

EVERGREEN INCOME ADVANTAGE FUND
Form N-Q
March 31, 2008

OMB APPROVAL

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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 [January 31, 2008](#). This [one](#) series has an [April 30 fiscal year end](#) .

Date of reporting period: [January 31, 2008](#)

Item 1 – Schedule of Investments

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| CORPORATE BONDS 140.3% | | |
| CONSUMER DISCRETIONARY 36.4% | | |
| Auto Components 3.7% | | |
| Cooper Tire & Rubber Co.: | | |
| 7.00%, 12/15/2012 | \$ 535,000 | \$ 465,450 |
| 7.625%, 03/15/2027 | 6,935,000 | 5,964,100 |
| Goodyear Tire & Rubber Co.: | | |
| 9.00%, 07/01/2015 | 7,880,000 | 8,274,000 |
| 11.25%, 03/01/2011 | 4,900,000 | 5,194,000 |
| Metaldyne Corp.: | | |
| 10.00%, 11/01/2013 | 12,246,000 | 8,878,350 |
| 11.00%, 06/15/2012 | 6,377,000 | 3,124,730 |
| | | <u>31,900,630</u> |
| Automobiles 2.2% | | |
| Ford Motor Co.: | | |
| 5.80%, 01/12/2009 | 350,000 | 340,508 |
| 7.45%, 07/16/2031 | 2,340,000 | 1,737,450 |
| 7.70%, 05/15/2097 | 6,075,000 | 4,161,375 |
| General Motors Corp.: | | |
| 7.20%, 01/15/2011 | 10,310,000 | 9,459,425 |
| 8.25%, 07/15/2023 | 3,860,000 | 3,107,300 |
| | | <u>18,806,058</u> |
| Diversified Consumer Services 0.8% | | |
| Carriage Services, Inc., 7.875%, 01/15/2015 | 2,290,000 | 2,244,200 |
| Education Management, LLC: | | |
| 8.75%, 06/01/2014 | 1,780,000 | 1,722,150 |
| 10.25%, 06/01/2016 | 2,035,000 | 1,948,513 |
| Service Corporation International, 6.75%, 04/01/2015 | 900,000 | 895,500 |
| | | <u>6,810,363</u> |
| Hotels, Restaurants & Leisure 9.6% | | |
| Caesars Entertainment, Inc.: | | |
| 7.875%, 03/15/2010 | 4,169,000 | 3,944,916 |
| 8.125%, 05/15/2011 | 1,350,000 | 1,182,938 |
| Fontainebleau Las Vegas Holdings, LLC, 10.25%, 06/15/2015 144A | 13,618,000 | 10,281,590 |
| Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/2010 | 10,670,000 | 10,670,000 |
| Isle of Capri Casinos, Inc., 7.00%, 03/01/2014 | 19,378,000 | 15,017,950 |
| Outback Steakhouse, Inc., 10.00%, 06/15/2015 144A | 1,600,000 | 1,016,000 |
| Pokagon Gaming Authority, 10.375%, 06/15/2014 144A | 6,230,000 | 6,471,412 |
| Seneca Gaming Corp., 7.25%, 05/01/2012 | 2,320,000 | 2,262,000 |
| Shingle Springs Tribal Gaming Authority, 9.375%, 06/15/2015 144A | 6,470,000 | 5,855,350 |
| Six Flags, Inc.: | | |
| 8.875%, 02/01/2010 | 1,670,000 | 1,231,625 |

