,000 | 2,974,837 |
| Delta Petroleum Corp., 7.00%, 04/01/2015 | 905,000 | 497,750 |
| El Paso Corp.: | | |
| 7.00%, 06/15/2017 | 95,000 | 91,751 |
| 7.42%, 02/15/2037 | 2,960,000 | 2,522,494 |
| 8.25%, 02/15/2016 | 1,165,000 | 1,199,950 |
| 12.00%, 12/12/2013 | 815,000 | 929,100 |
| Encore Acquisition Co., 6.00%, 07/15/2015 | 3,775,000 | 3,303,125 |
| Exco Resources, Inc., 7.25%, 01/15/2011 | 6,281,000 | 6,186,785 |
| Ferrellgas Partners, LP, 8.75%, 06/15/2012 | 975,000 | 956,719 |

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|---|-----------|-----------|
| Forest Oil Corp.: | | |
| 7.25%, 06/15/2019 | 2,345,000 | 2,242,406 |
| 8.50%, 02/15/2014 144A | 1,365,000 | 1,392,300 |
| Frontier Oil Corp., 6.625%, 10/01/2011 | 2,140,000 | 2,161,400 |
| Holly Corp., 9.875%, 06/15/2017 144A | 1,095,000 | 1,089,525 |
| Newfield Exploration Co.: | | |
| 6.625%, 04/15/2016 | 80,000 | 77,600 |
| 7.125%, 05/15/2018 | 600,000 | 586,500 |
| Nustar Logistics, LP, 7.65%, 04/15/2018 | 5,355,000 | 5,430,291 |
| Peabody Energy Corp.: | | |
| 5.875%, 04/15/2016 | 6,915,000 | 6,465,525 |
| 7.875%, 11/01/2026 | 3,515,000 | 3,251,375 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| ENERGY continued | | |
| Oil, Gas & Consumable Fuels continued | | |
| Penn Virginia Corp., 10.375%, 06/15/2016 | \$715,000 | \$765,944 |
| Petrohawk Energy Corp.: | | |
| 7.875%, 06/01/2015 | 3,885,000 | 3,787,875 |
| 10.50%, 08/01/2014 144A | 1,065,000 | 1,144,875 |
| Plains Exploration & Production Co., 7.625%, 06/01/2018 | 5,410,000 | 5,261,225 |
| Range Resources Corp., 8.00%, 05/15/2019 | 365,000 | 373,213 |
| Sabine Pass LNG, LP: | | |
| 7.25%, 11/30/2013 | 2,725,000 | 2,346,906 |
| 7.50%, 11/30/2016 | 6,395,000 | 5,187,944 |
| SandRidge Energy, Inc., 8.00%, 06/01/2018 144A | 495,000 | 452,925 |
| Southwestern Energy Co., 7.50%, 02/01/2018 144A | 485,000 | 488,638 |
| Stallion Oilfield Services, Ltd., 9.75%, 02/01/2015 144A | 720,000 | 262,800 |
| Tesoro Corp.: | | |
| 6.25%, 11/01/2012 | 1,085,000 | 1,052,450 |
| 6.50%, 06/01/2017 | 1,210,000 | 1,064,800 |
| 9.75%, 06/01/2019 | 1,450,000 | 1,468,125 |
| Valero Energy Corp., 6.875%, 07/15/2012 | 2,210,000 | 2,279,067 |
| Williams Cos.: | | |
| 7.50%, 01/15/2031 | 5,520,000 | 5,534,639 |
| 8.125%, 03/15/2012 | 3,700,000 | 3,972,616 |
| 8.75%, 01/15/2020 144A | 1,300,000 | 1,471,584 |
| | | <u>92,508,047</u> |
| FINANCIALS 19.9% | | |
| Capital Markets 1.2% | | |
| E*TRADE Financial Corp.: | | |
| 7.375%, 09/15/2013 | 820,000 | 695,975 |
| 12.50%, 144A | 3,188,000 | 3,967,262 |
| 12.50%, | 2,086,000 | 2,440,625 |
| | | <u>7,103,862</u> |
| Consumer Finance 12.9% | | |
| Bunge Limited Finance Co., 8.50%, 06/15/2019 | 655,000 | 725,936 |
| Calpine Construction Finance Corp., 8.00%, 06/01/2016 144A | 235,000 | 237,350 |
| CCH II Capital Corp., 10.25%, 09/15/2010 | 5,435,000 | 5,842,625 |
| Discover Finl. Svcs., 10.25%, 07/15/2019 | 1,790,000 | 1,887,585 |
| Ford Motor Credit Co., LLC: | | |
| 5.70%, 01/15/2010 | 12,140,000 | 11,955,387 |
| 9.75%, 09/15/2010 | 5,377,000 | 5,353,255 |
| GMAC, LLC: | | |
| 6.75%, 12/01/2014 144A | 2,344,000 | 2,039,280 |
| 6.875%, 09/15/2011 144A | 3,690,000 | 3,440,925 |
| 6.875%, 08/28/2012 144A | 4,327,000 | 3,959,205 |
| 7.00%, 02/01/2012 144A | 167,000 | 152,805 |

