

EVERGREEN INCOME ADVANTAGE FUND
Form N-Q
September 29, 2005

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 July 31, 2005. This one series have an April 30 fiscal year end.

Date of reporting period: July 2005

Item 1 Schedule of Investments

**EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS**

Edgar Filing: EVERGREEN INCOME ADVANTAGE FUND - Form N-Q

July 31, 2005 (unaudited)

| | Principal Amount | Value |
|--|---------------------|--------------------|
| CORPORATE BONDS 132.5% | | |
| CONSUMER DISCRETIONARY 43.6% | | |
| Auto Components 2.2% | | |
| Dura Operating Corp., Ser. B, 8.625%, 04/15/2012 þ | \$ 4,250,000 | \$ 4,058,750 |
| HLI Operating Co., Inc., 10.50%, 06/15/2010 | 3,355,000 | 3,388,550 |
| Tenneco Automotive, Inc., 8.625%, 11/15/2014 þ | 14,350,000 | 15,067,500 |
| | | <u>22,514,800</u> |
| Diversified Consumer Services 1.5% | | |
| Carriage Services, Inc., 7.875%, 01/15/2015 144A | 3,600,000 | 3,780,000 |
| Service Corporation International: | | |
| 6.75%, 04/01/2016 þ | 7,475,000 | 7,708,594 |
| 7.00%, 06/15/2017 144A | 3,700,000 | 3,815,625 |
| | | <u>15,304,219</u> |
| Hotels, Restaurants & Leisure 11.8% | | |
| Ameristar Casinos, Inc., 10.75%, 02/15/2009 | 10,000,000 | 10,875,000 |
| Equinox Holdings, Inc., 9.00%, 12/15/2009 þ | 10,930,000 | 11,421,850 |
| Herbst Gaming, Inc., 7.00%, 11/15/2014 | 7,300,000 | 7,464,250 |
| Inn of The Mountain Gods Resort & Casino, 12.00%, 11/15/2010 | 7,000,000 | 8,111,250 |
| Isle of Capri Casinos, Inc., 7.00%, 03/01/2014 þ | 7,500,000 | 7,593,750 |
| John Q. Hammons Hotels, LP, Ser. B, 8.875%, 05/15/2012 | 12,995,000 | 14,310,744 |
| La Quinta Corp., 8.875%, 03/15/2011 | 10,500,000 | 11,431,875 |
| Las Vegas Sands Corp., 6.375%, 02/15/2015 þ | 5,830,000 | 5,742,550 |
| Mandalay Resort Group, Ser. B, 10.25%, 08/01/2007 | 10,000,000 | 10,975,000 |
| Seneca Gaming Corp., Ser. B, 7.25%, 05/01/2012 144A | 3,500,000 | 3,648,750 |
| Station Casinos, Inc.: | | |
| 6.50%, 02/01/2014 þ | 2,255,000 | 2,322,650 |
| 6.875%, 03/01/2016 þ | 3,650,000 | 3,777,750 |
| 6.875%, 03/01/2016 144A | 6,225,000 | 6,442,875 |
| Town Sports International, Inc., 9.625%, 04/15/2011 þ | 6,325,000 | 6,744,031 |
| Wynn Resorts, Ltd., 6.625%, 12/01/2014 | 7,480,000 | 7,321,050 |
| | | <u>118,183,375</u> |
| Household Durables 3.2% | | |
| Amscan Holdings, Inc., 8.75%, 05/01/2014 | 7,450,000 | 6,928,500 |
| Hovnanian Enterprises, Inc., 7.75%, 05/15/2013 þ | 7,000,000 | 7,455,000 |
| Jarden Corp., 9.75%, 05/01/2012 | 6,475,000 | 6,968,719 |
| Meritage Homes Corp., 6.25%, 03/15/2015 | 4,050,000 | 3,928,500 |
| Technical Olympic USA, Inc.: | | |
| 7.50%, 03/15/2011 | 1,500,000 | 1,447,500 |
| 10.375%, 07/01/2012 | 4,800,000 | 5,136,000 |
| | | <u>31,864,219</u> |
| Leisure Equipment & Products 0.6% | | |
| Riddell Bell Holdings, Inc., 8.375%, 10/01/2012 þ | 6,105,000 | 6,257,625 |