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| | | |
|---|------------|-------------------|
| 9.625%, 06/01/2014 | 3,385,000 | 2,276,413 |
| Trump Entertainment Resorts, Inc., 8.50%, 06/01/2015 | 13,170,000 | 9,548,250 |
| Universal City Development Partners, Ltd., 11.75%, 04/01/2010 | 11,315,000 | 11,682,737 |
| | | <u>81,441,181</u> |
| Household Durables 3.8% | | |
| Centex Corp., 4.875%, 08/15/2008 | 3,080,000 | 3,011,079 |
| D.R. Horton, Inc., 5.00%, 01/15/2009 | 4,595,000 | 4,445,663 |
| Hovnanian Enterprises, Inc.: | | |
| 6.00%, 01/15/2010 | 1,670,000 | 943,550 |
| 6.50%, 01/15/2014 | 1,105,000 | 762,450 |
| KB Home: | | |
| 7.75%, 02/01/2010 | 2,435,000 | 2,361,950 |
| 8.625%, 12/15/2008 | 1,345,000 | 1,345,000 |
| Libbey, Inc., FRN, 11.91%, 06/01/2011 | 4,960,000 | 5,034,400 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| CONSUMER DISCRETIONARY continued | | |
| Household Durables continued | | |
| Meritage Homes Corp.: | | |
| 6.25%, 03/15/2015 | \$ 1,725,000 | \$ 1,216,125 |
| 7.00%, 05/01/2014 | 3,895,000 | 2,862,825 |
| Pulte Homes, Inc.: | | |
| 4.875%, 07/15/2009 | 6,795,000 | 6,472,237 |
| 7.875%, 08/01/2011 | 470,000 | 457,075 |
| Standard Pacific Corp., 5.125%, 04/01/2009 | 720,000 | 576,000 |
| Toll Brothers, Inc., 8.25%, 02/01/2011 | 2,655,000 | 2,565,394 |
| | | <u>32,053,748</u> |
| Media 10.4% | | |
| Cablevision Systems Corp., Ser. B, 8.00%, 04/15/2012 | 7,210,000 | 6,939,625 |
| CCH I, LLC, 11.00%, 10/01/2015 | 7,450,000 | 5,356,125 |
| CSC Holdings, Inc., 7.625%, 04/01/2011 | 4,125,000 | 4,104,375 |
| Dex Media West, LLC, 8.50%, 08/15/2010 | 4,470,000 | 4,542,638 |
| Idearc, Inc., 8.00%, 11/15/2016 | 4,400,000 | 3,960,000 |
| Lamar Media Corp.: | | |
| 6.625%, 08/15/2015 | 1,905,000 | 1,814,513 |
| Ser. B, 6.625%, 08/15/2015 | 7,825,000 | 7,453,312 |
| Mediacom Broadband, LLC, 8.50%, 10/15/2015 | 900,000 | 742,500 |
| Mediacom Communications Corp.: | | |
| 7.875%, 02/15/2011 | 680,000 | 610,300 |
| 9.50%, 01/15/2013 | 5,405,000 | 4,850,987 |
| Paxson Communications Corp., FRN, 11.49%, 01/15/2013 144A | 9,720,000 | 8,432,100 |
| R.H. Donnelley Corp., Ser. A-4, 8.875%, 10/15/2017 144A | 11,550,000 | 9,846,375 |
| Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012 | 5,525,000 | 5,607,875 |
| Sirius Satellite Radio, Inc., 9.625%, 08/01/2013 | 5,160,000 | 4,437,600 |
| Visant Corp., 7.625%, 10/01/2012 | 7,465,000 | 7,409,012 |
| XM Satellite Radio Holdings, Inc., 9.75%, 05/01/2014 | 5,065,000 | 4,621,813 |
| Young Broadcasting, Inc., 8.75%, 01/15/2014 | 11,239,000 | 7,698,715 |
| | | <u>88,427,865</u> |
| Multi-line Retail 0.6% | | |
| Neiman Marcus Group, Inc., 9.00%, 10/15/2015 | 5,565,000 | 5,592,825 |
| Specialty Retail 2.0% | | |
| American Achievement Corp., 8.25%, 04/01/2012 | 6,155,000 | 5,662,600 |
| Home Depot, Inc., 5.875%, 12/16/2036 | 1,635,000 | 1,368,712 |
| Michaels Stores, Inc., 10.00%, 11/01/2014 | 3,005,000 | 2,689,475 |
| Payless ShoeSource, Inc., 8.25%, 08/01/2013 | 7,950,000 | 7,353,750 |
| | | <u>17,074,537</u> |
| Textiles, Apparel & Luxury Goods 3.3% | | |
| AAC Group Holdings Corp., Sr. Disc. Note, Step Bond, 0.00%, 10/01/2012 | 1,055,000 | 880,925 |

