

EVERGREEN INCOME ADVANTAGE FUND
Form N-Q
March 31, 2006

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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, 2006. This one series has an April 30 fiscal year end.

Date of reporting period: January 31, 2006

Item 1 Schedule of Investments

EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS

January 31, 2006 (unaudited)

| | Principal Amount | Value |
|-----------------------------------------------------------------|---------------------|--------------|
| CORPORATE BONDS 138.6% | | |
| CONSUMER DISCRETIONARY 43.3% | | |
| Auto Components 3.1% | | |
| Accuride Corp., 8.50%, 02/01/2015 | \$ 7,250,000 | \$ 7,250,000 |
| Tenneco Automotive, Inc., 8.625%, 11/15/2014 p | 14,350,000 | 14,493,500 |
| TRW Automotive, Inc., 11.00%, 02/15/2013 p | 7,000,000 | 7,980,000 |
| | | 29,723,500 |
| Diversified Consumer Services 1.6% | | |
| Carriage Services, Inc., 7.875%, 01/15/2015 | 3,600,000 | 3,676,500 |
| Service Corporation International: | | |
| 6.75%, 04/01/2016 | 7,475,000 | 7,428,281 |
| 7.00%, 06/15/2017 144A | 3,700,000 | 3,774,000 |
| | | 14,878,781 |
| Hotels, Restaurants & Leisure 9.3% | | |
| Ameristar Casinos, Inc., 10.75%, 02/15/2009 | 10,000,000 | 10,537,500 |
| Equinox Holdings, Inc., 9.00%, 12/15/2009 p | 10,930,000 | 11,695,100 |
| Friendly Ice Cream Corp., 8.375%, 06/15/2012 p | 3,325,000 | 3,017,438 |
| Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/2010 p | 7,000,000 | 6,877,500 |
| Isle of Capri Casinos, Inc., 7.00%, 03/01/2014 p | 7,500,000 | 7,396,875 |
| Mandalay Resort Group, Ser. B, 10.25%, 08/01/2007 | 10,000,000 | 10,700,000 |
| MGM MIRAGE, Inc., 9.75%, 06/01/2007 | 13,000,000 | 13,715,000 |
| Seneca Gaming Corp., Ser. B, 7.25%, 05/01/2012 144A | 3,500,000 | 3,561,250 |
| Town Sports International, Inc., 9.625%, 04/15/2011 | 6,325,000 | 6,657,062 |
| Universal City Development Partners, Ltd., 11.75%, 04/01/2010 p | 12,750,000 | 14,248,125 |
| | | 88,405,850 |
| Household Durables 2.7% | | |
| Hovnanian Enterprises, Inc., 7.75%, 05/15/2013 p | 7,000,000 | 7,087,500 |
| Jarden Corp., 9.75%, 05/01/2012 | 6,475,000 | 6,507,375 |
| Standard Pacific Corp., 9.25%, 04/15/2012 p | 7,000,000 | 7,315,000 |
| Technical Olympic USA, Inc., 10.375%, 07/01/2012 | 4,800,000 | 4,884,000 |
| | | 25,793,875 |
| Media 16.7% | | |
| AMC Entertainment, Inc.: | | |
| 9.875%, 02/01/2012 p | 5,000,000 | 4,775,000 |
| Ser. B, 8.625%, 08/15/2012 p | 11,430,000 | 11,887,200 |
| Cablevision Systems Corp., Ser. B, 8.00%, 04/15/2012 p | 10,510,000 | 10,063,325 |

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| | | |
|-----------------------------------------------------------|------------|-------------|
| CCO Holdings, LLC, 8.75%, 11/15/2013 | 7,500,000 | 7,237,500 |
| Cinemark USA, Inc., 9.00%, 02/01/2013 | 12,000,000 | 12,735,000 |
| Dex Media East, LLC: | | |
| 9.875%, 11/15/2009 | 11,500,000 | 12,477,500 |
| 12.125%, 11/15/2012 p | 7,000,000 | 8,137,500 |
| Emmis Communications Corp., FRN, 10.37%, 06/15/2012 p | 1,422,857 | 1,431,750 |
| Houghton Mifflin Co., 8.25%, 02/01/2011 | 14,125,000 | 14,760,625 |
| Mediacom Communications Corp., 9.50%, 01/15/2013 p | 21,250,000 | 21,196,875 |
| Paxson Communications Corp., FRN, 10.78%, 01/15/2013 144A | 9,000,000 | 8,685,000 |
| R.H. Donnelley Corp., 10.875%, 12/15/2012 | 12,000,000 | 13,560,000 |
| Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012 | 12,500,000 | 12,718,750 |
| Sirius Satellite Radio, Inc., 9.625%, 08/01/2013 p | 11,200,000 | 11,060,000 |
| Visant Corp., 7.625%, 10/01/2012 | 7,465,000 | 7,483,662 |
| | | 158,209,687 |
| Multi-line Retail 1.5% | | |
| Neiman Marcus Group, Inc.: | | |
| 9.00%, 10/15/2015 144A p | 7,000,000 | 7,297,500 |
| 10.375%, 10/15/2015 144A | 7,000,000 | 7,253,750 |
| | | 14,551,250 |

