

EVERGREEN INCOME ADVANTAGE FUND
Form N-Q
September 28, 2004

OMB APPROVAL

OMB Number: 3235-0578

Expires: Feb. 2, 2006
Estimated average
burden hours per
response: 20.0

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 1 of its series, Evergreen Income Advantage Fund, for the quarter ended July 31, 2004. This 1 series have an April 30, fiscal year end.

Date of reporting July 31, 2004

period:

Item 1 Schedule of Investments**EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS**

July 31, 2004 (unaudited)

| | Principal Amount | Value |
|---|---------------------|--------------|
| CORPORATE BONDS 134.1% | | |
| CONSUMER DISCRETIONARY 38.8% | | |
| Auto Components 6.8% | | |
| Advanced Accesory Systems LLC, 10.75%, 06/15/2011 | \$ 4,000,000 | \$ 4,030,000 |
| Collins & Aikman Products Co.: | | |
| 10.75%, 12/31/2011 þ | 5,485,000 | 5,622,125 |
| 11.50%, 04/15/2006 þ | 4,668,000 | 4,632,990 |
| Dana Corp., 9.00%, 08/15/2011 | 15,000,000 | 17,775,000 |
| Dura Operating Corp., Ser. B, 8.625%, 04/15/2012 þ | 5,378,000 | 5,351,110 |
| RJ Tower Corp., 12.00%, 06/01/2013 þ | 10,800,000 | 9,990,000 |
| Tenneco Automotive, Inc., Ser. B, 10.25%, 07/15/2013 þ | 8,165,000 | 9,348,925 |
| TRW Automotive, Inc., 9.375%, 02/15/2013 | 10,784,000 | 12,347,680 |
| | | 69,097,830 |
| Automobiles 1.1% | | |
| Meritor Automotive, Inc., 6.80%, 02/15/2009 þ | 10,999,000 | 11,108,990 |
| Distributors 0.8% | | |
| Roundy's, Inc., Ser. B, 8.875%, 06/15/2012 | 8,175,000 | 8,604,188 |
| Hotels, Restaurants & Leisure 10.4% | | |
| Ameristar Casinos, Inc., 10.75%, 02/15/2009 | 10,000,000 | 11,300,000 |
| Equinox Holdings, Inc., 9.00%, 12/15/2009 144A þ | 10,930,000 | 11,039,300 |
| Friendly Ice Cream Corp., 8.375%, 06/15/2012 þ | 3,380,000 | 3,278,600 |
| Inn of The Mountain Gods, 12.00%, 11/15/2010 144A | 7,000,000 | 7,875,000 |
| John Q. Hammons Hotels LP, Ser. B, 8.875%, 05/15/2012 | 12,995,000 | 14,375,719 |
| La Quinta Corp., 8.875%, 03/15/2011 | 10,500,000 | 11,628,750 |
| Mandalay Resort Group, Ser. B, 10.25%, 08/01/2007 þ | 10,000,000 | 11,225,000 |
| Premier Entertainment Biloxi LLC, 10.75%, 02/01/2012 144A | 7,000,000 | 7,420,000 |
| Town Sports International, Inc., 9.625%, 04/15/2011 | 6,325,000 | 6,151,062 |
| Venetian Casino Resort LLC, 11.00%, 06/15/2010 | 19,000,000 | 21,755,000 |
| | | 106,048,431 |
| Household Durables 2.5% | | |
| Ames True Temper, Inc., 10.00%, 07/15/2012 144A | 4,480,000 | 4,491,200 |
| Amscan Holdings, Inc., 8.75%, 05/01/2014 144A | 2,410,000 | 2,416,025 |
| K. Hovnanian Enterprises Inc., 7.75%, 05/15/2013 þ | 5,000,000 | 5,150,000 |
| Meritage Corp., 9.75%, 06/01/2011 | 1,500,000 | 1,665,000 |
| Technical Olympic USA, Inc.: | | |