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|---|-----------|-----------|
| 7.50%, 12/31/2013 144A | 5,820,000 | 5,005,200 |
| 7.75%, 01/19/2010 144A | 5,060,000 | 5,034,700 |
| 8.00%, 12/31/2018 144A | 5,122,000 | 3,943,940 |
| 8.00%, 11/01/2031 | 810,000 | 617,589 |
| International Lease Finance Corp.: | | |
| 4.375%, 11/01/2009 | 945,000 | 920,343 |
| 4.55%, 10/15/2009 | 220,000 | 215,814 |
| 4.75%, 01/13/2012 | 1,160,000 | 828,133 |
| 4.875%, 09/01/2010 | 2,095,000 | 1,793,152 |
| 5.125%, 11/01/2010 | 155,000 | 129,547 |
| JBS USA Finance, Inc., 11.625%, 05/01/2014 144A | 5,820,000 | 5,921,850 |
| Nielsen Financial LLC, Co., 11.50%, 05/01/2016 | 235,000 | 247,338 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| FINANCIALS continued | | |
| Consumer Finance continued | | |
| NiSource Finance Corp., 10.75%, 03/15/2016 | \$6,475,000 | \$7,550,964 |
| Pinnacle Foods Finance, LLC, 10.625%, 04/01/2017 | 820,000 | 746,200 |
| Sprint Capital Corp.: | | |
| 6.875%, 11/15/2028 | 6,190,000 | 4,704,400 |
| 7.625%, 01/30/2011 | 2,715,000 | 2,748,938 |
| | | <u>76,002,461</u> |
| Diversified Financial Services 3.0% | | |
| CapitalSource, Inc., 12.75%, 07/15/2014 144A | 2,790,000 | 2,765,587 |
| Citigroup, Inc., 8.50%, 05/22/2019 | 995,000 | 1,061,163 |
| Leucadia National Corp.: | | |
| 7.00%, 08/15/2013 | 2,600,000 | 2,502,500 |
| 7.125%, 03/15/2017 | 1,190,000 | 1,059,100 |
| 8.125%, 09/15/2015 | 9,230,000 | 8,930,025 |
| WEA Finance, LLC, 7.50%, 06/02/2014 144A | 1,525,000 | 1,549,833 |
| | | <u>17,868,208</u> |
| Real Estate Investment Trusts (REITs) 2.3% | | |
| Host Marriott Corp.: | | |
| 7.125%, 11/01/2013 | 1,670,000 | 1,628,250 |
| 9.00%, 05/15/2017 144A | 895,000 | 906,188 |
| Omega Healthcare Investors, Inc., 7.00%, 04/01/2014 | 3,465,000 | 3,283,087 |
| Simon Property Group, Inc., 10.35%, 04/01/2019 | 680,000 | 814,704 |
| Ventas, Inc.: | | |
| 6.75%, 04/01/2017 | 3,855,000 | 3,642,975 |
| 7.125%, 06/01/2015 | 2,516,000 | 2,484,550 |
| 9.00%, 05/01/2012 | 985,000 | 1,039,175 |
| | | <u>13,798,929</u> |
| Thriffs & Mortgage Finance 0.5% | | |
| Residential Capital, LLC, 8.50%, 05/15/2010 | 3,270,000 | 2,893,950 |
| HEALTH CARE 5.8% | | |
| Health Care Equipment & Supplies 0.3% | | |
| Biomet, Inc.: | | |
| 10.375%, 10/15/2017 | 920,000 | 989,000 |
| 11.625%, 10/15/2017 | 340,000 | 370,600 |
| Universal Hospital Services, Inc., 8.50%, 06/01/2015 | 189,000 | 184,275 |
| | | <u>1,543,875</u> |
| Health Care Providers & Services 5.1% | | |
| Apria Healthcare Group, 11.25%, 11/01/2014 144A | 2,165,000 | 2,213,713 |
| Cigna Corp., 8.50%, 05/01/2019 | 1,480,000 | 1,578,905 |
| HCA, Inc.: | | |
| 6.30%, 10/01/2012 | 920,000 | 869,400 |
| 7.875%, 02/01/2011 | 1,830,000 | 1,839,150 |

