

EVERGREEN INCOME ADVANTAGE FUND  
Form N-Q  
March 30, 2007

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

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Evergreen Income Advantage Fund

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(Exact name of registrant as specified in charter)

200 Berkeley Street  
Boston, Massachusetts 02116

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(Address of principal executive offices) (Zip code)

Michael H. Koonce, Esq.  
200 Berkeley Street  
Boston, Massachusetts 02116

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(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, 2007. This one series has an April 30 fiscal year end.

Date of reporting period: January 31, 2007

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## Item 1 Schedule of Investments

**EVERGREEN INCOME ADVANTAGE FUND  
SCHEDULE OF INVESTMENTS**

January 31, 2007 (unaudited)

	Principal Amount	Value
<b>CORPORATE BONDS 135.1%</b>		
<b>CONSUMER DISCRETIONARY 45.9%</b>		
<b>Auto Components 6.9%</b>		
Accuride Corp., 8.50%, 02/01/2015	\$ 7,250,000	\$ 7,105,000
Goodyear Tire & Rubber Co., 9.00%, 07/01/2015	7,000,000	7,577,500
Lear Corp., 8.75%, 12/01/2016	14,000,000	14,035,000
Tenneco Automotive, Inc., 8.625%, 11/15/2014	14,350,000	14,959,875
TRW Automotive, Inc.:		
9.375%, 02/15/2013	3,500,000	3,762,500
11.00%, 02/15/2013	10,500,000	11,550,000
Visteon Corp., 8.25%, 08/01/2010	8,100,000	8,140,500
		<u>67,130,375</u>
<b>Automobiles 1.5%</b>		
Ford Motor Co., 7.45%, 07/16/2031	5,700,000	4,652,625
General Motors Corp., 8.375%, 07/15/2033	10,000,000	9,462,500
		<u>14,115,125</u>
<b>Diversified Consumer Services 1.2%</b>		
Carriage Services, Inc., 7.875%, 01/15/2015	3,600,000	3,604,500
Education Management, LLC:		
8.75%, 06/01/2014	3,750,000	3,956,250
10.25%, 06/01/2016	4,250,000	4,590,000
		<u>12,150,750</u>
<b>Hotels, Restaurants &amp; Leisure 6.0%</b>		
Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/2010	10,000,000	10,950,000
Mandalay Resort Group, Ser. B, 10.25%, 08/01/2007	15,000,000	15,356,250
MGM MIRAGE, Inc., 9.75%, 06/01/2007	13,750,000	13,973,437
Town Sports International, Inc., 9.625%, 04/15/2011	4,057,000	4,290,278
Universal City Development Partners, Ltd., 11.75%, 04/01/2010	12,750,000	13,658,438
		<u>58,228,403</u>
<b>Household Durables 3.3%</b>		
Hovnanian Enterprises, Inc., 7.75%, 05/15/2013	7,000,000	7,000,000
Jarden Corp., 9.75%, 05/01/2012	9,125,000	9,706,719
Libbey, Inc., FRN, 12.35%, 06/01/2011 144A	7,100,000	7,703,500
Standard Pacific Corp., 9.25%, 04/15/2012	7,000,000	7,227,500
		<u>31,637,719</u>
<b>Media 14.5%</b>		
AMC Entertainment, Inc.:		
9.875%, 02/01/2012	5,000,000	5,281,250
Ser. B, 8.625%, 08/15/2012	11,430,000	12,072,937
American Media Operations, Inc., Ser. B, 10.25%, 05/01/2009	7,000,000	6,737,500

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Cablevision Systems Corp., Ser. B, 8.00%, 04/15/2012	7,010,000	7,106,388
CCH I, LLC:		
11.00%, 10/01/2015	2,750,000	2,846,250
13.50%, 01/15/2014	2,000,000	1,990,000
Cinemark USA, Inc., 9.00%, 02/01/2013	8,185,000	8,737,487
Dex Media East, LLC:		
9.875%, 11/15/2009	11,500,000	12,103,750
12.125%, 11/15/2012	7,000,000	7,717,500
Mediacom Broadband, LLC, 8.50%, 10/15/2015 144A	5,000,000	5,087,500
Mediacom Communications Corp., 9.50%, 01/15/2013	21,250,000	21,940,625
Paxson Communications Corp., FRN, 11.61%, 01/15/2013 144A	9,000,000	9,405,000
R.H. Donnelley Corp., 10.875%, 12/15/2012	12,000,000	13,110,000
Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012	12,500,000	12,906,250
Sirius Satellite Radio, Inc., 9.625%, 08/01/2013	6,200,000	6,200,000
Visant Corp., 7.625%, 10/01/2012	7,465,000	7,651,625
		<u>140,894,062</u>