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| | Principal Amount | Value |
|--|---------------------|------------|
| Media 16.8% | | |
| AMC Entertainment, Inc.: | | |
| 9.875%, 02/01/2012 p | 14,000,000 | 14,210,000 |
| Ser. B, 8.625%, 08/15/2012 p | 11,430,000 | 11,915,775 |
| Cablevision Systems Corp., Ser. B, 8.00%, 04/15/2012 p | 15,635,000 | 15,791,350 |
| CCO Holdings, LLC, 8.75%, 11/15/2013 p | 7,500,000 | 7,537,500 |
| Charter Communications, Inc., 8.625%, 04/01/2009 p | 14,000,000 | 11,270,000 |
| Cinemark USA, Inc.: | | |
| 9.00%, 02/01/2013 | 12,000,000 | 12,690,000 |
| Sr. Disc. Note, Step Bond, 0.00%, 03/15/2014 ## | 7,225,000 | 5,021,375 |
| CSC Holdings, Inc., 7.625%, 04/01/2011 p | 7,000,000 | 7,087,500 |
| Dex Media East, LLC, 9.875%, 11/15/2009 | 13,500,000 | 14,883,750 |

[1]

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2005 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------------------------|
| CORPORATE BONDS continued | | |
| CONSUMER DISCRETIONARY continued | | |
| Media continued | | |
| Emmis Communications Corp.: | | |
| 6.875%, 05/15/2012 p | \$ 7,350,000 | \$ 7,386,750 |
| FRN, 9.31%, 06/15/2012 144A p | 4,150,000 | 4,175,938 |
| Houghton Mifflin Co., 8.25%, 02/01/2011 | 7,125,000 | 7,525,781 |
| Marquee Holdings, Inc., Sr. Disc. Note, Step Bond, 0.00%, 08/15/2014 p | 12,850,000 | 7,967,000 |
| Mediacom Communications Corp., 9.50%, 01/15/2013 p | 15,250,000 | 15,669,375 |
| PRIMEDIA, Inc., 8.875%, 05/15/2011 | 5,030,000 | 5,325,512 |
| Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012 p | 12,500,000 | 12,968,750 |
| Visant Corp., 7.625%, 10/01/2012 | 7,465,000 | 7,595,637 |
| | | <hr/> 169,021,993 <hr/> |
| Specialty Retail 4.8% | | |
| American Achievement Corp., 8.25%, 04/01/2012 | 6,155,000 | 6,416,588 |
| Central Garden & Pet Co., 9.125%, 02/01/2013 | 7,000,000 | 7,595,000 |
| CSK Auto, Inc., 7.00%, 01/15/2014 | 7,675,000 | 7,425,562 |
| FTD, Inc., 7.75%, 02/15/2014 | 7,359,000 | 7,469,385 |
| PETCO Animal Supplies, Inc., 10.75%, 11/01/2011 | 10,000,000 | 11,150,000 |
| United Auto Group, Inc., 9.625%, 03/15/2012 | 8,000,000 | 8,660,000 |
| | | <hr/> 48,716,535 <hr/> |
| Textiles, Apparel & Luxury Goods 2.7% | | |
| Levi Strauss & Co., 9.75%, 01/15/2015 p | 7,025,000 | 7,411,375 |
| Norcross Safety Products, LLC, Ser. B, 9.875%, 08/15/2011 | 2,750,000 | 2,921,875 |
| Oxford Industries, Inc., 8.875%, 06/01/2011 | 12,000,000 | 12,930,000 |
| Warnaco Group, Inc., 8.875%, 06/15/2013 | 3,200,000 | 3,536,000 |
| | | <hr/> 26,799,250 <hr/> |