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| 7.875%, 02/15/2020 144A | 3,175,000 | 3,123,406 |
| 8.50%, 04/15/2019 144A | 4,525,000 | 4,660,750 |
| 8.75%, 09/01/2010 | 2,165,000 | 2,197,475 |
| 9.25%, 11/15/2016 | 5,070,000 | 5,298,150 |
| 9.625%, 11/15/2016 | 3,732,000 | 3,899,940 |
| Omnicare, Inc., 6.125%, 06/01/2013 | 2,960,000 | 2,782,400 |
| Prospect Medical Holdings, Inc., 12.75%, 07/15/2014 144A | 1,415,000 | 1,344,250 |
| Symbion, Inc., 11.00%, 08/23/2015 | 787,633 | 551,343 |
| | | <u>30,358,882</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| HEALTH CARE continued | | |
| Life Sciences Tools & Services 0.4% | | |
| Bio-Rad Laboratories, Inc.: | | |
| 7.50%, 08/15/2013 | \$1,450,000 | \$1,479,000 |
| 8.00%, 09/15/2016 144A | 875,000 | 896,875 |
| | | <u>2,375,875</u> |
| INDUSTRIALS 12.9% | | |
| Aerospace & Defense 5.2% | | |
| Alliant Techsystems, Inc., 6.75%, 04/01/2016 | 3,425,000 | 3,270,875 |
| Hexcel Corp., 6.75%, 02/01/2015 | 1,680,000 | 1,591,800 |
| L-3 Communications Holdings, Inc.: | | |
| 5.875%, 01/15/2015 | 20,565,000 | 19,588,162 |
| 6.375%, 10/15/2015 | 2,586,000 | 2,495,490 |
| Vought Aircraft Industries, Inc., 8.00%, 07/15/2011 | 3,865,000 | 3,671,750 |
| | | <u>30,618,077</u> |
| Commercial Services & Supplies 3.5% | | |
| Allied Waste North America, Inc., 6.875%, 06/01/2017 | 990,000 | 1,016,277 |
| Browning-Ferris Industries, Inc., 9.25%, 05/01/2021 | 5,815,000 | 6,387,080 |
| Casella Waste Systems, Inc., 11.00%, 07/15/2014 144A | 895,000 | 935,275 |
| Corrections Corporation of America: | | |
| 6.25%, 03/15/2013 | 2,905,000 | 2,861,425 |
| 6.75%, 01/31/2014 | 390,000 | 385,125 |
| 7.75%, 06/01/2017 | 2,190,000 | 2,206,425 |
| DigitalGlobe, Inc., 10.50%, 05/01/2014 144A | 455,000 | 481,163 |
| Geo Group, Inc., 8.25%, 07/15/2013 | 1,135,000 | 1,123,650 |
| Interface, Inc., 11.375%, 11/01/2013 144A | 465,000 | 491,737 |
| Iron Mountain, Inc.: | | |
| 6.625%, 01/01/2016 | 1,175,000 | 1,089,812 |
| 7.75%, 01/15/2015 | 875,000 | 866,250 |
| Mobile Mini, Inc., 6.875%, 05/01/2015 | 3,465,000 | 2,979,900 |
| Toll Corp., 8.91%, 10/15/2017 | 250,000 | 265,053 |
| | | <u>21,089,172</u> |
| Machinery 1.3% | | |
| Commercial Vehicle Group, Inc., 8.00%, 07/01/2013 | 13,531,000 | 7,780,325 |
| Marine 0.1% | | |
| Commercial Barge Line Co., 12.50%, 07/15/2017 144A | 740,000 | 712,250 |
| Road & Rail 2.1% | | |
| Kansas City Southern: | | |
| 8.00%, 06/01/2015 | 10,570,000 | 10,305,750 |
| 13.00%, 12/15/2013 | 1,770,000 | 1,991,250 |
| | | <u>12,297,000</u> |
| Trading Companies & Distributors 0.7% | | |
| RSC Equipment Rental, Inc., 10.00%, 07/15/2017 144A | 1,275,000 | 1,348,313 |

| | | |
|--------------------------------------|-----------|------------------|
| United Rentals North America, Inc.: | | |
| 6.50%, 02/15/2012 | 2,235,000 | 2,167,950 |
| 10.875%, 06/15/2016 144A | 455,000 | <u>457,275</u> |
| | | <u>3,973,538</u> |
| INFORMATION TECHNOLOGY 5.2% | | |
| Communications Equipment 0.4% | | |
| EchoStar Corp.: | | |
| 6.625%, 10/01/2014 | 1,675,000 | 1,612,188 |
| 7.125%, 02/01/2016 | 685,000 | <u>667,875</u> |
| | | <u>2,280,063</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| INFORMATION TECHNOLOGY continued | | |
| Electronic Equipment, Instruments & Components 3.4% | | |
| Aixter International, Inc., 10.00%, 03/15/2014 | \$3,160,000 | \$3,286,400 |
| Da-Lite Screen Co., Inc., 9.50%, 05/15/2011 | 3,655,000 | 3,234,675 |
| Jabil Circuit, Inc.: | | |
| 5.875%, 07/15/2010 | 475,000 | 490,437 |
| 8.25%, 03/15/2018 | 11,452,000 | 11,280,220 |
| Sanmina-SCI Corp., 8.125%, 03/01/2016 | 1,925,000 | 1,713,250 |
| | | <u>20,004,982</u> |
| Internet Software & Services 0.4% | | |
| Terremark Worldwide, Inc., 12.00%, 06/15/2017 144A | 2,785,000 | <u>2,826,775</u> |
| IT Services 0.1% | | |
| iPayment, Inc., 9.75%, 05/15/2014 | 1,055,000 | <u>622,450</u> |
| Semiconductors & Semiconductor Equipment 0.9% | | |
| National Semiconductor Corp., 6.60%, 06/15/2017 | 860,000 | 784,502 |
| Spansion, Inc.: | | |
| 11.25%, 01/15/2016 144A | 825,000 | 552,750 |
| FRN, 3.79%, 06/01/2013 144A | 4,645,000 | <u>3,925,025</u> |
| | | <u>5,262,277</u> |
| MATERIALS 11.0% | | |
| Chemicals 3.4% | | |
| Ashland, Inc., 9.125%, 06/01/2017 144A | 230,000 | 243,225 |
| Cytec Industries, Inc., 8.95%, 07/01/2017 | 1,185,000 | 1,257,293 |
| Dow Chemical Co., 8.55%, 05/15/2019 | 2,465,000 | 2,708,892 |
| Huntsman, LLC, 7.375%, 01/01/2015 | 965,000 | 796,125 |
| Koppers Holdings, Inc., Sr. Disc. Note, Step Bond, 0.00%, 11/15/2014 | 6,195,000 | 5,761,350 |
| MacDermid, Inc., 9.50%, 04/15/2017 144A | 609,000 | 471,975 |
| Momentive Performance Materials, Inc.: | | |
| 9.75%, 12/01/2014 | 100,000 | 65,500 |
| 10.125%, 12/01/2014 | 41,635 | 24,981 |
| 11.50%, 12/01/2016 | 610,000 | 308,050 |
| Mosaic Co.: | | |
| 7.30%, 01/15/2028 | 5,025,000 | 4,535,063 |
| 7.625%, 12/01/2016 144A | 3,410,000 | 3,546,400 |
| Nalco Holding Co., 8.25%, 05/15/2017 144A | 120,000 | 125,400 |
| Tronox Worldwide, LLC, 9.50%, 12/01/2012 | 2,300,000 | <u>391,000</u> |
| | | <u>20,235,254</u> |
| Construction Materials 1.9% | | |
| CPG International, Inc.: | | |
| 10.50%, 07/01/2013 | 3,085,000 | 2,205,775 |
| FRN, 7.87%, 07/01/2012 | 1,355,000 | 955,275 |
| CRH America, Inc.: | | |