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EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2006 (unaudited)

| | Principal Amount | Value |
|-----------------------------------------------------------|---------------------|--------------|
| CORPORATE BONDS continued | | |
| CONSUMER DISCRETIONARY continued | | |
| Specialty Retail 4.9% | | |
| American Achievement Corp., 8.25%, 04/01/2012 | \$ 6,155,000 | \$ 6,331,956 |
| Central Garden & Pet Co., 9.125%, 02/01/2013 | 7,000,000 | 7,385,000 |
| FTD, Inc., 7.75%, 02/15/2014 | 7,359,000 | 7,377,398 |
| PETCO Animal Supplies, Inc., 10.75%, 11/01/2011 | 10,000,000 | 10,787,500 |
| United Auto Group, Inc., 9.625%, 03/15/2012 | 13,500,000 | 14,411,250 |
| | | 46,293,104 |
| Textiles, Apparel & Luxury Goods 3.5% | | |
| Levi Strauss & Co.: | | |
| 9.75%, 01/15/2015 | 7,025,000 | 7,437,719 |
| 12.25%, 12/15/2012 | 6,500,000 | 7,410,000 |
| Norcross Safety Products, LLC, Ser. B, 9.875%, 08/15/2011 | 2,750,000 | 2,866,875 |
| Oxford Industries, Inc., 8.875%, 06/01/2011 | 12,000,000 | 12,345,000 |

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| | | |
|-----------------------------------------------------------|------------|------------|
| Warnaco Group, Inc., 8.875%, 06/15/2013 | 3,200,000 | 3,440,000 |
| | | 33,499,594 |
| CONSUMER STAPLES 6.2% | | |
| Food & Staples Retailing 2.3% | | |
| Ingles Markets, Inc., 8.875%, 12/01/2011 p | 7,000,000 | 7,385,000 |
| Rite Aid Corp., 12.50%, 09/15/2006 | 13,675,000 | 14,290,375 |
| | | 21,675,375 |
| Food Products 2.9% | | |
| Chiquita Brands International, Inc., 8.875%, 12/01/2015 p | 14,000,000 | 13,055,000 |
| Del Monte Foods Co.: | | |
| 6.75%, 02/15/2015 | 1,600,000 | 1,596,000 |
| 8.625%, 12/15/2012 | 9,220,000 | 9,819,300 |
| Michael Foods, Inc., 8.00%, 11/15/2013 | 3,400,000 | 3,510,500 |
| | | 27,980,800 |
| Personal Products 1.0% | | |
| Playtex Products, Inc., 8.00%, 03/01/2011 | 9,000,000 | 9,686,250 |
| ENERGY 15.3% | | |
| Energy Equipment & Services 4.4% | | |
| Dresser, Inc., 9.375%, 04/15/2011 | 14,000,000 | 14,805,000 |
| GulfMark Offshore, Inc., 7.75%, 07/15/2014 p | 4,100,000 | 4,305,000 |
| Hanover Compressor Co., 8.75%, 09/01/2011 | 7,000,000 | 7,411,250 |
| Parker Drilling Co., 9.625%, 10/01/2013 p | 11,955,000 | 13,479,263 |
| SESI, LLC, 8.875%, 05/15/2011 | 2,000,000 | 2,105,000 |
| | | 42,105,513 |
| Oil, Gas & Consumable Fuels 10.9% | | |
| ANR Pipeline Co., 8.875%, 03/15/2010 | 2,735,000 | 2,939,466 |
| Chesapeake Energy Corp.: | | |
| 6.875%, 01/15/2016 p | 6,860,000 | 7,031,500 |
| 7.50%, 09/15/2013 | 7,000,000 | 7,463,750 |
| 7.75%, 01/15/2015 p | 10,000,000 | 10,675,000 |
| El Paso Corp., 7.875%, 06/15/2012 | 7,000,000 | 7,437,500 |
| El Paso Production Holding Co., 7.75%, 06/01/2013 | 10,500,000 | 11,156,250 |
| Exco Resources, Inc., 7.25%, 01/15/2011 | 2,245,000 | 2,289,900 |
| Overseas Shipholding Group, Inc., 8.25%, 03/15/2013 | 12,050,000 | 12,953,750 |
| Plains Exploration & Production Co., 8.75%, 07/01/2012 | 12,999,000 | 14,071,417 |
| Premcor Refining Group, Inc., 9.50%, 02/01/2013 | 6,500,000 | 7,249,535 |
| Targa Resources, Inc., 8.50%, 11/01/2013 144A | 2,300,000 | 2,403,500 |
| Williams Cos.: | | |
| 7.50%, 01/15/2031 | 6,750,000 | 7,188,750 |
| 8.125%, 03/15/2012 | 9,750,000 | 10,712,812 |