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| | Principal Amount | Value |
|--|---------------------|------------------------|
| 7.50%, 03/15/2011 144A þ | 1,500,000 | 1,402,500 |
| 10.375%, 07/01/2012 | 1,800,000 | 1,912,500 |
| WCI Communities, Inc., 9.125%, 05/01/2012 | 8,000,000 | 8,680,000 |
| | | <hr/> 25,717,225 <hr/> |
| Leisure Equipment & Products 0.9% | | |
| ICON Health & Fitness, Inc., 11.25%, 04/01/2012 | 8,000,000 | 8,760,000 |
| | | <hr/> |
| Media 7.4% | | |
| Cablevision Systems Corp., 8.00%, 04/15/2012 144A þ | 10,635,000 | 10,502,062 |
| CCO Holdings LLC, 8.75%, 11/15/2013 | 3,250,000 | 3,136,250 |
| Charter Communications Holdings LLC, 8.625%, 04/01/2009 | 5,000,000 | 3,800,000 |
| Cinemark USA, Inc., 9.00%, 02/01/2013 | 12,000,000 | 13,230,000 |
| Cinemark, Inc., Sr. Disc. Note, Step Bond, 0.00%, 03/01/2009 144A + þ | 7,225,000 | 4,804,625 |
| Dex Media East LLC: 9.875%, 11/15/2009 | 3,725,000 | 4,227,875 |
| 12.125%, 11/15/2012 | 7,300,000 | 8,687,000 |
| Emmis Operations Co., 6.875%, 05/15/2012 144A | 7,350,000 | 7,221,375 |
| Loews Cineplex Entertainment Corp., 9.00%, 08/01/2014 144A | 2,030,000 | 2,009,700 |
| Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012 | 17,500,000 | 18,156,250 |
| | | <hr/> 75,775,137 <hr/> |

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EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2004 (unaudited)

| | Principal Amount | Value |
|---|---------------------|------------------------|
| CORPORATE BONDS (continued) | | |
| CONSUMER DISCRETIONARY (continued) | | |
| Specialty Retail 7.7% | | |
| Aearo Co., 8.25%, 04/15/2012 144A | \$ 1,755,000 | \$ 1,798,875 |
| Alderwoods Group, Inc., 12.25%, 01/02/2009 | 10,000,000 | 11,087,500 |
| American Achievement Corp., 8.25%, 04/01/2012 144A | 6,155,000 | 6,339,650 |
| Central Garden & Pet Co., 9.125%, 02/01/2013 | 7,000,000 | 7,560,000 |
| Cole National Group, Inc., 8.875%, 05/15/2012 | 7,665,000 | 8,393,175 |
| FTD, Inc., 7.75%, 02/15/2014 144A | 7,000,000 | 6,720,000 |
| General Nutrition Centers, Inc., 8.50%, 12/01/2010 144A | 8,500,000 | 8,648,750 |
| Group 1 Automotive, Inc., 8.25%, 08/15/2013 | 3,000,000 | 3,135,000 |
| PETCO Animal Supplies, Inc., 10.75%, 11/01/2011 | 10,000,000 | 11,250,000 |
| Tempur-Pedic, Inc., 10.25%, 08/15/2010 þ | 1,300,000 | 1,470,625 |
| United Auto Group, Inc., 9.625%, 03/15/2012 | 8,000,000 | 8,800,000 |
| Warnaco Group, Inc., 8.875%, 06/15/2013 | 3,200,000 | 3,496,000 |
| | | <hr/> 78,699,575 <hr/> |
| Textiles, Apparel & Luxury Goods 1.2% | | |