**EVERGREEN INCOME ADVANTAGE FUND**  
**SCHEDULE OF INVESTMENTS** continued

January 31, 2007 (unaudited)

	Principal Amount	Value
<b>CORPORATE BONDS continued</b>		
<b>CONSUMER DISCRETIONARY continued</b>		
<b>Multi-line Retail 1.6%</b>		
Neiman Marcus Group, Inc.:		
9.00%, 10/15/2015	\$ 7,000,000	\$ 7,700,000
10.375%, 10/15/2015	7,000,000	<u>7,857,500</u>
		<u>15,557,500</u>
<b>Specialty Retail 6.2%</b>		
American Achievement Corp., 8.25%, 04/01/2012	6,155,000	6,301,181
Baker & Taylor, Inc., 11.50%, 07/01/2013 144A	8,000,000	8,320,000
Central Garden & Pet Co., 9.125%, 02/01/2013	7,000,000	7,332,500
Linens n Things, Inc., FRN, 11.00%, 01/15/2014	7,450,000	7,263,750
Michaels Stores, Inc.:		
10.00%, 11/01/2014 144A	5,150,000	5,523,375
11.375%, 11/01/2016 144A	3,900,000	4,231,500
Sally Beauty Holdings, Inc.:		
9.25%, 11/15/2014 144A	3,625,000	3,738,281
10.50%, 11/15/2016 144A	2,700,000	2,784,375
United Auto Group, Inc., 9.625%, 03/15/2012	13,500,000	<u>14,242,500</u>
		<u>59,737,462</u>
<b>Textiles, Apparel &amp; Luxury Goods 4.7%</b>		
Levi Strauss & Co.:		
9.75%, 01/15/2015	14,025,000	15,217,125
12.25%, 12/15/2012	6,500,000	7,223,125
Norcross Safety Products, LLC, Ser. B, 9.875%, 08/15/2011o	2,750,000	2,942,500
Oxford Industries, Inc., 8.875%, 06/01/2011	12,000,000	12,480,000
Unifi, Inc., 11.50%, 05/15/2014	4,864,000	4,645,120
Warnaco Group, Inc., 8.875%, 06/15/2013	3,200,000	<u>3,416,000</u>
		<u>45,923,870</u>
<b>CONSUMER STAPLES 3.9%</b>		
<b>Food &amp; Staples Retailing 0.8%</b>		
Ingles Markets, Inc., 8.875%, 12/01/2011	7,000,000	<u>7,341,250</u>
<b>Food Products 1.8%</b>		
Del Monte Foods Co., 8.625%, 12/15/2012	13,220,000	14,013,200
Pilgrims Pride Corp., 8.375%, 05/01/2017	3,500,000	<u>3,465,000</u>
		<u>17,478,200</u>
<b>Personal Products 1.3%</b>		
Playtex Products, Inc., 8.00%, 03/01/2011	12,100,000	<u>12,720,125</u>
<b>ENERGY 13.3%</b>		
<b>Energy Equipment &amp; Services 3.1%</b>		
Dresser-Rand Group, Inc., 7.375%, 11/01/2014	5,616,000	5,658,120
GulfMark Offshore, Inc., 7.75%, 07/15/2014	4,100,000	4,161,500
Hanover Compressor Co., 8.75%, 09/01/2011	7,000,000	7,315,000

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Parker Drilling Co., 9.625%, 10/01/2013	11,955,000	<u>13,105,669</u>
		<u>30,240,289</u>
<b>Oil, Gas &amp; Consumable Fuels 10.2%</b>		
ANR Pipeline Co., 8.875%, 03/15/2010	2,735,000	2,877,504
Chesapeake Energy Corp.:		
7.50%, 09/15/2013	7,000,000	7,210,000
7.75%, 01/15/2015	7,750,000	7,982,500
El Paso Corp.:		
7.75%, 06/01/2013	10,500,000	10,920,000
7.875%, 06/15/2012	7,000,000	7,437,500
Griffin Coal Mining Co., 9.50%, 12/01/2016 144A	14,000,000	14,595,000
Overseas Shipholding Group, Inc., 8.25%, 03/15/2013	12,050,000	12,712,750

