

EVERGREEN INCOME ADVANTAGE FUND
Form N-CSR
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT
COMPANIES**

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: April 30

Date of reporting period: April 30, 2008

Item 1 - Reports to Stockholders.

Evergreen Income Advantage Fund

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The fund will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q will be available on the SEC's Web site at <http://www.sec.gov>. In addition, the fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330.

A description of the fund's proxy voting policies and procedures, as well as information regarding how the fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, is available by visiting our Web site at EvergreenInvestments.com or by visiting the SEC's Web site at <http://www.sec.gov>. The fund's proxy voting policies and procedures are also available without charge, upon request, by calling 800.343.2898.

Mutual Funds:

NOT FDIC INSURED MAY LOSE VALUE NOT BANK GUARANTEED

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Evergreen Investment Management Company, LLC is a subsidiary of Wachovia Corporation and is an affiliate of Wachovia Corporation's other Broker Dealer subsidiaries.

LETTER TO SHAREHOLDERS

April 2008

Dennis H. Ferro

President and Chief Executive Officer

Dear Shareholder:

We are pleased to provide the annual report for Evergreen Income Advantage Fund for the twelve-month period ended April 30, 2008 (the "period").

The fiscal year witnessed a dramatic change in fixed-income markets as problems that first surfaced in housing and subprime mortgages raised questions about the strength of the domestic economy and the risks of credit-sensitive investments. Corporate bonds and asset-backed securities performed well early in the period, with gains in economic output, corporate profits and employment encouraging optimism. However, the backdrop for investing began to change by the summer of 2007 amid widening worries about problems in the financials sector. Major financial institutions began to report substantial losses from their exposure to subprime mortgages while banks tightened credit standards and restricted lending. With fears of a dramatic downturn hovering over the market, fixed income investors sought out the highest-quality securities and attempted to avoid credit risk. As a consequence, the prices of corporate bonds and many asset-backed securities fell, while Treasuries rallied in a general flight to quality over much of the period. However, these general trends reversed themselves, in the final month of the period, with high-yield corporate bonds and other credit-sensitive securities rallying following a series of actions by the U.S. Federal Reserve Board (the "Fed") to stabilize the markets. Meanwhile, equities tended to move in the same general direction as corporate bonds over the fiscal year. Stock prices rose very early in the period before falling in late 2007 and early 2008 and then rallying again in April 2008. For the full period, stock valuations fell across all market capitalizations, investment styles and regions, as the prices of gold, oil and other

LETTER TO SHAREHOLDERS continued

commodities surged while the U.S. dollar weakened further.

The U.S. economy grew briskly early in 2007 but slowed significantly in late 2007 and early 2008. Economic growth decelerated as lending for ordinary consumer and commercial activity dried up, accentuating the weakening effects of declining home prices. Corporate profits, employment and other key economic indicators showed clear evidence of deterioration. Gross Domestic Product growth decelerated to a rate of 0.6% during the final quarter of 2007 and the first quarter of 2008. A buildup in inventories and export gains kept the economy from contracting during the first three months of 2008. To reinvigorate the economy and stimulate lending activity, the Fed became increasingly aggressive, taking a series of steps to pour liquidity into the financial system. Starting in September 2007 and continuing through April 2008, the Fed cut the key fed funds rate seven different times, lowering the influential short-term rate from 5.25% to 2%. In March 2008, the central bank also opened its lending facilities to securities firms and commercial banks and intervened to help JP Morgan Chase & Co. purchase the collapsing investment bank, Bear Stearns Cos. Meanwhile, Congress and the Bush administration rushed through a \$168 billion fiscal stimulus bill, which included tax rebate checks, in an effort to boost growth in the second half of 2008.

During the period, managers of Evergreen Income Advantage Fund maintained a relatively conservative positioning in their investments in lower-rated, higher-yielding corporate bonds. To enhance income, they also made selective use of the fund's ability to borrow funds, or use leverage, at short-term rates and to invest the proceeds in higher-yielding corporate securities.

During the period, a challenge emerged in connection with Auction Market Preferred Shares (AMPS) issued by the fund to create leverage in pursuit of its income orientation. The liquidity crisis that affected global credit markets caused failures in regularly scheduled auctions for AMPS, including auctions for your fund's preferred shares. As a consequence, holders of these preferred shares have not been able to sell them at auction. When such a

LETTER TO SHAREHOLDERS continued

condition occurs, the holders of these shares are entitled to be paid by the fund at the maximum rates allowed under the governing documents for these preferred shares. Although borrowing costs fell during the period, the payments of these maximum preferred share dividend rates prevented borrowing costs from falling as much as they may have otherwise fallen during the period.

Let me assure you that we remain steadfast in our determination to protect the long-term interests of shareholders of our funds as we navigate through this unprecedented market environment. We place great value in the trust you have placed in us and we appreciate your confidence as we work through these extraordinary market events.

Evergreen's management team, working with others in our industry, is exploring possible alternative financing sources in order to provide liquidity to AMPS holders while working to (or attempting to) preserve the fund's income profile.

Please visit us at **EvergreenInvestments.com** for more information about our funds and other investment products available to you. From the Web site, you may also access details about daily fund prices, yields, dividend rates and fund facts about Evergreen closed-end funds. Thank you for your continued support of Evergreen Investments.

Sincerely,

Dennis H. Ferro

President and Chief Executive Officer

Evergreen Investment Company, Inc.