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| | Principal Amount | Value |
|---|---------------------|-------------------|
| CONSUMER STAPLES 5.7% | | |
| Food & Staples Retailing 1.6% | | |
| Ingles Markets, Inc., 8.875%, 12/01/2011 p | 7,000,000 | 7,437,500 |
| Roundy s, Inc., Ser. B, 8.875%, 06/15/2012 p | 8,175,000 | 8,706,375 |
| | | <u>16,143,875</u> |
| Food Products 1.6% | | |
| B&G Foods Holdings Corp., 8.00%, 10/01/2011 p | 585,000 | 605,475 |
| Del Monte Foods Co.: | | |
| 6.75%, 02/15/2015 144A | 1,600,000 | 1,652,000 |
| 8.625%, 12/15/2012 | 9,217,000 | 10,184,785 |
| Michael Foods, Inc., 8.00%, 11/15/2013 | 3,400,000 | 3,510,500 |
| | | <u>15,952,760</u> |
| Household Products 0.8% | | |
| Spectrum Brands, Inc., 7.375%, 02/01/2015 144A | 8,010,000 | 7,949,925 |
| Personal Products 1.0% | | |
| Playtex Products, Inc., 8.00%, 03/01/2011 | 9,000,000 | 9,675,000 |
| Tobacco 0.7% | | |
| Commonwealth Brands, Inc., 10.625%, 09/01/2008 144A | 7,000,000 | 7,437,500 |
| ENERGY 14.8% | | |
| Energy Equipment & Services 3.5% | | |
| Dresser, Inc., 9.375%, 04/15/2011 | 14,000,000 | 14,770,000 |
| GulfMark Offshore, Inc., 7.75%, 07/15/2014 | 4,100,000 | 4,371,625 |
| Parker Drilling Co.: | | |
| 9.625%, 10/01/2013 p | 3,830,000 | 4,366,200 |
| 9.625%, 10/01/2013 144A | 8,125,000 | 9,262,500 |
| SESI, LLC, 8.875%, 05/15/2011 | 2,000,000 | 2,135,000 |
| | | <u>34,905,325</u> |

[2]

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2005 (unaudited)

| | Principal Amount | Value |
|--|---------------------|-------|
|--|---------------------|-------|