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**EVERGREEN INCOME ADVANTAGE FUND**  
**SCHEDULE OF INVESTMENTS** continued

January 31, 2007 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS continued</b>		
<b>ENERGY continued</b>		
<b>Oil, Gas &amp; Consumable Fuels continued</b>		
Premcor Refining Group, Inc., 9.50%, 02/01/2013	\$ 6,500,000	\$ 6,997,276
Regency Energy Partners, LP, 8.375%, 12/15/2013 144A	3,125,000	3,148,438
Targa Resources, Inc., 8.50%, 11/01/2013 144A	7,250,000	7,304,375
Williams Cos.:		
7.50%, 01/15/2031	6,750,000	7,053,750
8.125%, 03/15/2012	9,750,000	10,542,187
		<u>98,781,280</u>
<b>FINANCIALS 11.2%</b>		
<b>Consumer Finance 7.2%</b>		
CCH II Capital Corp., 10.25%, 09/15/2010	14,250,000	14,873,437
Ford Motor Credit Corp., 9.75%, 09/15/2010 144A	21,174,000	22,603,457
Hexion U.S. Finance Corp., 9.75%, 11/15/2014 144A	7,400,000	7,770,000
Northern Telecom Capital Corp., 7.875%, 06/15/2026	9,000,000	8,437,500
Terra Capital, Inc., 11.50%, 06/01/2010	9,300,000	10,044,000
Triad Financial Corp., Ser. B, 11.125%, 05/01/2013	6,500,000	6,272,500
		<u>70,000,894</u>
<b>Insurance 1.0%</b>		
Crum & Forster Holdings Corp., 10.375%, 06/15/2013	8,750,000	9,493,750
<b>Real Estate Investment Trusts 2.8%</b>		
Crescent Real Estate Equities Co., 9.25%, 04/15/2009	17,425,000	17,882,407
Omega Healthcare Investors, Inc., 7.00%, 04/01/2014	1,400,000	1,407,000
Thornburg Mortgage, Inc., 8.00%, 05/15/2013	7,825,000	7,825,000
		<u>27,114,407</u>
<b>Real Estate Management &amp; Development 0.2%</b>		
Buffalo Thunder Development Authority, 9.375%, 12/15/2014 144A	2,100,000	2,144,625
<b>HEALTH CARE 7.5%</b>		
<b>Health Care Equipment &amp; Supplies 1.6%</b>		
Universal Hospital Services, Inc., 10.125%, 11/01/2011	14,715,000	15,708,262
<b>Health Care Providers &amp; Services 5.9%</b>		
HCA, Inc.:		
8.75%, 09/01/2010	19,750,000	20,638,750
9.25%, 11/15/2016 144A	13,359,000	14,227,335
HealthSouth Corp., 10.75%, 06/15/2016 144A	3,525,000	3,890,719
IASIS Healthcare Corp., 8.75%, 06/15/2014	10,600,000	10,878,250
Select Medical Corp., 7.625%, 02/01/2015	8,150,000	7,335,000
		<u>56,970,054</u>
<b>INDUSTRIALS 6.9%</b>		
<b>Commercial Services &amp; Supplies 1.8%</b>		
Allied Waste North America, Inc., 9.25%, 09/01/2012	16,500,000	17,551,875
<b>Machinery 4.3%</b>		

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Case New Holland, Inc., 9.25%, 08/01/2011	26,125,000	27,823,125
Commercial Vehicle Group, Inc., 8.00%, 07/01/2013	3,950,000	3,900,625
RBS Global, Inc., 9.50%, 08/01/2014 144A	9,250,000	<u>9,620,000</u>
		<u>41,343,750</u>
<b>Road &amp; Rail 0.8%</b>		
Hertz Corp., 10.50%, 01/01/2016	7,000,000	<u>7,910,000</u>

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**EVERGREEN INCOME ADVANTAGE FUND**  
**SCHEDULE OF INVESTMENTS** continued

January 31, 2007 (unaudited)