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| | Principal Amount | Value |
|---|---------------------|------------|
| Oxford Industries, Inc., 8.875%, 06/01/2011 144A | 12,000,000 | 12,840,000 |
| CONSUMER STAPLES 7.9% | | |
| Food & Staples Retailing 0.8% | | |
| Duane Reade, Inc., 9.75%, 08/01/2011 144A | 4,775,000 | 4,786,938 |
| Michael Foods, Inc., 8.00%, 11/15/2013 | 3,400,000 | 3,561,500 |
| | | 8,348,438 |
| Food Products 4.0% | | |
| Chiquita Brands International, Inc., 10.56%, 03/15/2009 | 15,000,000 | 16,331,250 |
| Del Monte Foods Co., 8.625%, 12/15/2012 | 9,217,000 | 10,092,615 |
| Seminis Vegetable Seeds, Inc., 10.25%, 10/01/2013 144A | 12,890,000 | 14,179,000 |
| | | 40,602,865 |
| Personal Products 1.6% | | |
| Playtex Products, Inc.: | | |
| 8.00%, 03/01/2011 144A | 9,000,000 | 9,382,500 |
| 9.375%, 06/01/2011 p | 7,000,000 | 7,087,500 |
| | | 16,470,000 |
| Tobacco 1.5% | | |
| Commonwealth Brands, Inc., 10.625%, 09/01/2008 144A | 7,000,000 | 7,385,000 |
| North Atlantic Trading, Inc., 9.25%, 03/01/2012 p | 7,580,000 | 7,466,300 |
| | | 14,851,300 |
| ENERGY 14.8% | | |
| Energy Equipment & Services 4.7% | | |
| General Maritime Corp., 10.00%, 03/15/2013 p | 7,850,000 | 8,674,250 |
| Grant Prideco, Inc., 9.00%, 12/15/2009 | 6,000,000 | 6,630,000 |
| Gulfmark Offshore, Inc., 7.75%, 07/15/2014 144A | 4,100,000 | 3,987,250 |
| Lone Star Technologies, Inc., 9.00%, 06/01/2011 | 6,200,000 | 6,541,000 |
| NRG Energy, Inc., 8.00%, 12/15/2013 144A | 5,000,000 | 5,137,500 |
| Parker Drilling Co., Ser. B, 10.125%, 11/15/2009 | 14,000,000 | 14,805,000 |
| SESI LLC, 8.875%, 05/15/2011 | 2,000,000 | 2,170,000 |
| | | 47,945,000 |
| Oil & Gas 10.1% | | |
| Chesapeake Energy Corp.: | | |
| 6.875%, 01/15/2016 | 3,360,000 | 3,326,400 |
| 7.50%, 09/15/2013 p | 7,000,000 | 7,472,500 |
| El Paso Energy Corp., 6.75%, 05/15/2009 p | 10,600,000 | 9,831,500 |
| El Paso Energy Partners LP, 8.50%, 06/01/2011 p | 6,700,000 | 7,370,000 |
| El Paso Production Holding Co., 7.75%, 06/01/2013 | 16,000,000 | 15,320,000 |
| Evergreen Resources, Inc., 5.875%, 03/15/2012 144A | 1,410,000 | 1,441,725 |

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EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

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July 31, 2004 (unaudited)