CORPORATE BONDS continued

ENERGY continued

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| | Principal Amount | Value |
|--|---------------------|-------------------------|
| Oil, Gas & Consumable Fuels 11.3% | | |
| Chesapeake Energy Corp.: 6.375%, 06/15/2015 | \$ 5,375,000 | \$ 5,549,687 |
| 6.875%, 01/15/2016 p | 13,360,000 | 13,927,800 |
| 7.50%, 09/15/2013 | 7,000,000 | 7,603,750 |
| 7.75%, 01/15/2015 | 3,500,000 | 3,797,500 |
| El Paso Corp.: | | |
| 7.75%, 01/15/2032 p | 4,650,000 | 4,731,375 |
| 7.875%, 06/15/2012 p | 14,550,000 | 15,350,250 |
| El Paso Production Holding Co., 7.75%, 06/01/2013 | 10,500,000 | 11,195,625 |
| Exco Resources, Inc., 7.25%, 01/15/2011 | 2,245,000 | 2,306,738 |
| Overseas Shipholding Group, Inc., 8.25%, 03/15/2013 | 12,050,000 | 12,833,250 |
| Peabody Energy Corp.: | | |
| 5.875%, 04/15/2016 p | 4,605,000 | 4,616,512 |
| 6.875%, 03/15/2013 p | 2,720,000 | 2,896,800 |
| Plains Exploration & Production Co., 8.75%, 07/01/2012 | 2,500,000 | 2,743,750 |
| Premcor Refining Group, Inc., 9.50%, 02/01/2013 | 6,500,000 | 7,475,000 |
| Williams Cos.: | | |
| 7.50%, 01/15/2031 | 6,750,000 | 7,543,125 |
| 8.125%, 03/15/2012 | 9,750,000 | 11,261,250 |
| | | <hr/> 113,832,412 <hr/> |
| FINANCIALS 10.2% | | |
| Consumer Finance 4.1% | | |
| General Motors Acceptance Corp.: | | |
| 5.625%, 05/15/2009 p | 8,000,000 | 7,676,840 |
| 6.125%, 09/15/2006 p | 7,200,000 | 7,249,385 |
| Metris Companies, Inc., 10.125%, 07/15/2006 p | 5,544,000 | 5,578,650 |
| Northern Telecom Capital Corp., 7.875%, 06/15/2026 | 9,000,000 | 9,247,500 |
| Terra Capital, Inc., 11.50%, 06/01/2010 p | 4,550,000 | 5,266,625 |
| Triad Financial Corp., 11.125%, 05/01/2013 144A | 6,500,000 | 6,727,500 |
| | | <hr/> 41,746,500 <hr/> |
| Diversified Financial Services 1.4% | | |
| Arch Western Finance, LLC, 6.75%, 07/01/2013 p | 3,350,000 | 3,458,875 |
| Borden US Finance Corp., 9.00%, 07/15/2014 144A | 2,200,000 | 2,285,250 |
| Qwest Capital Funding, Inc., 7.00%, 08/03/2009 p | 8,000,000 | 7,900,000 |
| | | <hr/> 13,644,125 <hr/> |
| Insurance 1.0% | | |
| Crum & Forster Holdings Corp., 10.375%, 06/15/2013 | 8,750,000 | 9,668,750 |
| Real Estate 3.7% | | |
| Crescent Real Estate Equities Co., REIT, 9.25%, 04/15/2009 | 7,425,000 | 7,944,750 |
| Host Marriott Corp., Ser. J, REIT, 7.125%, 11/01/2013 p | 15,000,000 | 15,731,250 |
| Omega Healthcare Investors, Inc., REIT: | | |
| 6.95%, 08/01/2007 | 4,255,000 | 4,318,825 |
| 7.00%, 04/01/2014 | 1,400,000 | 1,428,000 |
| Thornburg Mortgage, Inc., REIT, 8.00%, 05/15/2013 | 7,825,000 | 8,020,625 |
| | | <hr/> 37,443,450 <hr/> |

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| | Principal Amount | Value |
|--|---------------------|------------|
| HEALTH CARE 7.4% | | |
| Health Care Equipment & Supplies 1.5% | | |
| Universal Hospital Services, Inc., 10.125%, 11/01/2011 | 14,715,000 | 15,230,025 |

[3]

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2005 (unaudited)

| | Principal Amount | Value |
|--|---------------------|---------------|
| CORPORATE BONDS continued | | |
| HEALTH CARE continued | | |
| Health Care Providers & Services 5.9% | | |
| Extencicare Health Services, Inc., 9.50%, 07/01/2010 | \$ 13,000,000 | \$ 14,072,500 |
| HCA, Inc., 6.375%, 01/15/2015 p | 7,525,000 | 7,739,643 |
| IASIS Healthcare Corp., 8.75%, 06/15/2014 p | 5,100,000 | 5,578,125 |
| Select Medical Corp., 7.625%, 02/01/2015 144A | 8,150,000 | 8,088,875 |
| Team Health, Inc., 9.00%, 04/01/2012 p | 8,675,000 | 9,108,750 |
| Tenet Healthcare Corp., 9.875%, 07/01/2014 p | 13,730,000 | 14,759,750 |
| | | 59,347,643 |