103,573,130

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EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2006 (unaudited)

| | Principal Amount | Value |
|---------------------------------------------------------------|---------------------|-------------------|
| CORPORATE BONDS continued | | |
| FINANCIALS 6.7% | | |
| Consumer Finance 3.9 % | | |
| General Motors Acceptance Corp.: | | |
| 5.625%, 05/15/2009 p | \$ 8,000,000 | \$ 7,500,976 |
| 6.125%, 09/15/2006 p | 5,200,000 | 5,145,608 |
| Northern Telecom Capital Corp., 7.875%, 06/15/2026 p | 9,000,000 | 8,865,000 |
| Terra Capital, Inc., 11.50%, 06/01/2010 □ | 8,550,000 | 9,576,000 |
| Triad Financial Corp., Ser. B, 11.125%, 05/01/2013 | 6,500,000 | 6,435,000 |
| | | 37,522,584 |
| Insurance 1.0% | | |
| Crum & Forster Holdings Corp., 10.375%, 06/15/2013 | 8,750,000 | 9,296,875 |
| Real Estate 1.8% | | |
| Crescent Real Estate Equities Co., REIT, 9.25%, 04/15/2009 | 7,425,000 | 7,777,688 |
| Omega Healthcare Investors, Inc., REIT, 7.00%, 04/01/2014 | 1,400,000 | 1,428,000 |
| Thornburg Mortgage, Inc., REIT, 8.00%, 05/15/2013 | 7,825,000 | 7,746,750 |
| | | 16,952,438 |
| HEALTH CARE 5.9% | | |
| Health Care Equipment & Supplies 1.6% | | |
| Universal Hospital Services, Inc., 10.125%, 11/01/2011 | 14,715,000 | 15,303,600 |
| Health Care Providers & Services 4.3% | | |
| Extendicare Health Services, Inc., 9.50%, 07/01/2010 □ | 13,000,000 | 13,861,250 |
| HCA, Inc., 8.75%, 09/01/2010 | 12,750,000 | 14,121,173 |
| IASIS Healthcare Corp., 8.75%, 06/15/2014 | 5,100,000 | 5,246,625 |
| Select Medical Corp., 7.625%, 02/01/2015 | 8,150,000 | 7,294,250 |
| | | 40,523,298 |
| INDUSTRIALS 5.1% | | |
| Commercial Services & Supplies 1.5% | | |

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|----------------------------------------------------------|------------|------------|
| Allied Waste North America, Inc., 9.25%, 09/01/2012 p | 13,000,000 | 14,137,500 |
| Machinery 3.6% | | |
| Case New Holland, Inc., 9.25%, 08/01/2011 | 23,250,000 | 24,993,750 |
| Commercial Vehicle Group, Inc., 8.00%, 07/01/2013 | 3,950,000 | 4,009,250 |
| Dresser Rand Group, Inc., 7.375%, 11/01/2014 144A | 5,616,000 | 5,840,640 |
| | | 34,843,640 |
| INFORMATION TECHNOLOGY 6.0% | | |
| Electronic Equipment & Instruments 1.0% | | |
| Da-Lite Screen Co., Inc., 9.50%, 05/15/2011 | 8,850,000 | 9,381,000 |
| IT Services 3.4% | | |
| Stratus Technologies, Inc., 10.375%, 12/01/2008 | 5,000,000 | 5,225,000 |
| SunGard Data Systems, Inc.: | | |
| 9.125%, 08/15/2013 144A | 21,350,000 | 22,310,750 |
| 10.25%, 08/15/2015 144A | 4,150,000 | 4,191,500 |
| | | 31,727,250 |
| Software 1.6% | | |
| UGS Corp., 10.00%, 06/01/2012 | 14,060,000 | 15,536,300 |
| MATERIALS 28.0% | | |
| Chemicals 9.5% | | |
| Equistar Chemicals, LP, 10.625%, 05/01/2011 | 14,000,000 | 15,470,000 |
| Ethyl Corp., 8.875%, 05/01/2010 | 12,000,000 | 12,660,000 |
| Huntsman Advanced Materials, LLC, 11.625%, 10/15/2010 | 7,000,000 | 8,050,000 |
| Huntsman International, LLC, 11.50%, 07/15/2012 | 15,085,000 | 17,385,462 |