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| | | |
|---|------------|-------------------|
| Norcross Safety Products, LLC, Ser. B, 9.875%, 08/15/2011 | 3,780,000 | 3,902,850 |
| Oxford Industries, Inc., 8.875%, 06/01/2011 | 12,000,000 | 11,790,000 |
| Unifi, Inc., 11.50%, 05/15/2014 | 2,207,000 | 1,616,627 |
| Warnaco Group, Inc., 8.875%, 06/15/2013 | 9,450,000 | 9,662,625 |
| | | <u>27,853,027</u> |
| CONSUMER STAPLES 4.2% | | |
| Beverages 0.3% | | |
| Constellation Brands, Inc., 8.375%, 12/15/2014 | 2,410,000 | 2,494,350 |
| Food & Staples Retailing 0.7% | | |
| Ingles Markets, Inc., 8.875%, 12/01/2011 | 5,495,000 | 5,591,163 |
| Rite Aid Corp., 8.125%, 05/01/2010 | 535,000 | 518,281 |
| | | <u>6,109,444</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| CONSUMER STAPLES continued | | |
| Food Products 1.9% | | |
| Dean Foods Co., 6.625%, 05/15/2009 | \$ 480,000 | \$ 476,400 |
| Del Monte Foods Co.: | | |
| 6.75%, 02/15/2015 | 490,000 | 458,150 |
| 8.625%, 12/15/2012 | 10,870,000 | 11,033,050 |
| Pilgrims Pride Corp., 8.375%, 05/01/2017 | 4,230,000 | 3,711,825 |
| Smithfield Foods, Inc., 7.75%, 07/01/2017 | 160,000 | 152,000 |
| | | <u>15,831,425</u> |
| Household Products 0.5% | | |
| Church & Dwight Co., 6.00%, 12/15/2012 | 4,330,000 | 4,243,400 |
| Personal Products 0.8% | | |
| Central Garden & Pet Co., 9.125%, 02/01/2013 | 8,560,000 | 6,848,000 |
| ENERGY 20.4% | | |
| Electric Utilities 2.4% | | |
| Energy Future Holdings Corp., 10.875%, 11/01/2017 144A | 14,100,000 | 14,029,500 |
| Texas Competitive Electric Holdings Co., LLC: | | |
| 10.25%, 11/01/2015 144A | 6,400,000 | 6,320,000 |
| 10.50%, 11/01/2016 144A | 275,000 | 268,125 |
| | | <u>20,617,625</u> |
| Energy Equipment & Services 3.9% | | |
| Bristow Group, Inc.: | | |
| 6.125%, 06/15/2013 | 380,000 | 367,650 |
| 7.50%, 09/15/2017 144A | 2,500,000 | 2,537,500 |
| Dresser-Rand Group, Inc., 7.375%, 11/01/2014 | 4,756,000 | 4,684,660 |
| GulfMark Offshore, Inc., 7.75%, 07/15/2014 | 4,100,000 | 4,182,000 |
| Helix Energy Solutions, Inc., 9.50%, 01/15/2016 144A | 1,015,000 | 1,035,300 |
| Hornbeck Offshore Services, Inc., Ser. B, 6.125%, 12/01/2014 | 10,495,000 | 9,812,825 |
| Parker Drilling Co., 9.625%, 10/01/2013 | 5,215,000 | 5,527,900 |
| PHI, Inc., 7.125%, 04/15/2013 | 5,627,000 | 5,380,819 |
| | | <u>33,528,654</u> |
| Oil, Gas & Consumable Fuels 14.1% | | |
| Chesapeake Energy Corp.: | | |
| 7.50%, 09/15/2013 | 6,250,000 | 6,421,875 |
| 7.75%, 01/15/2015 | 5,500,000 | 5,665,000 |
| Clayton Williams Energy, Inc., 7.75%, 08/01/2013 | 2,275,000 | 1,967,875 |
| Delta Petroleum Corp., 7.00%, 04/01/2015 | 4,280,000 | 3,680,800 |
| El Paso Corp., 7.00%, 06/15/2017 | 2,580,000 | 2,630,398 |
| Encore Acquisition Co.: | | |
| 6.00%, 07/15/2015 | 4,745,000 | 4,306,088 |
| 6.25%, 04/15/2014 | 1,710,000 | 1,598,850 |
| Energy Partners, Ltd., 9.75%, 04/15/2014 | 2,452,000 | 2,120,980 |
| Exco Resources, Inc., 7.25%, 01/15/2011 | 6,205,000 | 5,956,800 |

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| | | |
|---|------------|------------|
| Forest Oil Corp.: | | |
| 7.25%, 06/15/2019 144A | 2,765,000 | 2,778,825 |
| 7.75%, 05/01/2014 | 200,000 | 204,000 |
| Frontier Oil Corp., 6.625%, 10/01/2011 | 1,515,000 | 1,499,850 |
| Griffin Coal Mining Co., Ltd.: | | |
| 9.50%, 12/01/2016 | 1,985,000 | 1,553,263 |
| 9.50%, 12/01/2016 144A | 12,805,000 | 10,596,137 |
| Mariner Energy, Inc., 8.00%, 05/15/2017 | 1,343,000 | 1,289,280 |
| Overseas Shipholding Group, Inc., 8.25%, 03/15/2013 | 10,960,000 | 11,234,000 |
| Peabody Energy Corp.: | | |
| 5.875%, 04/15/2016 | 9,555,000 | 8,981,700 |
| 6.875%, 03/15/2013 | 1,655,000 | 1,650,863 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|--------------------|
| CORPORATE BONDS continued | | |
| ENERGY continued | | |
| Oil, Gas & Consumable Fuels continued | | |
| Plains Exploration & Production Co., 7.75%, 06/15/2015 | \$ 2,225,000 | \$ 2,238,906 |
| Regency Energy Partners, LP, 8.375%, 12/15/2013 | 1,658,000 | 1,691,160 |
| Sabine Pass LNG, LP: | | |
| 7.25%, 11/30/2013 | 1,025,000 | 973,750 |
| 7.50%, 11/30/2016 | 9,995,000 | 9,420,287 |
| Southwestern Energy Co., 7.50%, 02/01/2018 144A | 2,910,000 | 3,004,575 |
| Targa Resources, Inc., 8.50%, 11/01/2013 | 5,540,000 | 5,249,150 |
| Tesoro Corp.: | | |
| 6.50%, 06/01/2017 | 5,250,000 | 5,145,000 |
| 6.625%, 11/01/2015 | 1,840,000 | 1,798,600 |
| Williams Cos.: | | |
| 7.50%, 01/15/2031 | 5,520,000 | 5,906,400 |
| 8.125%, 03/15/2012 | 9,285,000 | 10,190,287 |
| | | <u>119,754,699</u> |
| FINANCIALS 19.6% | | |
| Consumer Finance 12.7% | | |
| CCH II Capital Corp., 10.25%, 09/15/2010 | 22,000,000 | 20,944,525 |
| Ford Motor Credit Co., LLC: | | |
| 5.70%, 01/15/2010 | 10,000 | 9,153 |
| 7.375%, 10/28/2009 | 14,980,000 | 14,431,642 |
| 9.75%, 09/15/2010 | 21,332,000 | 20,615,757 |
| General Motors Acceptance Corp., LLC: | | |
| 5.625%, 05/15/2009 | 2,415,000 | 2,338,420 |
| 6.875%, 09/15/2011 | 24,895,000 | 21,781,756 |
| 6.875%, 08/28/2012 | 1,930,000 | 1,640,191 |
| 7.25%, 03/02/2011 | 675,000 | 610,246 |
| 7.75%, 01/19/2010 | 4,020,000 | 3,847,317 |
| 8.00%, 11/01/2031 | 9,525,000 | 7,912,541 |
| FRN: | | |
| 6.03%, 09/23/2008 | 2,980,000 | 2,898,721 |
| 6.12%, 05/15/2009 | 6,105,000 | 5,701,624 |
| Qwest Capital Funding, Inc., 6.50%, 11/15/2018 | 1,885,000 | 1,592,825 |
| Sprint Capital Corp., 6.875%, 11/15/2028 | 3,805,000 | 3,200,420 |
| | | <u>107,525,138</u> |
| Diversified Financial Services 1.3% | | |
| Leucadia National Corp.: | | |
| 7.125%, 03/15/2017 | 545,000 | 516,387 |
| 8.125%, 09/15/2015 | 10,635,000 | 10,635,000 |
| | | <u>11,151,387</u> |
| Real Estate Investment Trusts 2.8% | | |
| Host Marriott Corp.: | | |