INDUSTRIALS 8.1%

Commercial Services & Supplies 2.7%

| | | |
|---|------------|------------|
| Allied Waste North America, Inc.: | | |
| 5.75%, 02/15/2011 p | 7,190,000 | 6,812,525 |
| 6.375%, 04/15/2011 p | 1,025,000 | 1,008,344 |
| American Color Graphics, Inc., 10.00%, 06/15/2010 p | 7,250,000 | 5,183,750 |
| Geo Group, Inc., 8.25%, 07/15/2013 | 4,875,000 | 4,777,500 |
| TriMas Corp., 9.875%, 06/15/2012 | 11,025,000 | 9,481,500 |
| | | 27,263,619 |

Machinery 3.9%

| | | |
|--|------------|------------|
| Case New Holland, Inc., 9.25%, 08/01/2011 | 13,000,000 | 14,137,500 |
| Commercial Vehicle Group, Inc., 8.00%, 07/01/2013 144A | 3,950,000 | 4,147,500 |
| Douglas Dynamics, LLC, 7.75%, 01/15/2012 144A | 5,385,000 | 5,452,313 |
| Dresser Rand Group, Inc., 7.375%, 11/01/2014 144A | 6,375,000 | 6,677,812 |
| Terex Corp., 7.375%, 01/15/2014 | 8,750,000 | 9,231,250 |
| | | 39,646,375 |

Trading Companies & Distributors 1.5%

| | | |
|---|------------|------------|
| United Rentals, Inc., 7.75%, 11/15/2013 p | 15,000,000 | 14,700,000 |
|---|------------|------------|

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| | Principal Amount | Value |
|--|---------------------|------------|
| INFORMATION TECHNOLOGY 6.0% | | |
| Communications Equipment 1.5% | | |
| Lucent Technologies, Inc., 6.45%, 03/15/2029 p | 16,800,000 | 15,204,000 |
| Electronic Equipment & Instruments 0.9% | | |
| Da-Lite Screen Co., Inc., 9.50%, 05/15/2011 | 8,850,000 | 9,469,500 |
| IT Services 2.0% | | |
| Stratus Technologies, Inc., 10.375%, 12/01/2008 | 5,000,000 | 5,075,000 |
| SunGard Data Systems, Inc.: | | |
| 9.125%, 08/15/2013 144A # | 10,350,000 | 10,802,812 |
| 10.25%, 08/15/2015 144A # | 4,150,000 | 4,321,188 |
| | | 20,199,000 |
| Software 1.6% | | |
| UGS Corp., 10.00%, 06/01/2012 | 14,060,000 | 15,676,900 |
| MATERIALS 24.3% | | |
| Chemicals 7.5% | | |
| Equistar Chemicals, LP, 10.625%, 05/01/2011 p | 14,000,000 | 15,680,000 |
| Ethyl Corp., 8.875%, 05/01/2010 | 12,000,000 | 12,540,000 |
| Huntsman Advanced Materials, LLC, 11.00%, 07/15/2010 | 6,500,000 | 7,426,250 |
| Huntsman International, LLC: | | |
| 9.875%, 03/01/2009 p | 7,000,000 | 7,516,250 |
| 11.50%, 07/15/2012 | 8,085,000 | 9,459,450 |
| Lyondell Chemical Co.: | | |
| 9.50%, 12/15/2008 p | 7,500,000 | 7,996,875 |
| 10.50%, 06/01/2013 p | 6,500,000 | 7,540,000 |
| PQ Corp., 7.50%, 02/15/2013 144A | 7,655,000 | 7,693,275 |
| | | 75,852,100 |

[4]

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2005 (unaudited)

| | Principal Amount | Value |
|--|---------------------|---------------|
| CORPORATE BONDS continued | | |
| MATERIALS continued | | |
| Containers & Packaging 7.1% | | |
| Crown Holdings, Inc., 8.00%, 04/15/2023 p | \$ 17,000,000 | \$ 17,297,500 |
| Graham Packaging Co., 9.875%, 10/15/2014 144A p | 7,250,000 | 7,503,750 |
| Graphic Packaging International, Inc., 9.50%, 08/15/2013 p | 15,000,000 | 15,450,000 |
| Owens-Brockway Glass Containers, Inc.: | | |