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| | | |
|--|-----------|-------------------|
| 5.625%, 09/30/2011 | 1,125,000 | 1,115,729 |
| 8.125%, 07/15/2018 | 4,140,000 | 4,170,980 |
| Texas Industries, Inc., 7.25%, 07/15/2013 144A | 2,745,000 | 2,539,125 |
| | | <u>10,986,884</u> |
| Containers & Packaging 2.0% | | |
| Exopack Holding Corp., 11.25%, 02/01/2014 | 5,795,000 | 5,186,525 |
| Graham Packaging Co., 8.50%, 10/15/2012 | 3,120,000 | 3,112,200 |
| Graphic Packaging International, Inc.: | | |
| 8.50%, 08/15/2011 | 834,000 | 840,255 |
| 9.50%, 06/15/2017 144A | 500,000 | 500,000 |
| Greif, Inc., 7.75%, 08/01/2019 144A | 885,000 | 882,787 |
| Sealed Air Corp., 7.875%, 06/15/2017 144A | 230,000 | 243,250 |
| Silgan Holdings, Inc., 7.25%, 08/15/2016 144A | 990,000 | 994,950 |
| | | <u>11,759,967</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| MATERIALS continued | | |
| Metals & Mining 1.4% | | |
| AK Steel Corp., 7.75%, 06/15/2012 | \$955,000 | \$959,775 |
| Freeport-McMoRan Copper & Gold, Inc.: | | |
| 8.25%, 04/01/2015 | 4,245,000 | 4,494,164 |
| 8.375%, 04/01/2017 | 2,590,000 | 2,749,293 |
| Indalex Holdings Corp., 11.50%, 02/01/2014 | 5,985,000 | 329,175 |
| | | <u>8,532,407</u> |
| Paper & Forest Products 2.3% | | |
| Clearwater Paper Corp., 10.625%, 06/15/2016 144A | 1,300,000 | 1,378,000 |
| Domtar Corp., 10.75%, 06/01/2017 | 205,000 | 209,100 |
| Georgia Pacific Corp.: | | |
| 8.125%, 05/15/2011 | 1,970,000 | 2,029,100 |
| 8.25%, 05/01/2016 144A | 125,000 | 130,000 |
| 8.875%, 05/15/2031 | 495,000 | 472,725 |
| International Paper Co., 9.375%, 05/15/2019 | 7,570,000 | 8,870,132 |
| Verso Paper Holdings, LLC, 11.375%, 08/01/2016 | 1,930,000 | 665,850 |
| | | <u>13,754,907</u> |
| TELECOMMUNICATION SERVICES 8.8% | | |
| Diversified Telecommunication Services 3.9% | | |
| Citizens Communications Co.: | | |
| 7.875%, 01/15/2027 | 3,570,000 | 3,132,675 |
| 9.25%, 05/15/2011 | 4,255,000 | 4,409,244 |
| FairPoint Communications, Inc., 13.125%, 04/01/2018 | 1,090,000 | 288,850 |
| Qwest Corp.: | | |
| 7.50%, 06/15/2023 | 1,725,000 | 1,466,250 |
| 7.875%, 09/01/2011 | 1,155,000 | 1,183,875 |
| 8.875%, 03/15/2012 | 10,225,000 | 10,659,562 |
| SBA Telecommunications, Inc.: | | |
| 8.00%, 08/15/2016 144A | 1,035,000 | 1,050,525 |
| 8.25%, 08/15/2019 144A | 700,000 | 714,000 |
| West Corp., 9.50%, 10/15/2014 | 115,000 | 109,825 |
| | | <u>23,014,806</u> |
| Wireless Telecommunication Services 4.9% | | |
| Centennial Communications Corp., 8.125%, 02/01/2014 | 8,015,000 | 8,075,113 |
| Cricket Communications, Inc.: | | |
| 7.75%, 05/15/2016 144A | 2,425,000 | 2,425,000 |
| 9.375%, 11/01/2014 | 255,000 | 260,100 |
| MetroPCS Communications, Inc., 9.25%, 11/01/2014 | 4,310,000 | 4,482,400 |
| Sprint Nextel Corp.: | | |
| 6.90%, 05/01/2019 | 4,025,000 | 3,597,344 |
| Ser. D, 7.375%, 08/01/2015 | 2,930,000 | 2,644,325 |
| Ser. E, 6.875%, 10/31/2013 | 7,180,000 | 6,587,650 |