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| | | |
|---|-----------|-------------------|
| 7.125%, 11/01/2013 | 5,580,000 | 5,552,100 |
| Ser. O, 6.375%, 03/15/2015 | 340,000 | 326,400 |
| Ser. Q, 6.75%, 06/01/2016 | 7,550,000 | 7,304,625 |
| Omega Healthcare Investors, Inc.: | | |
| 7.00%, 04/01/2014 | 4,010,000 | 3,989,950 |
| 7.00%, 01/15/2016 | 3,520,000 | 3,484,800 |
| Thornburg Mortgage, Inc., 8.00%, 05/15/2013 | 1,375,000 | 1,165,312 |
| Ventas, Inc., 7.125%, 06/01/2015 | 2,070,000 | 2,152,800 |
| | | <u>23,975,987</u> |
| Real Estate Management & Development 0.0% | | |
| Realty Corp., 10.50%, 04/15/2014 144A | 175,000 | <u>126,000</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| FINANCIALS continued | | |
| Thriffs & Mortgage Finance 2.8% | | |
| Residential Capital, LLC: | | |
| 7.625%, 11/21/2008 | \$ 6,125,000 | \$ 4,746,875 |
| 7.875%, 06/30/2010 | 27,900,000 | 18,274,500 |
| FRN, 5.65%, 06/09/2008 | 920,000 | 791,200 |
| | | <u>23,812,575</u> |
| HEALTH CARE 6.1% | | |
| Health Care Equipment & Supplies 0.0% | | |
| Universal Hospital Services, Inc., 8.50%, 06/01/2015 | 294,000 | 298,410 |
| Health Care Providers & Services 6.1% | | |
| HCA, Inc.: | | |
| 6.375%, 01/15/2015 | 6,325,000 | 5,423,687 |
| 6.50%, 02/15/2016 | 1,805,000 | 1,541,019 |
| 8.75%, 09/01/2010 | 6,860,000 | 6,911,450 |
| 9.25%, 11/15/2016 | 20,535,000 | 21,587,419 |
| Omnicare, Inc.: | | |
| 6.125%, 06/01/2013 | 8,540,000 | 7,728,700 |
| 6.875%, 12/15/2015 | 9,335,000 | 8,448,175 |
| | | <u>51,640,450</u> |
| INDUSTRIALS 11.8% | | |
| Aerospace & Defense 6.7% | | |
| Alliant Techsystems, Inc., 6.75%, 04/01/2016 | 1,475,000 | 1,430,750 |
| DRS Technologies, Inc.: | | |
| 6.625%, 02/01/2016 | 2,625,000 | 2,579,063 |
| 7.625%, 02/01/2018 | 1,055,000 | 1,047,088 |
| Hexcel Corp., 6.75%, 02/01/2015 | 4,200,000 | 4,074,000 |
| L-3 Communications Holdings, Inc.: | | |
| 5.875%, 01/15/2015 | 27,665,000 | 27,042,537 |
| 6.125%, 01/15/2014 | 3,520,000 | 3,484,800 |
| 6.375%, 10/15/2015 | 13,351,000 | 13,317,622 |
| Vought Aircraft Industries, Inc., 8.00%, 07/15/2011 | 4,370,000 | 4,053,175 |
| | | <u>57,029,035</u> |
| Commercial Services & Supplies 1.7% | | |
| Browning-Ferris Industries, Inc.: | | |
| 7.40%, 09/15/2035 | 7,620,000 | 7,048,500 |
| 9.25%, 05/01/2021 | 3,715,000 | 3,919,325 |
| Corrections Corporation of America, 6.25%, 03/15/2013 | 455,000 | 455,000 |
| Geo Group, Inc., 8.25%, 07/15/2013 | 1,310,000 | 1,326,375 |
| Mobile Mini, Inc., 6.875%, 05/01/2015 | 2,130,000 | 1,863,750 |
| | | <u>14,612,950</u> |
| Machinery 1.2% | | |
| Commercial Vehicle Group, Inc., 8.00%, 07/01/2013 | 12,341,000 | 10,505,276 |