| | Principal Amount | Value |
|--|---------------------|--------------|
| CORPORATE BONDS (continued) | | |
| ENERGY (continued) | | |
| Oil & Gas (continued) | | |
| Exco Resources, Inc., 7.25%, 01/15/2011 | \$ 2,245,000 | \$ 2,334,800 |
| Gulfterra Energy Partners LP, Ser. B, 6.25%, 06/01/2010 | 10,000,000 | 10,250,000 |
| Overseas Shipholding Group, Inc., 8.25%, 03/15/2013 | 12,050,000 | 12,773,000 |
| Plains Exploration & Production Co., 8.75%, 07/01/2012 | 2,500,000 | 2,762,500 |
| Premcor Refining Group, Inc.: | | |
| 6.75%, 05/01/2014 | 9,500,000 | 9,618,750 |
| 9.50%, 02/01/2013 | 6,500,000 | 7,572,500 |
| Tesoro Petroleum Corp., 9.625%, 04/01/2012 b | 10,150,000 | 11,647,125 |
| Westport Resources Corp., 8.25%, 11/01/2011 | 1,500,000 | 1,718,790 |
| | | <hr/> |
| | | 103,439,590 |
| | | <hr/> |
| FINANCIALS 12.0% | | |
| Capital Markets 0.5% | | |
| Affinity Group, Inc., 9.00%, 02/15/2012 144A | 5,475,000 | 5,700,844 |
| | | <hr/> |
| Consumer Finance 1.2% | | |
| Metris Companies, Inc., 10.125%, 07/15/2006 b | 12,500,000 | 12,312,500 |
| | | <hr/> |
| Diversified Financial Services 4.0% | | |
| Nalco Finance Holdings LLC, Sr. Disc. Note, Step Bond, 0.00%, 02/01/2009 144A + | 12,660,000 | 8,672,100 |
| Northern Telecom Capital Corp., 7.875%, 06/15/2026 | 9,000,000 | 8,370,000 |
| Qwest Capital Funding, Inc., 7.00%, 08/03/2009 | 8,500,000 | 7,522,500 |
| Sprint Capital Corp., 7.125%, 01/30/2006 | 15,215,000 | 16,097,713 |
| | | <hr/> |
| | | 40,662,313 |
| | | <hr/> |
| Insurance 0.4% | | |
| Crum & Forster Holdings Corp., 10.375%, 06/15/2013 | 3,750,000 | 4,087,500 |
| | | <hr/> |
| Real Estate 5.9% | | |
| Choctaw Resort Development Enterprise, 9.25%, 04/01/2009 | 10,000,000 | 10,800,000 |
| Crescent Real Estate Equities, 9.25%, 04/15/2009 REIT | 1,865,000 | 1,967,575 |
| HMH Properties, Inc., Ser. B, 7.875%, 08/01/2008 REIT | 8,015,000 | 8,275,487 |
| LNR Property Corp., 7.625%, 07/15/2013 | 10,650,000 | 10,703,250 |
| Omega Healthcare Investors, Inc.: | | |
| 6.95%, 08/01/2007 REIT | 8,255,000 | 8,389,144 |
| 7.00%, 04/01/2014 REIT 144A | 1,400,000 | 1,340,500 |
| Thornburg Mortgage, Inc., 8.00%, 05/15/2013 REIT | 7,825,000 | 8,020,625 |
| Universal City Development Partners, 11.75%, 04/01/2010 | 9,080,000 | 10,578,200 |
| | | <hr/> |
| | | 60,074,781 |
| HEALTH CARE 8.0% | | |
| Health Care Equipment & Supplies 2.1% | | |
| Norcross Safety Products LLC, Ser. B, 9.875%, 08/15/2011 | 2,750,000 | 2,983,750 |
| Triad Hospital, Inc., 7.00%, 05/15/2012 | 11,000,000 | 11,302,500 |

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| | Principal Amount | Value |
|--|---------------------|------------------------|
| Universal Hospital Services, Inc., 10.125%, 11/01/2011 | 7,215,000 | 7,305,188 |
| | | <hr/> 21,591,438 <hr/> |
| Health Care Providers & Services 5.9% | | |
| Extendicare Health Services, Inc., 9.50%, 07/01/2010 | 13,000,000 | 14,543,750 |
| Iasis Healthcare Corp., 8.75%, 06/15/2014 144A | 5,100,000 | 5,329,500 |
| Pacificare Health Systems, Inc., 10.75%, 06/01/2009 | 7,800,000 | 8,892,000 |
| Select Medical Corp., 9.50%, 06/15/2009 | 9,499,000 | 10,211,425 |
| Stewart Enterprises, Inc., 10.75%, 07/01/2008 | 6,000,000 | 6,697,500 |
| Team Health, Inc., 9.00%, 04/01/2012 144A þ | 6,025,000 | 5,874,375 |
| Tenet Healthcare Corp., 9.875%, 07/01/2014 144A þ | 8,230,000 | 8,590,062 |
| | | <hr/> 60,138,612 <hr/> |