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| | Principal Amount | Value |
|--|---------------------|------------------------|
| 8.25%, 05/15/2013 | 10,525,000 | 11,432,781 |
| 8.75%, 11/15/2012 | 12,150,000 | 13,319,438 |
| Stone Container Corp., 9.75%, 02/01/2011 | 6,500,000 | 6,865,625 |
| | | <hr/> 71,869,094 <hr/> |
| Metals & Mining 6.0% | | |
| Alaska Steel Corp., 7.75%, 06/15/2012 þ | 11,150,000 | 10,425,250 |
| Foundation Pennsylvania Coal Co., 7.25%, 08/01/2014 þ | 8,800,000 | 9,350,000 |
| Freeport-McMoRan Copper & Gold, Inc.: | | |
| 6.875%, 02/01/2014 þ | 4,750,000 | 4,678,750 |
| 10.125%, 02/01/2010 | 9,000,000 | 10,035,000 |
| Oregon Steel Mills, Inc., 10.00%, 07/15/2009 þ | 10,500,000 | 11,445,000 |
| United States Steel Corp., 10.75%, 08/01/2008 | 12,612,000 | 14,235,795 |
| | | <hr/> 60,169,795 <hr/> |
| Paper & Forest Products 3.7% | | |
| Boise Cascade, LLC, Ser. B, 7.125%, 10/15/2014 | 3,500,000 | 3,456,250 |
| Bowater, Inc., 6.50%, 06/15/2013 þ | 7,250,000 | 7,195,625 |
| Buckeye Technologies, Inc., 8.50%, 10/01/2013 | 7,500,000 | 7,781,250 |
| Georgia Pacific Corp.: | | |
| 8.00%, 01/15/2024 þ | 4,170,000 | 4,774,650 |
| 8.125%, 05/15/2011 þ | 12,000,000 | 13,530,000 |
| | | <hr/> 36,737,775 <hr/> |
| TELECOMMUNICATION SERVICES 8.4% | | |
| Diversified Telecommunication Services 3.8% | | |
| Consolidated Communications, Inc., 9.75%, 04/01/2012 144A | 12,000,000 | 13,020,000 |
| Hawaiian Telcom, Inc.: | | |
| 8.71%, 05/01/2013 144A | 5,025,000 | 5,238,562 |
| 9.75%, 05/01/2013 144A þ | 4,000,000 | 4,340,000 |
| Insight Midwest, LP, 9.75%, 10/01/2009 | 8,000,000 | 8,330,000 |
| Qwest Communications International, Inc., 7.875%, 09/01/2011 | 7,300,000 | 7,646,750 |
| | | <hr/> 38,575,312 <hr/> |
| Wireless Telecommunication Services 4.6% | | |
| Alamosa Holdings, Inc., 8.50%, 01/31/2012 þ | 3,500,000 | 3,806,250 |
| Centennial Communications Corp., 10.125%, 06/15/2013 | 10,000,000 | 11,312,500 |
| Dobson Communications Corp., 8.875%, 10/01/2013 | 4,000,000 | 4,010,000 |
| Horizon PCS, Inc., 11.375%, 07/15/2012 | 4,975,000 | 5,671,500 |
| Nextel Communications, Inc., 7.375%, 08/01/2015 | 10,000,000 | 10,825,000 |
| Rural Cellular Corp.: | | |
| 8.25%, 03/15/2012 | 1,420,000 | 1,514,075 |
| 9.75%, 01/15/2010 | 880,000 | 881,100 |
| UbiquiTel, Inc., 9.875%, 03/01/2011 þ | 3,375,000 | 3,784,219 |
| US Unwired, Inc., Ser. B, 10.00%, 06/15/2012 | 3,325,000 | 3,857,000 |
| | | <hr/> 45,661,644 <hr/> |