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| | | |
|---------------------------|---------|-------------------|
| Ser. F, 5.95%, 03/15/2014 | 820,000 | <u>713,400</u> |
| | | <u>28,785,332</u> |

UTILITIES 14.8%

Electric Utilities 9.6%

| | | |
|--|------------|------------|
| Allegheny Energy Supply Co., 8.25%, 04/15/2012 144A | 6,945,000 | 7,430,178 |
| Aquila, Inc., Step Bond, 11.875%, 07/01/2012 | 17,244,000 | 19,411,571 |
| CMS Energy Corp., 8.50%, 04/15/2011 | 860,000 | 890,245 |
| Edison Mission Energy, 7.00%, 05/15/2017 | 140,000 | 112,175 |
| Energy Future Holdings Corp., 11.25%, 11/01/2017 | 3,247,400 | 2,419,313 |
| Mirant Americas Generation, LLC, 8.50%, 10/01/2021 | 235,000 | 199,750 |
| Mirant Mid-Atlantic, LLC, Ser. C, 10.06%, 12/30/2028 | 6,598,415 | 6,532,431 |
| Mirant North America, LLC, 7.375%, 12/31/2013 | 2,085,000 | 2,069,363 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|--|---------------------|--------------------|
| CORPORATE BONDS continued | | |
| UTILITIES continued | | |
| Electric Utilities continued | | |
| NRG Energy, Inc.: | | |
| 7.25%, 02/01/2014 | \$1,305,000 | \$1,285,425 |
| 7.375%, 02/01/2016 | 4,600,000 | 4,462,000 |
| 8.50%, 06/15/2019 | 2,830,000 | 2,798,162 |
| Orion Power Holdings, Inc., 12.00%, 05/01/2010 | 8,385,000 | 8,720,400 |
| Public Service Company of New Mexico, 7.95%, 04/01/2015 | 285,000 | 281,839 |
| | | <u>56,612,852</u> |
| Gas Utilities 1.2% | | |
| EQT Corp., 8.125%, 06/01/2019 | 2,115,000 | 2,389,919 |
| National Fuel Gas Co., 8.75%, 05/01/2019 | 4,130,000 | 4,752,205 |
| | | <u>7,142,124</u> |
| Independent Power Producers & Energy Traders 3.1% | | |
| AES Corp.: | | |
| 8.00%, 06/01/2020 | 105,000 | 100,800 |
| 8.875%, 02/15/2011 | 2,045,000 | 2,101,237 |
| Dynegy Holdings, Inc.: | | |
| 6.875%, 04/01/2011 | 2,135,000 | 2,113,650 |
| 7.125%, 05/15/2018 | 1,440,000 | 997,200 |
| Reliant Energy, Inc.: | | |
| 6.75%, 12/15/2014 | 8,776,000 | 8,710,180 |
| 7.625%, 06/15/2014 | 3,775,000 | 3,529,625 |
| 7.875%, 06/15/2017 | 703,000 | 652,033 |
| | | <u>18,204,725</u> |
| Multi-Utilities 0.9% | | |
| Ameren Corp., 8.875%, 05/15/2014 | 880,000 | 942,783 |
| CMS Energy Corp., 8.75%, 06/15/2019 | 435,000 | 459,035 |
| PNM Resources, Inc., 9.25%, 05/15/2015 | 1,145,000 | 1,116,375 |
| Texas-New Mexico Power Co., 9.50%, 04/01/2019 144A | 2,435,000 | 2,814,724 |
| | | <u>5,332,917</u> |
| <i>Total Corporate Bonds (cost \$704,498,775)</i> | | |
| | | <u>698,189,970</u> |
| YANKEE OBLIGATIONS CORPORATE 7.0% | | |
| CONSUMER DISCRETIONARY 0.3% | | |
| Hotels, Restaurants & Leisure 0.0% | | |
| Royal Caribbean Cruises, Ltd., 11.875%, 07/15/2015 | 90,000 | 92,250 |
| Media 0.3% | | |
| UPC Holdings BV, 9.875%, 04/15/2018 144A | 35,000 | 35,000 |
| Videotron, Ltd., 9.125%, 04/15/2018 144A | 145,000 | 151,887 |
| Virgin Media, Inc., 9.50%, 08/15/2016 | 1,250,000 | 1,287,500 |
| | | <u>1,474,387</u> |
| CONSUMER STAPLES 0.0% | | |
| Beverages 0.0% | | |