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EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2006 (unaudited)

| | Principal Amount | Value |
|------------------------------------------------|---------------------|--------------|
| CORPORATE BONDS continued | | |
| MATERIALS continued | | |
| Chemicals continued | | |
| Lyondell Chemical Co.: | | |
| 9.50%, 12/15/2008 | \$ 1,178,000 | \$ 1,241,318 |
| 10.50%, 06/01/2013 p | 11,565,000 | 13,097,362 |
| 11.125%, 07/15/2012 p | 4,435,000 | 5,000,463 |
| PQ Corp., 7.50%, 02/15/2013 144A | 7,655,000 | 7,253,112 |
| Tronox Worldwide, Inc., 9.50%, 12/01/2012 144A | 9,750,000 | 10,213,125 |

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| | | |
|------------------------------------------------------------|------------|------------|
| | | 90,370,842 |
| Containers & Packaging 6.2% | | |
| Crown Holdings, Inc., 7.75%, 11/15/2015 144A | 12,500,000 | 13,031,250 |
| Graham Packaging Co., 9.875%, 10/15/2014 Ꞥ | 7,250,000 | 7,213,750 |
| Graphic Packaging International, Inc., 9.50%, 08/15/2013 Ꞥ | 15,000,000 | 14,175,000 |
| Owens-Brockway Glass Containers, Inc.: | | |
| 8.25%, 05/15/2013 Ꞥ | 10,525,000 | 11,130,188 |
| 8.75%, 11/15/2012 Ꞥ | 12,150,000 | 13,122,000 |
| | | 58,672,188 |
| Metals & Mining 9.2% | | |
| Alaska Steel Corp., 7.75%, 06/15/2012 Ꞥ | 11,275,000 | 11,049,500 |
| Foundation Pennsylvania Coal Co., 7.25%, 08/01/2014 | 8,800,000 | 9,174,000 |
| Freeport-McMoRan Copper & Gold, Inc.: | | |
| 6.875%, 02/01/2014 Ꞥ | 4,750,000 | 4,839,062 |
| 10.125%, 02/01/2010 Ꞥ | 9,000,000 | 9,900,000 |
| Indalex Holding Corp., 11.50%, 02/01/2014 144A | 16,000,000 | 15,880,000 |
| Oregon Steel Mills, Inc., 10.00%, 07/15/2009 Ꞥ | 10,500,000 | 11,208,750 |
| United States Steel Corp., 10.75%, 08/01/2008 | 22,675,000 | 25,282,625 |
| | | 87,333,937 |
| Paper & Forest Products 3.1% | | |
| Boise Cascade, LLC, 7.125%, 10/15/2014 | 3,500,000 | 3,246,250 |
| Buckeye Technologies, Inc., 8.50%, 10/01/2013 | 7,500,000 | 7,575,000 |
| Georgia Pacific Corp.: | | |
| 8.00%, 01/15/2024 | 4,170,000 | 4,086,600 |
| 8.125%, 05/15/2011 | 14,000,000 | 14,315,000 |
| | | 29,222,850 |
| TELECOMMUNICATION SERVICES 13.6% | | |
| Diversified Telecommunication Services 5.0% | | |
| Consolidated Communications, Inc., 9.75%, 04/01/2012 | 7,800,000 | 8,326,500 |
| Insight Midwest, LP: | | |
| 9.75%, 10/01/2009 Ꞥ | 8,000,000 | 8,300,000 |
| 10.50%, 11/01/2010 | 8,000,000 | 8,470,000 |
| Qwest Communications International, Inc.: | | |
| 7.875%, 09/01/2011 | 7,300,000 | 7,756,250 |
| 8.875%, 03/15/2012 | 13,000,000 | 14,462,500 |
| | | 47,315,250 |
| Wireless Telecommunication Services 8.6% | | |
| Alamosa Holdings, Inc.: | | |
| 8.50%, 01/31/2012. | 3,500,000 | 3,810,625 |
| 11.00%, 07/31/2010. | 3,400,000 | 3,825,000 |