	Principal Amount	Value
<b>CORPORATE BONDS</b> continued		
<b>INFORMATION TECHNOLOGY 8.1%</b>		
<b>Electronic Equipment &amp; Instruments 1.5%</b>		
Da-Lite Screen Co., Inc., 9.50%, 05/15/2011	\$ 8,850,000	\$ 9,336,750
NXP Funding, LLC, 9.50%, 10/15/2015 144A	5,500,000	5,713,125
		<u>15,049,875</u>
<b>IT Services 3.7%</b>		
CompuCom Systems, Inc., 12.00%, 11/01/2014 144A	8,625,000	8,970,000
SunGard Data Systems, Inc.:		
9.125%, 08/15/2013	21,350,000	22,577,625
10.25%, 08/15/2015	4,150,000	4,482,000
		<u>36,029,625</u>
<b>Semiconductors &amp; Semiconductor Equipment 1.3%</b>		
Conexant Systems, Inc., 9.13%, 11/15/2010 144A	1,400,000	1,428,000
Freescale Semiconductor, Inc., 10.125%, 12/15/2016 144A	3,500,000	3,500,000
Spansion, LLC, 11.25%, 01/15/2016 144A	7,000,000	7,402,500
		<u>12,330,500</u>
<b>Software 1.6%</b>		
UGS Corp., 10.00%, 06/01/2012	14,060,000	15,466,000
<b>MATERIALS 19.7%</b>		
<b>Chemicals 7.3%</b>		
Equistar Chemicals, LP, 10.625%, 05/01/2011	14,000,000	14,910,000
Huntsman Advanced Materials, LLC, 11.625%, 10/15/2010	7,000,000	7,665,000
Huntsman International, LLC, 11.50%, 07/15/2012	15,085,000	17,196,900
Lyondell Chemical Co.:		
10.50%, 06/01/2013	11,565,000	12,822,693
11.125%, 07/15/2012	4,435,000	4,795,344
Tronox Worldwide, LLC, 9.50%, 12/01/2012	12,750,000	13,578,750
		<u>70,968,687</u>
<b>Containers &amp; Packaging 5.4%</b>		
Crown Americas, Inc., 7.75%, 11/15/2015	5,000,000	5,200,000
Graham Packaging Co., 9.875%, 10/15/2014	7,250,000	7,503,750
Graphic Packaging International, Inc.:		
8.50%, 08/15/2011	5,000,000	5,212,500
9.50%, 08/15/2013	10,000,000	10,650,000
Owens-Brockway Glass Containers, Inc.:		
8.25%, 05/15/2013	10,525,000	11,024,938
8.75%, 11/15/2012	12,150,000	12,909,375
		<u>52,500,563</u>
<b>Metals &amp; Mining 2.9%</b>		
Aleris International, Inc., 9.00%, 12/15/2014 144A	2,525,000	2,632,313
Freeport-McMoRan Copper & Gold, Inc., 10.125%, 02/01/2010	9,680,000	10,224,500
Indalex Holding Corp., 11.50%, 02/01/2014 144A	9,000,000	9,585,000



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Momentive Performance, 9.75%, 12/01/2014 144A	5,600,000	<u>5,768,000</u>
		<u>28,209,813</u>
<b>Paper &amp; Forest Products 4.1%</b>		
Bowater, Inc., 9.375%, 12/15/2021	7,000,000	7,245,000
Buckeye Technologies, Inc., 8.50%, 10/01/2013	7,500,000	8,025,000
Georgia Pacific Corp.:		
8.00%, 01/15/2024	4,170,000	4,211,700
8.125%, 05/15/2011	5,000,000	5,275,000
Verso Paper Holdings, LLC:		
9.125%, 08/01/2014 144A	4,175,000	4,404,625
11.375%, 08/01/2016 144A	10,000,000	10,650,000
		<u>39,811,325</u>

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**EVERGREEN INCOME ADVANTAGE FUND**  
**SCHEDULE OF INVESTMENTS** continued

January 31, 2007 (unaudited)