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| | | |
|---|------------|------------------|
| Bacardi, Ltd., 8.20%, 04/01/2019 144A | 130,000 | <u>147,891</u> |
| ENERGY 1.4% | | |
| Oil, Gas & Consumable Fuels 1.4% | | |
| Connacher Oil & Gas, Ltd.: | | |
| 10.25%, 12/15/2015 144A | 1,540,000 | 985,600 |
| 11.75%, 07/15/2014 144A | 550,000 | 554,125 |
| Griffin Coal Mining Co., Ltd., 9.50%, 12/01/2016 144A | 10,116,000 | 5,209,740 |
| OPTI Canada, Inc.: | | |
| 7.875%, 12/15/2014 | 1,310,000 | 864,600 |
| 8.25%, 12/15/2014 | 1,065,000 | <u>708,225</u> |
| | | <u>8,322,290</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|---|---------------------|------------------|
| YANKEE OBLIGATIONS CORPORATE continued | | |
| FINANCIALS 1.1% | | |
| Consumer Finance 0.0% | | |
| Petroplus Finance, Ltd., 6.75%, 05/01/2014 144A | \$ 15,000 | <u>\$ 13,425</u> |
| Diversified Financial Services 1.1% | | |
| FMG Finance Property, Ltd.: | | |
| 10.625%, 09/01/2016 144A | 4,691,500 | 4,867,431 |
| FRN, 4.67%, 09/01/2011 144A | 350,000 | 360,938 |
| Preferred Term Securities XII, Ltd., FRN, 2.23%, 12/24/2033 - + | 1,540,000 | 15 |
| Ship Finance International, Ltd., 8.50%, 12/15/2013 | 1,450,000 | <u>1,363,000</u> |
| | | <u>6,591,384</u> |
| INDUSTRIALS 1.0% | | |
| Machinery 0.1% | | |
| Ingersoll-Rand Co., Ltd., 9.50%, 04/15/2014 | 250,000 | <u>290,444</u> |
| Road & Rail 0.9% | | |
| Kansas City Southern de Mexico: | | |
| 7.375%, 06/01/2014 | 5,484,000 | 4,853,340 |
| 12.50%, 04/01/2016 144A | 535,000 | <u>572,806</u> |
| | | <u>5,426,146</u> |
| MATERIALS 1.6% | | |
| Metals & Mining 1.2% | | |
| ArcelorMittal SA, 9.85%, 06/01/2019 | 975,000 | 1,130,150 |
| Evrax Group SA: | | |
| 8.875%, 04/24/2013 144A | 330,000 | 288,750 |
| 8.875%, 04/24/2013 | 1,350,000 | 1,184,625 |
| 9.50%, 04/24/2018 144A | 275,000 | 233,750 |
| Novelis, Inc., 7.25%, 02/15/2015 | 2,425,000 | 1,988,500 |
| Vedanta Resources plc, 9.50%, 07/18/2018 | 2,500,000 | <u>2,287,500</u> |
| | | <u>7,113,275</u> |
| Paper & Forest Products 0.4% | | |
| PE Paper Escrow GmbH, 12.00%, 08/01/2014 144A | 500,000 | 477,191 |
| Sappi, Ltd.: | | |
| 6.75%, 06/15/2012 144A | 705,000 | 569,982 |
| 7.50%, 06/15/2032 144A | 2,090,000 | <u>1,090,604</u> |
| | | <u>2,137,777</u> |
| TELECOMMUNICATION SERVICES 1.6% | | |
| Wireless Telecommunication Services 1.6% | | |
| Digicel SA, 12.00%, 04/01/2014 144A | 355,000 | 376,300 |
| Inmarsat, plc, Sr. Disc. Note, Step Bond, 10.375%, 11/15/2012 | 100,000 | 105,000 |
| Intelsat, Ltd.: | | |
| 8.50%, 01/15/2013 | 4,155,000 | 4,217,325 |
| 8.875%, 01/15/2015 144A | 205,000 | 208,075 |
| Millicom International Cellular SA, 10.00%, 12/01/2013 | 190,000 | 198,550 |
| Telesat Canada, Inc., 11.00%, 11/01/2015 144A | 975,000 | 1,014,000 |

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| | | |
|---|-----------|-------------------|
| Vimpel Communications, 9.125%, 04/30/2018 144A | 800,000 | 728,000 |
| Wind Acquisition Finance SA, 11.75%, 07/15/2017 144A | 2,640,000 | <u>2,838,000</u> |
| | | <u>9,685,250</u> |
| <i>Total Yankee Obligations Corporate (cost \$43,450,853)</i> | | <u>41,294,519</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Shares | Value |
|---|--------|------------------|
| COMMON STOCKS 0.0% | | |
| ENERGY 0.0% | | |
| Oil, Gas & Consumable Fuels 0.0% | | |
| Newfield Exploration Co. * (cost \$73,261) | 3,844 | <u>\$151,185</u> |

| | Principal Amount | Value |
|--|---------------------|------------------|
| CONVERTIBLE DEBENTURES 0.3% | | |
| CONSUMER DISCRETIONARY 0.1% | | |
| Media 0.1% | | |
| Sinclair Broadcast Group, Inc., 3.00%, 05/15/2027 | \$460,000 | <u>380,650</u> |
| INFORMATION TECHNOLOGY 0.2% | | |
| Communications Equipment 0.2% | | |
| Lucent Technologies, Inc., 2.875%, 06/15/2025 | 1,825,000 | <u>1,425,781</u> |
| <i>Total Convertible Debentures (cost \$1,136,155)</i> | | <u>1,806,431</u> |

| | Shares | Value |
|---|---------|------------------|
| CLOSED END MUTUAL FUND SHARES 0.8% | | |
| Dreyfus High Yield Strategies Fund, Inc. | 411,242 | 1,369,436 |
| Eaton Vance Limited Duration Income Trust | 99,227 | 1,363,379 |
| ING Prime Rate Trust | 22,959 | 103,774 |
| LMP Corporate Loan Fund, Inc. | 30,704 | 275,108 |
| New America High Income Fund, Inc. | 185,498 | <u>1,474,709</u> |
| <i>Total Closed End Mutual Fund Shares (cost \$3,053,948)</i> | | <u>4,586,406</u> |