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| | | |
|---------------------------------------------|------------|------------|
| American Cellular Corp., 10.00%, 08/01/2011 | 5,500,000 | 6,008,750 |
| Centennial Communications Corp.: | | |
| 10.00%, 01/01/2013 144A p | 3,500,000 | 3,640,000 |
| 10.125%, 06/15/2013 | 10,000,000 | 11,000,000 |

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EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2006 (unaudited)

| | Principal Amount | Value |
|--------------------------------------------------------------|---------------------|----------------------|
| CORPORATE BONDS continued | | |
| TELECOMMUNICATION SERVICES continued | | |
| Wireless Telecommunication Services continued | | |
| Dobson Communications Corp.: | | |
| 8.375%, 11/01/2011 | \$ 3,500,000 | \$ 3,745,000 |
| 8.875%, 10/01/2013 p | 4,000,000 | 4,050,000 |
| Horizon PCS, Inc., 11.375%, 07/15/2012 | 4,975,000 | 5,758,562 |
| Rural Cellular Corp.: | | |
| 8.25%, 03/15/2012 | 13,500,000 | 14,293,125 |
| 9.75%, 01/15/2010 p | 7,350,000 | 7,533,750 |
| Sprint Nextel Corp., Inc., Ser. D, 7.375%, 08/01/2015 | 10,000,000 | 10,576,350 |
| UbiquiTel, Inc., 9.875%, 03/01/2011 | 3,375,000 | 3,720,938 |
| US Unwired, Inc., Ser. B, 10.00%, 06/15/2012 | 3,325,000 | 3,782,187 |
| | | 81,744,287 |
| UTILITIES 8.5% | | |
| Electric Utilities 3.6% | | |
| Edison Mission Energy, 10.00%, 08/15/2008 | 13,000,000 | 14,202,500 |
| Reliant Energy, Inc.: | | |
| 9.25%, 07/15/2010 | 7,000,000 | 6,947,500 |
| 9.50%, 07/15/2013 p | 13,000,000 | 12,935,000 |
| | | 34,085,000 |
| Independent Power Producers & Energy Traders 4.9% | | |
| AES Corp., 9.00%, 05/15/2015 144A | 11,250,000 | 12,375,000 |
| Dynegy, Inc., 10.125%, 07/15/2013 144A | 13,000,000 | 14,738,750 |
| Mirant Corp., 7.375%, 12/31/2013 144A | 10,525,000 | 10,761,813 |
| NRG Energy, Inc., 8.00%, 12/15/2013 □ | 7,788,000 | 8,722,560 |
| | | 46,598,123 |
| | | 1,316,943,671 |
| <i>Total Corporate Bonds (cost \$1,312,757,591)</i> | | |

YANKEE OBLIGATIONS-CORPORATE 7.9%

| | | |
|-------------------------------------------------------|------------|------------|
| CONSUMER DISCRETIONARY 1.1% | | |
| Media 1.1% | | |
| IMAX Corp., 9.625%, 12/01/2010 | 9,950,000 | 10,223,625 |
| CONSUMER STAPLES 1.2% | | |
| Food & Staples Retailing 1.2% | | |
| The Jean Coutu Group (PJC), Inc., 8.50%, 08/01/2014 p | 11,500,000 | 11,011,250 |
| FINANCIALS 0.8% | | |
| Diversified Financial Services 0.8% | | |
| Ship Finance International, Ltd., 8.50%, 12/15/2013 | 8,640,000 | 8,078,400 |
| INDUSTRIALS 0.2% | | |
| Transportation Infrastructure 0.2% | | |
| Sea Containers, Ltd., 10.50%, 05/15/2012 | 2,155,000 | 2,144,225 |
| INFORMATION TECHNOLOGY 1.4% | | |
| Electronic Equipment & Instruments 1.4% | | |
| Celestica, Inc.: | | |
| 7.625%, 07/01/2013 p | 5,250,000 | 5,158,125 |
| 7.875%, 07/01/2011 p | 7,805,000 | 7,902,562 |
| | | 13,060,687 |
| MATERIALS 1.8% | | |
| Metals & Mining 1.5% | | |
| Novelis, Inc., 7.25%, 02/15/2015 144A | 14,750,000 | 14,012,500 |
| Paper & Forest Products 0.3% | | |
| Abitibi-Consolidated, Inc., 8.85%, 08/01/2030 p | 4,125,000 | 3,547,500 |