Road & Rail 1.8%

| | | |
|------------------------------|-----------|-------------------|
| Avis Budget Car Rental, LLC: | | |
| 7.625%, 05/15/2014 | 790,000 | 730,750 |
| 7.75%, 05/15/2016 | 5,475,000 | 4,900,125 |
| Hertz Global Holdings, Inc.: | | |
| 8.875%, 01/01/2014 | 3,220,000 | 3,123,400 |
| 10.50%, 01/01/2016 | 95,000 | 91,794 |
| Kansas City Southern: | | |
| 7.50%, 06/15/2009 | 2,730,000 | 2,760,713 |
| 9.50%, 10/01/2008 | 3,590,000 | 3,675,262 |
| | | <u>15,282,044</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| INDUSTRIALS continued | | |
| Trading Companies & Distributors 0.4% | | |
| Neff Corp., 10.00%, 06/01/2015 | \$ 525,000 | \$ 252,000 |
| United Rentals, Inc., 6.50%, 02/15/2012 | 3,275,000 | 3,029,375 |
| | | <u>3,281,375</u> |
| INFORMATION TECHNOLOGY 5.8% | | |
| Electronic Equipment & Instruments 2.4% | | |
| Da-Lite Screen Co., Inc., 9.50%, 05/15/2011 | 7,000,000 | 6,527,500 |
| Jabil Circuit, Inc., 8.25%, 03/15/2018 144A | 9,660,000 | 9,390,486 |
| Sanmina-SCI Corp.: | | |
| 6.75%, 03/01/2013 | 1,105,000 | 961,350 |
| 8.125%, 03/01/2016 | 1,760,000 | 1,544,400 |
| FRN, 7.74%, 06/15/2010 144A | 1,481,000 | 1,481,000 |
| | | <u>19,904,736</u> |
| IT Services 2.3% | | |
| First Data Corp., 9.875%, 09/24/2015 144A | 8,860,000 | 7,852,175 |
| ipayment, Inc., 9.75%, 05/15/2014 | 4,770,000 | 4,436,100 |
| SunGard Data Systems, Inc.: | | |
| 4.875%, 01/15/2014 | 6,345,000 | 5,504,288 |
| 10.25%, 08/15/2015 | 270,000 | 271,350 |
| Unisys Corp., 6.875%, 03/15/2010 | 1,848,000 | 1,746,360 |
| | | <u>19,810,273</u> |
| Semiconductors & Semiconductor Equipment 0.9% | | |
| Freescale Semiconductor, Inc.: | | |
| 8.875%, 12/15/2014 | 4,775,000 | 3,903,562 |
| 9.125%, 12/15/2014 | 1,920,000 | 1,432,800 |
| Spansion, Inc.: | | |
| 11.25%, 01/15/2016 144A | 2,180,000 | 1,536,900 |
| FRN, 6.20%, 06/01/2013 144A | 955,000 | 732,963 |
| | | <u>7,606,225</u> |
| Software 0.2% | | |
| Activant Solutions, Inc., 9.50%, 05/01/2016 | 2,175,000 | 1,846,031 |
| MATERIALS 16.5% | | |
| Chemicals 6.5% | | |
| ARCO Chemical Co.: | | |
| 9.80%, 02/01/2020 | 2,490,000 | 2,278,350 |
| 10.25%, 11/01/2010 | 460,000 | 476,100 |
| Huntsman, LLC, 11.625%, 10/15/2010 | 7,000,000 | 7,367,500 |
| Koppers Holdings, Inc.: | | |
| 9.875%, 10/15/2013 | 575,000 | 615,250 |
| Sr. Disc. Note, Step Bond, 0.00%, 11/15/2014 | 5,519,000 | 4,691,150 |
| MacDermid, Inc., 9.50%, 04/15/2017 144A | 9,116,000 | 7,885,340 |
| Millenium America, Inc., 7.625%, 11/15/2026 | 5,515,000 | 3,943,225 |