| | Principal Amount | Value |
|--|---------------------|-----------|
| LOANS 7.6% | | |
| CONSUMER DISCRETIONARY 2.2% | | |
| Fontainebleau Resorts, LLC, FRN: | | |
| 6.00%, 06/06/2014 | \$516,610 | 165,672 |
| 6.25%, 06/06/2014 | 1,033,219 | 331,343 |
| Ford Motor Co., FRN, 3.29%-3.51%, 12/15/2013 | 2,407,263 | 2,054,407 |
| Idearc, Inc., FRN: | | |
| 5.75%, 11/13/2013 | 446,557 | 204,170 |
| 6.25%, 11/17/2014 | 1,380,094 | 630,965 |
| Metaldyne Corp., FRN: | | |
| 4.19%-8.75%, 01/11/2012 < | 2,166,704 | 292,505 |
| 6.19%-8.00%, 01/11/2014 < | 14,823,631 | 2,001,339 |

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| | | |
|---|-----------|-------------------|
| MGM Mirage, N/A, 10/03/2011 < | 1,005,000 | 806,784 |
| Newsday, LLC, 9.75%, 07/15/2013 | 5,245,000 | 5,309,618 |
| Tower Automotive Holdings, FRN, 4.56%-4.94%, 07/31/2013 < | 965,270 | 381,291 |
| Tropicana Entertainment, LLC, FRN, 6.50%, 01/03/2012 | 3,645,000 | 1,075,311 |
| | | <u>13,253,405</u> |
| CONSUMER STAPLES 1.0% | | |
| Merisant Co., FRN, 3.79%, 01/11/2010 | 6,925,371 | <u>5,644,246</u> |
| ENERGY 1.2% | | |
| Alon Krotz Springs, Inc., FRN: | | |
| 12.75%, 07/03/2014 < | 1,184,688 | 962,440 |
| 13.75%, 07/03/2014 < | 520,424 | 423,115 |
| Saint Acquisition Corp., FRN, 3.56%, 06/05/2014 | 974,495 | 743,394 |
| Semgroup Energy Partners, FRN, 8.25%, 07/20/2012 | 5,385,000 | 4,974,986 |
| | | <u>7,103,935</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

| | Principal Amount | Value |
|--|---------------------|--------------------|
| LOANS continued | | |
| FINANCIALS 0.4% | | |
| Realogy Corp., FRN, 3.31%, 09/01/2014 | \$2,883,402 | <u>\$2,218,489</u> |
| HEALTH CARE 0.3% | | |
| HCA, Inc., FRN, 2.35%, 11/18/2012 | 2,165,953 | <u>2,062,248</u> |
| INDUSTRIALS 0.9% | | |
| Clarke American Corp., FRN, 2.79%-3.10%, 02/28/2014 | 2,900,727 | 2,324,787 |
| Neff Corp., FRN: 3.80%, 11/30/2014 | 12,345,000 | 2,345,550 |
| 4.13%, 05/31/2013 < | 1,152,250 | <u>761,338</u> |
| | | <u>5,431,675</u> |
| MATERIALS 1.1% | | |
| LyondellBasell, FRN: 3.79%, 12/20/2013 | 416,025 | 179,743 |
| 4.04%, 12/22/2014 | 252,015 | 109,007 |
| 5.81%-5.94%, 12/15/2009 | 3,580,805 | 3,034,768 |
| 7.00%, 12/20/2013 | 1,093,569 | 473,013 |
| 13.00%, 12/15/2009 | 2,808,904 | <u>2,911,260</u> |
| | | <u>6,707,791</u> |
| TELECOMMUNICATION SERVICES 0.5% | | |
| FairPoint Communications, Inc., FRN, 5.00%, 03/08/2015 < | 3,602,499 | <u>2,782,462</u> |
| <i>Total Loans (cost \$63,193,451)</i> | | <u>45,204,251</u> |

| | Shares | Value |
|---|------------|-----------------------|
| SHORT-TERM INVESTMENTS 5.4% | | |
| MUTUAL FUND SHARES 5.4% | | |
| Evergreen Institutional Money Market Fund, Class I, 0.22% q ø ## (cost \$31,803,691) | 31,803,691 | <u>31,803,691</u> |
| Total Investments (cost \$847,210,134) | | <u>823,036,453</u> |
| Other Assets and Liabilities and Preferred Shares (39.1%) | | <u>(231,470,733)</u> |
| Net Assets Applicable to Common Shareholders 100.0% | | <u>\$591,565,720</u> |

Security which has defaulted on payment of interest and/or principal. The Fund has stopped accruing interest on this security.

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.

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

@ Security is currently paying interest in-kind.

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.

- + Security is deemed illiquid.
- * Non-income producing security
- < All or a portion of the position represents an unfunded loan commitment.
- q Rate shown is the 7-day annualized yield at period end.
- ∅ Evergreen Investment Management Company, LLC is the investment advisor to both the Fund and the money market fund.
- ## All or a portion of this security has been segregated for when-issued or delayed delivery securities.