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EVERGREEN INCOME ADVANTAGE FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2006
(unaudited)

| | Principal Amount | Value |
|--------------------------------------------------|---------------------|--------------|
| YANKEE OBLIGATIONS-CORPORATE continued | | |
| TELECOMMUNICATION SERVICES 1.4% | | |
| Wireless Telecommunication Services 1.4% | | |
| Rogers Wireless, Inc.: | | |
| 7.50%, | \$ 4,350,000 | \$ 4,741,500 |

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| | | |
|---------------------------------------------------------------------------------|---------------|---------------|
| 03/15/2015 ^b 9.625%, 05/01/2011 | 7,000,000 | 8,120,000 |
| | | 12,861,500 |
| <i>Total Yankee Obligations-Corporate (cost \$76,350,404)</i> | | 74,939,687 |
| CONVERTIBLE DEBENTURES | | |
| 0.1 % UTILITIES | | |
| 0.1% Independent Power Producers & Energy Traders 0.1 % | | |
| Calpine Corp., 7.75%, 06/01/2015 ^b + [□] (cost \$9,500,000) | 9,500,000 | 1,116,250 |
| | Shares | Value |
| WARRANTS | | |
| 0.8% TELECOMMUNICATION SERVICES 0.8 % | | |
| Wireless Telecommunication Services 0.8% | | |
| American Tower Escrow Corp., Expiring 08/01/2008 * (cost \$1,421,436) | 17,500 | 7,628,317 |
| SHORT-TERM INVESTMENTS 19.9 % | | |
| MUTUAL FUND SHARES 19.9% | | |
| Evergreen Institutional Money Market Fund ^ø | 8,190,936 | 8,190,936 |
| Navigator Prime Portfolio ^{pp} | 180,584,593 | 180,584,593 |
| <i>Total Short-Term Investments (cost \$188,775,529)</i> | | 188,775,529 |
| Total Investments (cost \$1,588,804,960) 167.3% | | 1,589,403,454 |
| Other Assets and Liabilities and Preferred Shares (67.3 %) | | (639,459,272) |
| Net Assets Applicable to Common Shareholders 100.0 % | \$ | 949,944,182 |

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

⁺ Security is deemed illiquid and is valued using market quotations when readily available.

[□] Security which has defaulted on payment of interest and/or principal.

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- * Non-income producing security
 ∅ Evergreen Investment Management Company, LLC is the investment advisor to both the Fund and the money market fund.
 ∅∅ Represents investment of cash collateral received from securities on loan.

Summary of

Abbreviations

| | |
|------|------------------------------|
| FRN | Floating Rate Note |
| REIT | Real Estate Investment Trust |

At January 31, 2006, the Fund had the following open interest rate swap agreements:

| Expiration | Notional Amount | Counterparty | Cash Flows Paid by the Fund | Cash Flows Received by the Fund | Unrealized Gain |
|------------|-----------------|---------------------------|-----------------------------|---------------------------------|-----------------|
| | | | | | \$2,052,860 |
| 7/02/2006 | \$150,000,000 | Merrill Lynch & Co., Inc. | Fixed □ 1.95% | Floating-4.39% ¹ | 1,769,508 |
| 11/26/2006 | 105,000,000 | Merrill Lynch & Co., Inc. | Fixed □ 2.79% | Floating-4.53% ² | 5,037,045 |
| 7/02/2008 | 100,000,000 | JPMorgan Chase & Co. | Fixed □ 2.74% | Floating-4.39% ¹ | 2,125,856 |
| 11/26/2008 | 65,000,000 | Merrill Lynch & Co., Inc. | Fixed □ 3.59% | Floating-4.53% ² | |

¹ This rate represents the 1 month USD London InterBank Offered Rate (LIBOR) effective for the period of January 3, 2006 through February 2, 2006.

² This rate represents the 1 month USD London InterBank Offered Rate (LIBOR) effective for the period of January 26, 2006 through February 27, 2006.

On January 31, 2006, the aggregate cost of securities for federal income tax purposes was \$1,588,950,460. The gross unrealized appreciation and depreciation on securities based on tax cost was \$30,000,746 and \$29,547,752, respectively, with a net unrealized appreciation of \$452,994.

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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

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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 31, 2006

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 31, 2006

By: /s/ Kasey Phillips

Kasey Phillips
Principal Financial Officer

Date: March 31, 2006