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EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2004 (unaudited)

| | Principal Amount | Value |
|---|---------------------|------------------------|
| CORPORATE BONDS (continued) | | |
| INDUSTRIALS 12.4% | | |
| Aerospace & Defense 0.8% | | |
| Argo Tech Corp., 9.25%, 06/01/2011 144A | \$ 1,640,000 | \$ 1,730,200 |
| Da Lite Screen Co., Inc., 9.50%, 05/15/2011 | 6,500,000 | 6,833,125 |
| | | <hr/> 8,563,325 <hr/> |
| Building Products 0.8% | | |
| Nortek Holdings, Inc., 9.875%, 06/15/2011 | 7,000,000 | 8,181,250 |
| Commercial Services & Supplies 7.3% | | |
| Allied Waste North America, Inc.: | | |
| 6.50%, 11/15/2010 þ | 4,490,000 | 4,467,550 |
| Ser. B, 7.375%, 04/15/2014 þ | 14,720,000 | 14,168,000 |
| American Color Graphics, Inc., 10.00%, 06/15/2010 | 7,250,000 | 6,670,000 |
| Cenveo Corp., 7.875%, 12/01/2013 | 8,075,000 | 7,408,813 |
| Clean Harbors, Inc., 11.25%, 07/15/2012 144A | 4,950,000 | 5,123,250 |
| Coinmach Corp., 9.00%, 02/01/2010 | 8,000,000 | 8,110,000 |
| Geo Group, Inc., 8.25%, 07/15/2013 | 4,875,000 | 4,972,500 |
| Hines Nurseries, Inc., 10.25%, 10/01/2011 | 2,618,000 | 2,840,530 |
| JohnsonDiversey Holdings, Inc., Sr. Disc. Note, Step Bond, 0.00%, 05/01/2007 + | 3,000,000 | 2,340,000 |
| Service Corp. International, 6.75%, 04/01/2016 144A | 4,475,000 | 4,245,656 |
| United Rentals North America, Inc., 7.75%, 11/15/2013 þ | 15,000,000 | 14,587,500 |
| | | <hr/> 74,933,799 <hr/> |

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| | Principal Amount | Value |
|--|---------------------|------------|
| Machinery 3.2% | | |
| Case New Holland, Inc., 9.25%, 08/01/2011 144A | 13,000,000 | 14,137,500 |
| SPX Corp., 7.50%, 01/01/2013 p | 8,000,000 | 8,180,000 |
| Terex Corp., 10.375%, 04/01/2011 p | 6,750,000 | 7,576,875 |
| Wolverine Tube, Inc., Ser. B, 10.50%, 04/01/2009 p | 2,040,000 | 2,213,400 |
| | | <hr/> |
| | | 32,107,775 |
| | | <hr/> |
| Marine 0.3% | | |
| Horizon Lines LLC, 9.00%, 11/01/2012 144A | 2,660,000 | 2,773,050 |
| | | <hr/> |
| INFORMATION TECHNOLOGY 2.8% | | |
| Internet Software & Services 1.5% | | |
| UGS Corp., 10.00%, 06/01/2012 | 14,060,000 | 14,973,900 |
| | | <hr/> |
| IT Services 0.6% | | |
| Stratus Technologies, Inc., 10.375%, 12/01/2008 144A | 5,000,000 | 4,875,000 |
| Unisys Corp., 6.875%, 03/15/2010 p | 1,500,000 | 1,530,000 |
| | | <hr/> |
| | | 6,405,000 |
| | | <hr/> |
| Semiconductors & Semiconductor Equipment 0.7% | | |
| Amkor Technology, Inc., 7.75%, 05/15/2013 p | 8,000,000 | 6,880,000 |
| | | <hr/> |
| MATERIALS 24.2% | | |
| Chemicals 11.3% | | |
| Acetex Corp., 10.875%, 08/01/2009 | 5,000,000 | 5,500,000 |
| Airgas, Inc., 9.125%, 10/01/2011 | 1,425,000 | 1,608,469 |
| Equistar Chemicals LP, 10.625%, 05/01/2011 | 14,000,000 | 15,610,000 |
| Ethyl Corp., 8.875%, 05/01/2010 | 12,000,000 | 12,900,000 |
| Huntsman Advanced Materials LLC, 11.00%, 07/15/2010 144A | 6,500,000 | 7,410,000 |
| Huntsman International LLC: | | |
| 9.875%, 03/01/2009 p | 7,000,000 | 7,507,500 |
| 11.50%, 07/15/2012 144A | 12,250,000 | 12,464,375 |
| Lyondell Chemical Co., 9.50%, 12/15/2008 | 7,500,000 | 7,884,375 |
| Methanex Corp., 8.75%, 08/15/2012 | 1,300,000 | 1,475,500 |
| Millennium America, Inc., 9.25%, 06/15/2008 144A | 4,000,000 | 4,340,000 |