Summary of Abbreviations

FRN Floating Rate Note

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

At July 31, 2009, the Fund had the following credit default swap contracts outstanding:

Credit default swaps on debt obligations Sell protection

| Expiration | Counterparty | Reference Debt Obligation | Rating of Reference Debt Obligation* | Notional Amount | Fixed Payments Received by the Fund | Frequency of Payments Received | Market Value | Upfront Premiums Paid/(Received) |
|------------|---------------|-------------------------------|--------------------------------------|-----------------|-------------------------------------|--------------------------------|--------------|----------------------------------|
| 06/20/2014 | Goldman Sachs | Expedia, 7.46%, 08/15/2018 # | BB | \$ 970,000 | 5.00% | Quarterly | \$(203,904) | \$(145,420) |
| 06/20/2014 | UBS | Expedia, 7.46%, 08/15/2018 # | BB | 2,465,000 | 5.00% | Quarterly | (369,547) | (73,593) |
| 06/20/2014 | Goldman Sachs | Motorola, 6.50%, 09/01/2025 # | BB+ | 2,005,000 | 1.00% | Quarterly | (77,239) | 57,310 |
| 06/20/2014 | JPMorgan | Motorola, 6.50%, 09/01/2025 # | BB+ | 2,215,000 | 1.00% | Quarterly | (17,980) | 63,313 |

* Reflects the ratings of a nationally recognized ratings agency at period end. A rating of D would most likely indicate a trigger event of default has occurred although circumstances including bankruptcy, failure to pay, obligation default, obligation acceleration, repudiation/moratorium and restructuring may also cause a credit event to take place.

The Fund entered into the swap contract for speculative purposes.

On July 31, 2009, the aggregate cost of securities for federal income tax purposes was \$854,171,395. The gross unrealized appreciation and depreciation on securities based on tax cost was \$40,148,487 and \$71,283,429, respectively, with a net unrealized depreciation of \$31,134,942.

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 fair 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. If there has been no sale, the securities are valued at the mean between bid and asked prices.

Short-term securities of sufficient credit quality with remaining maturities of 60 days or less at the time of purchase are valued at amortized cost, which approximates fair 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 fair value are valued at fair value as determined by the investment advisor in good faith, according to procedures approved by the Board of Trustees.

The valuation techniques used by the Fund to measure fair value are consistent with the market approach, income approach and/or cost approach, where applicable, for each security type.

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, 2009, the Fund had unfunded loan commitments of \$7,778,371.

Credit default swaps

The Fund is subject to credit risk in the normal course of pursuing its investment objectives. The Fund may enter into credit default swap contracts for hedging or speculative purposes to provide or receive a measure of protection against default on a referenced entity, obligation or index or for investment gains. Credit default swaps involve an exchange of a stream of payments for protection against the loss in value of an underlying security or index. Under the terms of the swap, one party acts as a guarantor (referred to as the seller of protection) and receives a periodic stream of payments, provided that there is no credit event, from another party (referred to as the buyer of protection) that is a fixed percentage applied to a notional principal amount over the term of the swap. An index credit default swap references all the names in the index, and if a credit event is triggered, the credit event is settled based on that name's weight in the index. A credit event includes bankruptcy, failure to pay, obligation default, obligation acceleration, repudiation/moratorium, and restructuring. The Fund may enter into credit default swaps as either the seller of protection or the buyer of protection. As the seller of protection, the Fund is subject to investment exposure on the notional amount of the swap and has assumed the risk of default of the underlying security or index. As the buyer of protection, the Fund could be exposed to risks if the seller of the protection 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. The maximum potential amount of future payments (undiscounted) that the Fund as the seller of protection could be required to make under the credit default swap contract would be an amount equal to the notional amount of the swap contract. The Fund's maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract. This risk is mitigated by having a master netting arrangement between the Fund and the counterparty and by having the counterparty post collateral to cover the Fund's exposure to the counterparty.

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2009 (unaudited)

If the Fund is the seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will pay to the buyer of protection the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index. If the Fund is the buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will receive from the seller of protection the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index.

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.

Certain credit default swap contracts entered into by the Fund provide for conditions that result in events of default or termination that enable the counterparty to the agreement to cause an early termination of the transactions under those agreements. Any election by the counterparty to terminate early may impact the amounts reported on the financial statements.

Valuation hierarchy

Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (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

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

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

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, 2009, the inputs used in valuing the Fund's assets, which are carried at fair value, were as follows:

| | Quoted Prices (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|--------------------------------------|-------------------------------|---|--|-------|
| <u>Investments in Securities</u> | | | | |

Equity securities

| | | | | |
|----------------------------------|---------------------|----------------------|------------|----------------------|
| <i>Common stocks</i> | \$151,185 | \$0 | \$0 | \$151,185 |
| <i>Mutual fund shares</i> | 4,586,406 | 0 | 0 | 4,586,406 |
| Corporate debt securities | 0 | 786,495,171 | 0 | 786,495,171 |
| Short-term investments | 31,803,691 | 0 | 0 | 31,803,691 |
| | <u>\$36,541,282</u> | <u>\$786,495,171</u> | <u>\$0</u> | <u>\$823,036,453</u> |

As of July 31, 2009, the inputs used in valuing the Fund's other financial instruments, which are carried at fair value, were as follows:

| | Quoted Prices (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|------------------------------|-------------------------------|---|--|--------------------|
| Other financial instruments* | <u>\$0</u> | <u>\$(570,280)</u> | <u>\$0</u> | <u>\$(570,280)</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: /s/ W. Douglas Munn
W. Douglas Munn
Principal Executive Officer

Date: September 28, 2009

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: /s/ W. Douglas Munn
W. Douglas Munn
Principal Executive Officer

Date: September 28, 2009

By: /s/ Jeremy DePalma
Jeremy DePalma
Principal Financial Officer

Date: September 28, 2009