UTILITIES 4.0%

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| | Principal Amount | Value |
|---|---------------------|------------|
| Electric Utilities 1.5% | | |
| Reliant Energy Inc. 6.75%, 07/15/2014  | 8,150,000 | 8,068,500 |
| 9.25%, 07/15/2010  | 7,000,000 | 7,700,000 |
| | | <hr/> |
| | | 15,768,500 |
| | | <hr/> |

[5]

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2005 (unaudited)

| | Principal Amount | Value |
|--|---------------------|---------------|
| CORPORATE BONDS continued | | |
| UTILITIES continued | | |
| Independent Power Producers & Energy Traders 2.5% | | |
| AES Corp., 7.75%, 03/01/2014  | \$ 11,250,000 | \$ 12,318,750 |
| NRG Energy, Inc., 8.00%, 12/15/2013  | 8,912,000 | 9,580,400 |
| Tenaska, Inc., 7.00%, 06/30/2021 144A | 3,000,000 | 3,127,500 |
| | | <hr/> |
| | | 25,026,650 |
| | | <hr/> |
| <i>Total Corporate Bonds (cost \$1,303,438,033)</i> | | 1,333,459,570 |
| | | <hr/> |

YANKEE OBLIGATIONS-CORPORATE 9.7%

CONSUMER DISCRETIONARY 1.8%

Hotels, Restaurants & Leisure 0.7%

| | | |
|------------------------------------|-----------|-----------|
| Intrawest Corp., 7.50%, 10/15/2013 | 7,050,000 | 7,296,750 |
| | | <hr/> |

Media 1.1%

| | | |
|----------------------------------|-----------|------------|
| IMAX Corp., 9.625%, 12/01/2010  | 9,950,000 | 10,658,938 |
| | | <hr/> |

CONSUMER STAPLES 1.8%

Food & Staples Retailing 1.8%

| | | |
|---|------------|------------|
| The Jean Coutu Group (PJC), Inc., 8.50%, 08/01/2014  | 18,500,000 | 18,430,625 |
| | | <hr/> |

FINANCIALS 1.2%

Consumer Finance 0.4%

| | | |
|--|-----------|-----------|
| Calpine Canada Energy Finance, 8.50%, 05/01/2008 | 5,250,000 | 3,819,375 |
| | | <hr/> |

Diversified Financial Services 0.8%

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| | Principal Amount | Value |
|---|---------------------|------------|
| Ship Finance International, Ltd., 8.50%, 12/15/2013 | 8,640,000 | 8,316,000 |
| INDUSTRIALS 0.7% | | |
| Marine 0.3% | | |
| CP Ships, Ltd., 10.375%, 07/15/2012 | 2,400,000 | 2,715,000 |
| Transportation Infrastructure 0.4% | | |
| Sea Containers, Ltd., 10.50%, 05/15/2012 | 3,715,000 | 3,821,806 |
| INFORMATION TECHNOLOGY 1.4% | | |
| Electronic Equipment & Instruments 1.4% | | |
| Celestica, Inc.: | | |
| 7.625%, 07/01/2013 | 5,250,000 | 5,328,750 |
| 7.875%, 07/01/2011 p | 7,805,000 | 8,078,175 |
| | | 13,406,925 |
| MATERIALS 2.0% | | |
| Metals & Mining 1.6% | | |
| Gerdau Ameristeel Corp., 10.375%, 07/15/2011 | 1,231,000 | 1,366,410 |
| Novelis, Inc., 7.25%, 02/15/2015 144A | 14,750,000 | 15,155,625 |
| | | 16,522,035 |
| Paper & Forest Products 0.4% | | |
| Abitibi-Consolidated, Inc., 6.00%, 06/20/2013 p | 4,125,000 | 3,867,187 |
| TELECOMMUNICATION SERVICES 0.8% | | |
| Wireless Telecommunication Services 0.8% | | |
| Rogers Wireless, Inc.: | | |
| 6.375%, 03/01/2014 p | 3,485,000 | 3,554,700 |
| 7.50%, 03/15/2015 p | 4,350,000 | 4,774,125 |
| | | 8,328,825 |
| <i>Total Yankee Obligations-Corporate (cost \$95,201,632)</i> | | 97,183,466 |
| CONVERTIBLE DEBENTURES 0.9% | | |
| UTILITIES 0.9% | | |
| Independent Power Producers & Energy Traders 0.9% | | |
| Calpine Corp., 7.75%, 06/01/2015 p (cost \$9,500,000) | 9,500,000 | 9,571,250 |