	Principal Amount	Value
<b>CORPORATE BONDS</b> continued		
<b>TELECOMMUNICATION SERVICES 11.1%</b>		
<b>Diversified Telecommunication Services 4.4%</b>		
Citizens Communications Co., 9.25%, 05/15/2011	\$ 7,000,000	\$ 7,787,500
Consolidated Communications, Inc., 9.75%, 04/01/2012	7,800,000	8,326,500
Insight Midwest, LP, 9.75%, 10/01/2009	4,156,000	4,239,120
Qwest Communications International, Inc.:		
7.875%, 09/01/2011	7,300,000	7,792,750
8.875%, 03/15/2012	13,000,000	14,495,000
		<u>42,640,870</u>
<b>Wireless Telecommunication Services 6.7%</b>		
Alamosa Holdings, Inc., 11.00%, 07/31/2010	3,400,000	3,654,694
American Cellular Corp., 10.00%, 08/01/2011	5,500,000	5,857,500
Centennial Communications Corp.:		
10.00%, 01/01/2013	3,500,000	3,771,250
10.125%, 06/15/2013	10,000,000	10,837,500
Cricket Communications, Inc., 9.375%, 11/01/2014 144A	3,000,000	3,165,000
Dobson Communications Corp., 8.375%, 11/01/2011	3,500,000	3,714,375
Horizon PCS, Inc., 11.375%, 07/15/2012	4,975,000	5,547,125
Rural Cellular Corp.:		
8.25%, 03/15/2012	13,500,000	14,141,250
9.75%, 01/15/2010	7,350,000	7,588,875
UbiquiTel, Inc., 9.875%, 03/01/2011	3,375,000	3,628,621
US Unwired, Inc., Ser. B, 10.00%, 06/15/2012	3,325,000	3,635,329
		<u>65,541,519</u>
<b>UTILITIES 7.5%</b>		
<b>Electric Utilities 3.4%</b>		
Mirant Americas Generation LLC, 8.50%, 10/01/2021	7,000,000	7,140,000
Mirant North America LLC, 7.375%, 12/31/2013	4,025,000	4,125,625
Reliant Energy, Inc.:		
9.25%, 07/15/2010	7,000,000	7,385,000
9.50%, 07/15/2013	13,000,000	14,007,500
		<u>32,658,125</u>
<b>Independent Power Producers &amp; Energy Traders 4.1%</b>		
AES Corp., 9.00%, 05/15/2015 144A	16,250,000	17,468,750
Dynegy, Inc., 8.375%, 05/01/2016	21,250,000	22,578,125
		<u>40,046,875</u>
		<u>1,311,427,804</u>
<b>YANKEE OBLIGATIONS-CORPORATE 8.2%</b>		
<b>CONSUMER DISCRETIONARY 1.5%</b>		
<b>Media 1.5%</b>		
IMAX Corp., 9.625%, 12/01/2010	9,950,000	9,154,000
National Cable plc, 9.125%, 08/15/2016	5,113,000	5,432,562
		<u>14,586,562</u>

<b>FINANCIALS 0.9%</b>		
<b>Diversified Financial Services 0.9%</b>		
Ship Finance International, Ltd., 8.50%, 12/15/2013	8,640,000	8,748,000
<b>MATERIALS 2.3%</b>		
<b>Chemicals 0.7%</b>		
Ineos Group Holdings plc, 8.50%, 02/15/2016 144A	7,500,000	7,218,750
<b>Metals &amp; Mining 1.6%</b>		
Novelis, Inc., FRN, 7.25%, 02/15/2015	14,750,000	15,192,500

**EVERGREEN INCOME ADVANTAGE FUND**  
**SCHEDULE OF INVESTMENTS** continued

January 31, 2007 (unaudited)