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| Momentive Performance Materials, Inc., 9.75%, 12/01/2014 | 9,085,000 | 8,267,350 |
| Mosaic Co.: | | |
| 7.30%, 01/15/2028 | 3,385,000 | 3,401,925 |
| 7.875%, 12/01/2016 144A | 4,665,000 | 5,061,525 |
| Tronox Worldwide, LLC, 9.50%, 12/01/2012 | 12,150,000 | 11,481,750 |
| | | <u>55,469,465</u> |
| Construction Materials 1.0% | | |
| CPG International, Inc., 10.50%, 07/01/2013 | 8,910,000 | 7,974,450 |
| Dayton Superior Corp., 13.00%, 06/15/2009 | 530,000 | 446,525 |
| | | <u>8,420,975</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| MATERIALS continued | | |
| Containers & Packaging 4.3% | | |
| BPC Holding Corp., 8.875%, 09/15/2014 | \$ 3,086,000 | \$ 2,754,255 |
| Exopack Holding Corp., 11.25%, 02/01/2014 | 8,275,000 | 7,799,187 |
| Graham Packaging Co.: | | |
| 8.50%, 10/15/2012 | 4,355,000 | 3,854,175 |
| 9.875%, 10/15/2014 | 4,875,000 | 4,143,750 |
| Graphic Packaging International, Inc.: | | |
| 8.50%, 08/15/2011 | 4,685,000 | 4,567,875 |
| 9.50%, 08/15/2013 | 5,760,000 | 5,457,600 |
| Smurfit-Stone Container Corp., 8.375%, 07/01/2012 | 8,680,000 | 8,441,300 |
| | | <u>37,018,142</u> |
| Metals & Mining 1.6% | | |
| Freeport-McMoRan Copper & Gold, Inc.: | | |
| 6.875%, 02/01/2014 | 2,300,000 | 2,346,000 |
| 8.375%, 04/01/2017 | 6,530,000 | 6,954,450 |
| Indalex Holdings Corp., 11.50%, 02/01/2014 | 4,735,000 | 4,202,313 |
| | | <u>13,502,763</u> |
| Paper & Forest Products 3.1% | | |
| Bowater, Inc., 9.375%, 12/15/2021 | 1,895,000 | 1,373,875 |
| Georgia Pacific Corp.: | | |
| 8.125%, 05/15/2011 | 5,000,000 | 5,025,000 |
| 8.875%, 05/15/2031 | 5,875,000 | 5,551,875 |
| Glatfelter, 7.125%, 05/01/2016 | 4,105,000 | 4,074,212 |
| Newpage Corp., 10.00%, 05/01/2012 144A | 4,180,000 | 4,180,000 |
| Verso Paper Holdings, LLC, 11.375%, 08/01/2016 | 6,535,000 | 6,273,600 |
| | | <u>26,478,562</u> |
| TELECOMMUNICATION SERVICES 9.4% | | |
| Diversified Telecommunication Services 3.9% | | |
| Citizens Communications Co.: | | |
| 7.875%, 01/15/2027 | 1,120,000 | 1,030,400 |
| 9.25%, 05/15/2011 | 6,680,000 | 7,147,600 |
| Consolidated Communications, Inc., 9.75%, 04/01/2012 | 7,800,000 | 7,956,000 |
| Qwest Corp., 8.875%, 03/15/2012 | 11,660,000 | 12,374,175 |
| West Corp., 11.00%, 10/15/2016 | 4,705,000 | 4,305,075 |
| | | <u>32,813,250</u> |
| Wireless Telecommunication Services 5.5% | | |
| Centennial Communications Corp.: | | |
| 8.125%, 02/01/2014 | 6,755,000 | 6,383,475 |
| 10.125%, 06/15/2013 | 5,215,000 | 5,358,413 |
| Cricket Communications, Inc.: | | |
| 9.375%, 11/01/2014 | 3,060,000 | 2,799,900 |
| 9.375%, 11/01/2014 144A | 3,580,000 | 3,275,700 |