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EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2004 (unaudited)

| | Principal Amount | Value |
|---|---------------------|---------------|
| CORPORATE BONDS (continued) | | |
| MATERIALS (continued) | | |
| Chemicals (continued) | | |
| OM Group, Inc., 9.25%, 12/15/2011 | \$ 18,000,000 | \$ 18,495,000 |
| Terra Capital, Inc., 11.50%, 06/01/2010 | 14,000,000 | 15,400,000 |
| United Industries Corp., 9.875%, 04/01/2009 | 5,000,000 | 5,237,500 |

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| | Principal Amount | Value |
|--|---------------------|-------------|
| | | 115,832,719 |
| Containers & Packaging 6.0% | | |
| Graphic Packaging International, Inc., 9.50%, 08/15/2013 þ | 15,000,000 | 16,575,000 |
| Jefferson Smurfit Group, 7.50%, 06/01/2013 | 5,000,000 | 5,100,000 |
| Norampac, Inc., 6.75%, 06/01/2013 | 8,000,000 | 8,080,000 |
| Owens-Brockway Glass Container, Inc.: | | |
| 8.25%, 05/15/2013 þ | 10,525,000 | 11,077,562 |
| 8.75%, 11/15/2012 | 12,150,000 | 13,425,750 |
| Stone Container Corp., 9.75%, 02/01/2011 þ | 6,500,000 | 7,215,000 |
| | | 61,473,312 |
| Metals & Mining 5.1% | | |
| Alaska Steel Corp., 7.75%, 06/15/2012 þ | 3,900,000 | 3,627,000 |
| Foundation Pennsylvania Coal Co., 7.25%, 08/01/2014 144A | 7,980,000 | 8,079,750 |
| Freeport-McMoRan Copper & Gold, Inc., 10.125%, 02/01/2010 | 6,450,000 | 7,191,750 |
| Massey Energy Co., 6.625%, 11/15/2010 þ | 6,760,000 | 6,929,000 |
| Oregon Steel Mills, Inc., 10.00%, 07/15/2009 þ | 7,250,000 | 7,757,500 |
| Peabody Energy Corp.: | | |
| 5.875%, 04/15/2016 | 5,175,000 | 4,799,813 |
| 6.875%, 03/15/2013 | 2,720,000 | 2,815,200 |
| U.S. Steel Corp., 10.75%, 08/01/2008 þ | 9,287,000 | 10,796,137 |
| | | 51,996,150 |
| Paper & Forest Products 1.8% | | |
| Georgia Pacific Corp.: | | |
| 8.00%, 01/15/2024 | 4,170,000 | 4,368,075 |
| 8.125%, 05/15/2011 þ | 12,000,000 | 13,530,000 |
| | | 17,898,075 |
| TELECOMMUNICATION SERVICES 11.6% | | |
| Diversified Telecommunication Services 5.4% | | |
| Consolidated Communications, Inc., 9.75%, 04/01/2012 144A | 12,000,000 | 12,060,000 |
| FairPoint Communications, Inc.: | | |
| 11.875%, 03/01/2010 | 3,000,000 | 3,495,000 |
| 12.50%, 05/01/2010 þ | 11,000,000 | 12,045,000 |
| Insight Midwest LP, 9.75%, 10/01/2009 þ | 10,000,000 | 10,400,000 |
| RCN Corp., 12.50%, 06/30/2008 | 16,513,211 | 16,926,041 |
| | | 54,926,041 |
| Wireless Telecommunications Services 6.2% | | |
| American Tower Corp., 9.375%, 02/01/2009 | 13,000,000 | 13,942,500 |
| AT&T Wireless Services, Inc., 7.875%, 03/01/2011 | 15,000,000 | 17,262,660 |
| Centennial Communications Corp., 10.125%, 06/15/2013 | 15,000,000 | 15,525,000 |
| Dobson Communications Corp., 10.875%, 07/01/2010 þ | 8,500,000 | 7,437,500 |
| Rural Cellular Corp.: | | |
| 8.25%, 03/15/2012 144A | 1,420,000 | 1,462,600 |
| 9.75%, 01/15/2010 þ | 8,150,000 | 7,538,750 |
| | | 63,169,010 |