[6]

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2005 (unaudited)

| | Shares | Value |
|---|-------------|------------------|
| WARRANTS 0.6% | | |
| TELECOMMUNICATION SERVICES 0.6% | | |
| Wireless Telecommunication Services 0.6% | | |
| American Tower Escrow Corp., Expiring 08/01/2008 * (cost \$1,421,437) | 17,500 | \$ 5,642,641 |
| SHORT-TERM INVESTMENTS 29.8% | | |
| MUTUAL FUND SHARES 29.8% | | |
| Evergreen Institutional Money Market Fund ø ## | 12,031,293 | 12,031,293 |
| Navigator Prime Portfolio pp | 288,150,105 | 288,150,105 |
| <i>Total Short-Term Investments (cost \$300,181,398)</i> | | 300,181,398 |
| Total Investments (cost \$1,709,742,500) 173.5% | | 1,746,038,325 |
| Other Assets and Liabilities and Preferred Shares (73.5%) | | (739,570,762) |
| Net Assets Applicable to Common Shareholders 100.0% | | \$ 1,006,467,563 |

p 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.

All or a portion of this security has been segregated for when-issued or delayed delivery securities.

Security is valued at fair value as determined by the investment advisor in good faith, according to procedures approved by the Board of Trustees.

When-issued or delayed delivery security

* Non-income producing security

ø Evergreen Investment Management Company, LLC is the investment advisor to both the Fund and the money market fund.

pp Represents investment of cash collateral received from securities on loan.

Summary of Abbreviations

FRN Floating Rate Note

REIT Real Estate Investment Trust

At July 31, 2005, 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> |
|-------------------|------------------------|---------------------------|------------------------------------|--|------------------------|
| 7/02/2006 | \$150,000,000 | Merrill Lynch & Co., Inc. | Fixed - 1.95% | Floating-3.34% ¹ | \$3,052,499 |
| 11/26/2006 | 105,000,000 | Merrill Lynch & Co., Inc. | Fixed - 2.79% | Floating-3.46% ² | 1,866,344 |
| 7/02/2008 | 100,000,000 | JPMorgan Chase & Co. | Fixed - 2.74% | Floating-3.34% ¹ | 4,545,821 |

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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</u> |
|-------------------|------------------------|---------------------------|------------------------------------|--|------------------------|
| 11/26/2008 | 65,000,000 | Merrill Lynch & Co., Inc. | Fixed - 3.585% | Floating-3.46% ² | 1,470,751 |

¹ This rate represents the 1 month USD London InterBank Offered Rate (LIBOR) effective for the period of July 5, 2005 through August 2, 2005.

² This rate represents the 1 month USD London InterBank Offered Rate (LIBOR) effective for the period of July 26, 2005 through August 26, 2005.

On July 31, 2005, the aggregate cost of securities for federal income tax purposes was \$1,714,007,996. The gross unrealized appreciation and depreciation on securities based on tax cost was \$43,480,386 and \$11,450,057, respectively, with a net unrealized appreciation of \$32,030,329.

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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

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

SIGNATURES

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Date: September 21, 2005

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: September 21, 2005

By: /s/ Carol A. Kosel

Carol A. Kosel
Principal Financial Officer

Date: September 21, 2005