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| | | |
|--|------------|-------------------|
| MetroPCS Communications, Inc., 9.25%, 11/01/2014 | 9,070,000 | 8,389,750 |
| Rural Cellular Corp., 8.25%, 03/15/2012 | 13,350,000 | 13,817,250 |
| Sprint Nextel Corp.: | | |
| Ser. D, 7.375%, 08/01/2015 | 5,245,000 | 4,801,614 |
| Ser. F, 5.95%, 03/15/2014 | 2,465,000 | 2,177,275 |
| | | <u>47,003,377</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|----------------------|
| CORPORATE BONDS continued | | |
| UTILITIES 10.1% | | |
| Electric Utilities 9.6% | | |
| Allegheny Energy Supply Co., 8.25%, 04/15/2012 144A | \$ 9,780,000 | \$ 10,513,500 |
| Aquila, Inc., 14.625%, 07/01/2012 | 14,026,000 | 17,567,565 |
| CMS Energy Corp.: | | |
| 6.55%, 07/17/2017 | 755,000 | 743,886 |
| 8.50%, 04/15/2011 | 1,355,000 | 1,464,549 |
| Edison Mission Energy: | | |
| 7.00%, 05/15/2017 | 1,350,000 | 1,319,625 |
| 7.20%, 05/15/2019 | 2,925,000 | 2,866,500 |
| Mirant Americas Generation, LLC, 8.50%, 10/01/2021 | 1,220,000 | 1,082,750 |
| Mirant Mid-Atlantic, LLC, Ser. C, 10.06%, 12/30/2028 | 1,190,000 | 1,380,400 |
| Mirant North America, LLC, 7.375%, 12/31/2013 | 12,720,000 | 12,783,600 |
| NRG Energy, Inc., 7.375%, 02/01/2016 | 10,420,000 | 10,094,375 |
| Orion Power Holdings, Inc., 12.00%, 05/01/2010 | 7,880,000 | 8,608,900 |
| Reliant Energy, Inc.: | | |
| 6.75%, 12/15/2014 | 13,358,000 | 13,541,673 |
| 7.875%, 06/15/2017 | 230,000 | 225,400 |
| | | <u>82,192,723</u> |
| Independent Power Producers & Energy Traders 0.5% | | |
| AES Corp., 8.00%, 10/15/2017 | 275,000 | 281,875 |
| Dynegy Holdings, Inc., 7.50%, 06/01/2015 | 4,310,000 | 4,040,625 |
| | | <u>4,322,500</u> |
| <i>Total Corporate Bonds (cost \$1,265,444,299)</i> | | <u>1,195,017,480</u> |
| YANKEE OBLIGATIONS CORPORATE 6.5% | | |
| ENERGY 0.6% | | |
| Oil, Gas & Consumable Fuels 0.6% | | |
| Connacher Oil & Gas, Ltd., 10.25%, 12/15/2015 144A | 3,145,000 | 3,129,275 |
| OPTI Canada, Inc., 8.25%, 12/15/2014 144A | 2,500,000 | 2,462,500 |
| | | <u>5,591,775</u> |
| FINANCIALS 1.2% | | |
| Consumer Finance 0.4% | | |
| Virgin Media Finance plc, 9.125%, 08/15/2016 | 3,363,000 | 3,060,330 |
| Diversified Financial Services 0.8% | | |
| Preferred Term Securities XII, Ltd., FRN, 10.00%, 12/24/2033 | 1,540,000 | 1,061,984 |
| Ship Finance International, Ltd., 8.50%, 12/15/2013 | 5,880,000 | 5,924,100 |
| | | <u>6,986,084</u> |
| INDUSTRIALS 0.4% | | |
| Road & Rail 0.4% | | |
| Kansas City Southern de Mexico: | | |
| 7.375%, 06/01/2014 144A | 1,796,000 | 1,710,690 |
| 9.375%, 05/01/2012 | 1,495,000 | 1,547,325 |
| | | <u>3,258,015</u> |

| | | | |
|---|-------------|------------|-------------------|
| INFORMATION TECHNOLOGY | 1.0% | | |
| Communications Equipment | 0.8% | | |
| Nortel Networks Corp., 10.125%, 07/15/2013 144A | | 6,890,000 | <u>6,907,225</u> |
| Semiconductors & Semiconductor Equipment | 0.2% | | |
| Sensata Technologies, Inc., 8.00%, 05/01/2014 | | 1,645,000 | <u>1,488,725</u> |
| MATERIALS | 2.5% | | |
| Metals & Mining | 2.1% | | |
| Novelis, Inc., 7.25%, 02/15/2015 | | 19,220,000 | <u>17,826,550</u> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| YANKEE OBLIGATIONS CORPORATE continued | | |
| MATERIALS continued | | |
| Paper & Forest Products 0.4% | | |
| Corporacion Durango SAB de CV, 10.50%, 10/05/2017 144A | \$ 4,435,000 | \$ 3,647,787 |
| TELECOMMUNICATION SERVICES 0.8% | | |
| Wireless Telecommunication Services 0.8% | | |
| Intelsat, Ltd.: | | |
| 9.25%, 06/15/2016 | 2,385,000 | 2,390,963 |
| 11.25%, 06/15/2016 | 4,170,000 | 4,190,850 |
| | | <u>6,581,813</u> |
| <i>Total Yankee Obligations Corporate (cost \$58,642,548)</i> | | <u>55,348,304</u> |

| | Shares | Value |
|---|---------|-------------------|
| COMMON STOCKS 0.2% | | |
| INDUSTRIALS 0.1% | | |
| Airlines 0.1% | | |
| Delta Air Lines, Inc. * | 37,496 | 631,058 |
| MATERIALS 0.0% | | |
| Chemicals 0.0% | | |
| Tronox, Inc., Class A | 76,300 | 556,990 |
| TELECOMMUNICATION SERVICES 0.1% | | |
| Wireless Telecommunication Services 0.1% | | |
| Sprint Nextel Corp. | 55,370 | 583,046 |
| <i>Total Common Stocks (cost \$1,962,235)</i> | | <u>1,771,094</u> |
| PREFERRED STOCKS 1.5% | | |
| FINANCIALS 1.5% | | |
| Thriffs & Mortgage Finance 1.5% | | |
| Fannie Mae, Ser. S, 8.25% | 398,865 | 10,538,013 |
| Freddie Mac, Ser. Z, 8.375% | 75,135 | 2,017,375 |
| <i>Total Preferred Stocks (cost \$11,870,143)</i> | | <u>12,555,388</u> |