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2004 (unaudited)

| | Principal Amount | Value |
|--|---------------------|----------------------|
| CORPORATE BONDS (continued) | | |
| UTILITIES 1.6% | | |
| Multi-Utilities & Unregulated Power 1.6% | | |
| AES Corp., 9.50%, 06/01/2009 p | \$ 6,840,000 | \$ 7,455,600 |
| Reliant Resources, Inc.: | | |
| 9.25%, 07/15/2010 p | 4,000,000 | 4,280,000 |
| 9.50%, 07/15/2013 | 4,000,000 | 4,320,000 |
| | | <u>16,055,600</u> |
| <i>Total Corporate Bonds (cost \$1,323,431,348)</i> | | <u>1,369,045,563</u> |
| YANKEE OBLIGATIONS-CORPORATE 7.1% | | |
| CONSUMER DISCRETIONARY 0.9% | | |
| Media 0.9% | | |
| IMAX Corp., 9.625%, 12/01/2010 144A p | 9,950,000 | 9,353,000 |
| | | <u>9,353,000</u> |
| FINANCIALS 0.8% | | |
| Diversified Financial Services 0.8% | | |
| Ship Finance International, Ltd., 8.50%, 12/15/2013 144A | 8,640,000 | 8,337,600 |
| | | <u>8,337,600</u> |
| HEALTH CARE 1.2% | | |
| Pharmaceuticals 1.2% | | |
| Jean Coudu Group, Inc., 8.50%, 08/01/2014 144A | 12,500,000 | 12,453,125 |
| | | <u>12,453,125</u> |
| INDUSTRIALS 0.7% | | |
| Marine 0.3% | | |
| CP Ships, Ltd., 10.375%, 07/15/2012 | 2,400,000 | 2,772,000 |
| | | <u>2,772,000</u> |
| Transportation Infrastructure 0.4% | | |
| Sea Containers, Ltd., 10.50%, 05/15/2012 | 3,715,000 | 3,724,288 |
| | | <u>3,724,288</u> |
| INFORMATION TECHNOLOGY 0.8% | | |
| Electronic Equipment & Instruments 0.8% | | |
| Celestica, Inc., 7.875%, 07/01/2011 | 7,805,000 | 8,019,637 |
| | | <u>8,019,637</u> |
| MATERIALS 2.4% | | |
| Containers & Packaging 2.1% | | |
| Crown European Holdings SA, 10.875%, 03/01/2013 | 17,000,000 | 19,592,500 |