	Principal Amount	Value
<b>YANKEE OBLIGATIONS-CORPORATE</b> continued		
<b>TELECOMMUNICATION SERVICES 3.5%</b>		
<b>Wireless Telecommunication Services 3.5%</b>		
Intelsat, Ltd.:		
9.25%, 06/15/2016 144A	\$ 13,900,000	\$ 15,324,750
11.25%, 06/15/2016 144A	8,800,000	9,988,000
	7,000,000	7,945,000
<hr/>		
Rogers Wireless, Inc., 9.625%, 05/01/2011		33,257,750
		<hr/> 79,003,562
<hr/>		
<i>Total Yankee Obligations-Corporate (cost \$77,371,789)</i>		
<b>DEBT OBLIGATIONS 1.3%</b>		
Blue Grass Energy Corp. Loan, FRN, 10.32%, 12/30/2013 (cost \$12,450,000)	12,450,000	12,600,023
<hr/>		
<b>SHORT-TERM INVESTMENTS 18.7%</b>		
<b>COMMERCIAL PAPER 5.8%</b>		
Aegis Finance, LLC, 5.32%, 02/09/2007	3,978,840	3,978,840
Cancara Asset Securitization, LLC, 5.29%, 02/13/2007	6,667,664	6,667,664
First Tennessee Bank, 5.33%, 02/20/2007	6,000,006	6,000,006
Gemini Securitization Corp., 5.31%, 02/08/2007	3,979,467	3,979,467
Gotham Funding Corp., 5.30%, 02/05/2007	4,478,240	4,478,240
Lafayette Asset, 5.30%, 02/20/2007	6,959,011	6,959,011
Legacy Capital Co., LLC, 5.29%, 02/20/2007	3,983,019	3,983,019
Liberty Street Funding Co., 5.29%, 02/16/2007	6,664,758	6,664,758
Metropolitan Life Global Funding, 5.31%, 02/22/2007	6,500,000	6,500,000
Sheffield Receivables Corp., 5.29%, 02/15/2007	6,665,737	6,665,737
		<hr/> 55,876,742
<hr/>		
<b>REPURCHASE AGREEMENTS * 7.4%</b>		
Bank of America Corp., 5.33%, dated 01/31/2007, maturing 02/01/2007; maturity value is \$21,991,220	21,987,965	21,987,965
Cantor Fitzgerald & Co., 5.31%, dated 01/31/2007, maturing 02/01/2007; maturity value is \$25,003,688	25,000,000	25,000,000
Nomura Securities Co., 5.29%, dated 01/31/2007, maturing 02/01/2007; maturity value is \$25,003,674	25,000,000	25,000,000
		<hr/> 71,987,965
<hr/>		
<b>TIME DEPOSITS 1.8%</b>		
Dexia Credit Local, 5.34%, 02/01/2007	5,000,000	5,000,000
Sun Trust Bank, Inc., 5.33%, 02/01/2007	6,500,000	6,500,000
Ulster Bank, Ltd., 5.34%, 02/01/2007	6,000,000	6,000,000
		<hr/> 17,500,000
<hr/>		
<b>YANKEE OBLIGATIONS-CORPORATE 0.9%</b>		
Natexis Banques Populaires, 5.34%, 02/01/2007	5,000,000	5,000,000
Societe Generale, 5.33%, 02/01/2007	4,000,000	4,000,000
		<hr/> 9,000,000
<hr/>		

	Shares	Value
<b>MUTUAL FUND SHARES 2.8%</b>		
Evergreen Institutional Money Market Fund, Class I, 5.21% q ø	27,253,083	27,253,083
<i>Total Short Term Investments (cost \$181,617,790)</i>		181,617,790
<b>Total Investments (cost \$1,565,880,415) 163.3%</b>		1,584,649,179
<b>Other Assets and Liabilities and Preferred Shares (63.3%)</b>		(613,971,213)
<b>Net Assets Applicable to Common Shareholders 100.0%</b>		<u>\$ 970,677,966</u>

**EVERGREEN INCOME ADVANTAGE FUND**  
**SCHEDULE OF INVESTMENTS** continued

**January 31, 2007 (unaudited)**

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.
- o Security is valued at fair value as determined by the investment advisor in good faith, according to procedures approved by the Board of Trustees.  
Represents investment of cash collateral received from securities on loan.
  - \* Collateralized by U.S. Government Agency Obligations at period end.
  - 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 January 31, 2007, the Fund had the following open interest rate swap agreements:

<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</u>
7/02/2008	100,000,000	JPMorgan Chase & Co.	Fixed	2.74%	Floating-5.33% <sup>1</sup>	\$ 3,784,640
11/26/2008	65,000,000	Merrill Lynch & Co., Inc.	Fixed	3.59%	Floating-5.32% <sup>2</sup>	1,870,574

<sup>1</sup> This rate represents the 1 month USD London InterBank Offered Rate (LIBOR) effective for the period of January 3, 2007 through February 2, 2007.

<sup>2</sup> This rate represents the 1 month USD London InterBank Offered Rate (LIBOR) effective for the period of January 26, 2007 through February 26, 2007.

On January 31, 2007, the aggregate cost of securities for federal income tax purposes was \$1,565,948,415. The gross unrealized appreciation and depreciation on securities based on tax cost was \$36,028,328 and \$17,327,564, respectively, with a net unrealized appreciation of \$18,700,764.

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**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: /s/ Dennis H. Ferro  
Dennis H. Ferro,  
Principal Executive Officer

Date: March 30, 2007

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/ Dennis H. Ferro  
Dennis H. Ferro,  
Principal Executive Officer

Date: March 30, 2007

By: /s/ Kasey Phillips  
Kasey Phillips  
Principal Financial Officer

Date: March 30, 2007

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