| | Principal Amount | Value |
|---|-----------------------------|------------------------|
| LOANS 4.5% | | |
| CONSUMER DISCRETIONARY 0.3% | | |
| Claire's Stores, Inc., 6.75%, 05/29/2014 | \$ 498,747 | 398,873 |
| Metaldyne Corp., FRN: 7.06%, 01/11/2012 | 310,000 | 264,548 |
| 7.06%, 01/11/2014 | 1,860,000 | 1,584,032 |
| | | <hr/> 2,247,453 <hr/> |
| ENERGY 1.9% | | |
| Blue Grass Energy Corp., FRN, 9.82%, 12/30/2013 < | 15,300,000 | 14,822,487 |
| Saint Acquisition Corp., FRN, 8.81%, 06/05/2014 | 1,600,000 | 1,236,880 |
| | | <hr/> 16,059,367 <hr/> |
| INDUSTRIALS 1.3% | | |
| Clarke American Corp., FRN, 7.58%, 02/28/2014 < | 8,570,000 | 6,817,178 |
| Neff Corp., FRN: 7.43%, 11/30/2014 < | 3,855,000 | 2,849,693 |
| 9.20%, 11/30/2014 < | 490,000 | 362,218 |
| 10.25%, 06/01/2008 < | 1,720,000 | 1,271,458 |
| | | <hr/> 11,300,547 <hr/> |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-----------------------|
| LOANS continued | | |
| MATERIALS 1.0% | | |
| Wimar Co., 5.74%, 01/03/2012 | \$ 8,455,000 | \$ 8,341,449 |
| <i>Total Loans (cost \$39,451,300)</i> | | <u>37,948,816</u> |
| SHORT-TERM INVESTMENTS 27.0% | | |
| CORPORATE BONDS 1.6% | | |
| Commercial Banks 0.7% | | |
| First Tennessee Bank, FRN, 4.04%, 08/15/2008 | 6,000,000 | <u>5,967,987</u> |
| Insurance 0.9% | | |
| Metropolitan Life Global Funding, FRN, 3.92%, 08/21/2008 | 8,000,000 | <u>7,995,062</u> |
| | Shares | Value |
| MUTUAL FUND SHARES 25.4% | | |
| Evergreen Institutional Money Market Fund, Class I, 4.31% q | 216,415,965 | <u>216,415,965</u> |
| <i>Total Short-Term Investments (cost \$230,415,967)</i> | | <u>230,379,014</u> |
| Total Investments (cost \$1,607,786,492) 180.0% | | 1,533,020,096 |
| Other Assets and Liabilities and Preferred Shares (80.0%) | | <u>(681,233,009)</u> |
| Net Assets Applicable to Common Shareholders 100.0% | | <u>\$ 851,787,087</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.

* 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.

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 January 31, 2008, the Fund had the following open interest rate swap agreements:

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| <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> |
|-------------------|------------------------|---------------------------|------------------------------------|--|-------------------------------|
| 7/02/2008 | \$100,000,000 | JPMorgan Chase & Co. | Fixed 2.737% | Floating 4.60% ¹ | \$314,810 |
| 11/26/2008 | 65,000,000 | Merrill Lynch & Co., Inc. | Fixed 3.585% | Floating 3.29% ² | (481,836) |

1 This rate represents the 1 month USD London InterBank Offered Rate (LIBOR) effective for the period of January 2, 2008 through February 4, 2008.

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

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

| <u>Expiration</u> | <u>Counterparty</u> | <u>Reference Index</u> | <u>Notional Amount</u> | <u>Fixed Payments Made by the Fund</u> | <u>Frequency of Payments Made</u> | <u>Unrealized Loss</u> |
|-------------------|---------------------------|---|------------------------|--|-----------------------------------|------------------------|
| 12/12/2012 | Goldman Sachs Group, Inc. | Dow Jones CDX, North America Investment Grade Index | \$9,210,000 | 3.75% | Quarterly | \$780,530 |
| 12/13/2049 | Goldman Sachs Group, Inc. | Dow Jones CDX, North America Investment Grade Index | 2,450,000 | 0.27% | Quarterly | 585,305 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2008 (unaudited)

On January 31, 2008, the aggregate cost of securities for federal income tax purposes was \$1,609,163,831. The gross unrealized appreciation and depreciation on securities based on tax cost was \$3,858,841 and \$80,002,576, respectively, with a net unrealized depreciation of \$76,143,735.

As of January 31, 2008, the Fund had unfunded loan commitments of \$21,198,538.

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 holders 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.

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 agreements to manage the Funds exposure to interest rates. A swap agreement is an exchange of cash payments between the Fund and another party based on a notional principal amount. Cash payments or receipts are recorded as realized gains or losses. The value of the swap agreements is marked-to-market daily based upon quotations from market makers and any change in value is recorded as an unrealized gain or loss. 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.

Credit default swaps

The Fund may enter into credit default swaps. Credit default swaps involve an exchange of a fixed rate premium for protection against the loss in value of an underlying debt instrument 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. In return, the party agrees to purchase the notional amount of the underlying instrument, at par, if a credit event occurs during the term of the swap. Periodic payments are recorded as realized gains or losses. 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 Fund may enter into credit default swaps as either the guarantor or the counterparty.

Swaps are marked-to-market daily based on quotations from market makers and any change in value is recorded as an unrealized gain or loss. 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 counterparty 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.

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

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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.

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: [March 30, 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: [March 30, 2008](#)

By: _____

[Kasey Phillips](#)
Principal Financial Officer

Date: [March 30, 2008](#)