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| | Principal Amount | Value |
|---|---------------------|------------------------|
| Stone Container Finance Co., 7.375%, 07/15/2014 144A | 1,625,000 | 1,645,312 |
| | | <hr/> 21,237,812 <hr/> |
| Metals & Mining 0.1% | | |
| Gerdau Ameristeel Corp., 10.375%, 07/15/2011 Ꞥ | 1,231,000 | 1,378,720 |
| | | <hr/> |
| Paper & Forest Products 0.2% | | |
| Millar Western Forest Products, Ltd., 7.75%, 11/15/2013 | 1,645,000 | 1,686,125 |
| | | <hr/> |
| TELECOMMUNICATION SERVICES 0.3% | | |
| Wireless Telecommunications Services 0.3% | | |
| Rogers Wireless, Inc., 6.375%, 03/01/2014 | 3,485,000 | 3,267,188 |
| | | <hr/> |
| <i>Total Yankee Obligations-Corporate (cost \$71,091,599)</i> | | <hr/> 72,229,495 <hr/> |

| | Shares | Value |
|--|-----------|-----------------------|
| WARRANTS 0.3% | | |
| TELECOMMUNICATION SERVICES 0.3% | | |
| Diversified Telecommunication Services 0.0% | | |
| RCN Corp., Expiring 06/30/2013 *+ | 2,110,000 | 0 |
| | | <hr/> |
| Wireless Telecommunications Services 0.3% | | |
| American Tower Escrow Corp., Expiring 08/01/2008 * | 17,500 | 3,228,750 |
| | | <hr/> |
| <i>Total Warrants (cost \$1,421,435)</i> | | <hr/> 3,228,750 <hr/> |

[6]

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

July 31, 2004 (unaudited)

| | Shares | Value |
|--|-------------|-------------------------|
| SHORT-TERM INVESTMENTS 20.3% | | |
| MUTUAL FUND SHARES 20.3% | | |
| Evergreen Institutional Money Market Fund ø | 31,550,876 | \$ 31,550,876 |
| Navigator Prime Portfolio ꞤꞤ | 175,503,950 | 175,503,950 |
| | | <hr/> |
| <i>Total Short-Term Investments (cost \$207,054,826)</i> | | <hr/> 207,054,826 <hr/> |
| Total Investments (cost \$1,602,999,208) 161.8% | | 1,651,558,634 |
| Other Assets and Liabilities and Preferred Shares (61.8%) | | (630,916,323) |
| | | <hr/> |
| Net Assets 100.0% | | \$ 1,020,642,311 |

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| | Shares | Value |
|------|--------|--|
| 144A | | |
| | | Unless otherwise noted, this security has been determined to be liquid under guidelines established by the Board of Trustees. |
| + | | 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 |
| ø | | Evergreen Investment Management Company, LLC is the investment advisor to both the Fund and the money market fund. |
| þ | | All or a portion of this security is on loan. |
| þþ | | Represents investment of cash collateral received from securities on loan. |
| | | No market quotation available. Valued at fair value as determined in good faith under procedures established by the Board of Trustees. |
| + | | Security is deemed illiquid and is valued using market quotations where readily available. In the absence of market quotations, the security is valued based on its fair value determined under procedures approved by the Board of the Trustees. |

Summary of Abbreviations

REIT Real Estate Investment Trust

On July 31, 2004, the aggregate cost of securities for federal income tax purposes was \$1,603,079,571. The gross unrealized appreciation and depreciation on securities based on tax cost was \$58,391,973 and \$9,912,910, respectively, with a net unrealized appreciation of \$48,479,063.

[7]

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 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.

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-3(d) under the Investment Company Act of 1940, are attached as EX-99.CERT.

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: September 22, 2004

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.

Item 3 Exhibits

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By: /s/ Dennis H. Ferro

Dennis H. Ferro
Principal Executive Officer

Date: September 22, 2004

By: /s/ Carol A. Kosel

Carol A. Kosel
Principal Financial Officer

Date: September 22, 2004