Special Notice to Shareholders:

Please visit our Web site at **EvergreenInvestments.com** for statements from President and Chief Executive Officer, Dennis Ferro, regarding the firm's recent settlement with the Securities and Exchange Commission (SEC) and prior settlement with the Financial Industry Regulatory Authority (FINRA).

FINANCIAL HIGHLIGHTS

(For a share outstanding throughout each period)

	Year Ended April 30,				
	2008	2007	2006	2005	2004
Net asset value, beginning of period	\$14.26	\$14.06	\$14.41	\$15.62	\$14.92
Income from investment operations					
Net investment income (loss)	1.64 ¹	1.62 ¹	1.59 ¹	1.56	1.76
Net realized and unrealized gains or losses on investments	(1.85)	0.36	0.03	(0.65)	0.68
Distributions to preferred shareholders from Net investment income	(0.37)	(0.37)	(0.26)	(0.14)	(0.09)
Net realized gains	0	0	(0.02)	(0.01)	0
Total from investment operations	(0.58)	1.61	1.34	0.76	2.35
Distributions to common shareholders from					
Net investment income	(1.36)	(1.41)	(1.54)	(1.64)	(1.65)
Net realized gains	0	0	(0.15)	(0.33)	0
Total distributions to common shareholders	(1.36)	(1.41)	(1.69)	(1.97)	(1.65)
Net asset value, end of period	\$12.32	\$14.26	\$14.06	\$14.41	\$15.62
Market value, end of period	\$11.71	\$14.70	\$14.17	\$14.24	\$14.44
Total return based on market value²	(11.07%)	14.69%	11.91%	12.07%	6.55%
Ratios and supplemental data					
Net assets of common shareholders, end of period (thousands)	\$849,573	\$980,054	\$953,102	\$966,835	\$1,035,766
Liquidation value of preferred shares, end of period (thousands)	\$490,000	\$490,000	\$490,000	\$490,000	\$490,000
Asset coverage ratio, end of period	272%	299%	294%	297%	311%
Ratios to average net assets applicable to common shareholders					
Expenses including waivers/reimbursements but excluding expense reductions	1.21%	1.19%	1.19%	1.15%	1.15%
Expenses excluding waivers/reimbursements and expense reductions	1.21%	1.19%	1.19%	1.15%	1.15%
Net investment income (loss) ³	9.81%	8.98%	9.17%	10.03%	10.56%
Portfolio turnover rate	102%	45%	49%	63%	49%

- 1 Calculated based on average common shares outstanding during the period.
 - 2 Total return is calculated assuming a purchase of common stock on the first day and a sale on the last day of the period reported. Dividends and distributions are assumed for the purposes of these calculations to be reinvested at prices obtained under the Fund's Automatic Dividend Reinvestment Plan. Total return does not reflect brokerage commissions or sales charges.
 - 3 Net investment income (loss) ratio reflects distributions to preferred shareholders.
- See Notes to Financial Statements

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SCHEDULE OF INVESTMENTS

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS 134.5%		
CONSUMER DISCRETIONARY 31.8%		
Auto Components 2.6%		
Cooper Standard Automotive, Inc.:		
7.00%, 12/15/2012	\$535,000	\$493,270
8.375%, 12/15/2014	2,660,000	2,207,800
Cooper Tire & Rubber Co., 7.625%, 03/15/2027	6,935,000	5,894,750
Goodyear Tire & Rubber Co., 9.00%, 07/01/2015	3,060,000	3,343,050
Metaldyne Corp.:		
10.00%, 11/01/2013	13,021,000	8,431,097
11.00%, 06/15/2012	4,522,000	1,673,140
		22,043,107
Automobiles 2.5%		
Ford Motor Co., 7.70%, 05/15/2097	14,350,000	9,542,750
General Motors Corp.:		
7.20%, 01/15/2011	10,310,000	9,150,125
8.25%, 07/15/2023	3,860,000	2,904,650
		21,597,525
Diversified Consumer Services 0.6%		
Carriage Services, Inc., 7.875%, 01/15/2015	2,290,000	2,290,000
Education Management, LLC, 8.75%, 06/01/2014	2,890,000	2,586,550
Service Corporation International, 6.75%, 04/01/2015	220,000	221,375
		5,097,925
Hotels, Restaurants & Leisure 8.8%		
Caesars Entertainment, Inc.:		
7.875%, 03/15/2010	4,169,000	3,939,705
8.125%, 05/15/2011	1,350,000	1,149,188
Fontainebleau Las Vegas Holdings, LLC, 10.25%, 06/15/2015 144A	13,473,000	9,734,243
Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/2010	5,825,000	5,067,750
Isle of Capri Casinos, Inc., 7.00%, 03/01/2014	18,673,000	14,471,575
Pinnacle Entertainment, Inc., 8.75%, 10/01/2013	450,000	459,000
Pokagon Gaming Authority, 10.375%, 06/15/2014 144A	5,868,000	6,293,430
Seneca Gaming Corp., 7.25%, 05/01/2012	1,525,000	1,481,156
Shingle Springs Tribal Gaming Authority, 9.375%, 06/15/2015 144A	7,100,000	6,319,000
Six Flags, Inc.:		

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8.875%, 02/01/2010	1,670,000	1,394,450
9.625%, 06/01/2014	2,590,000	1,722,350
Trump Entertainment Resorts, Inc., 8.50%, 06/01/2015	17,416,000	11,276,860
Universal City Development Partners, Ltd., 11.75%, 04/01/2010	11,315,000	11,739,312
		75,048,019

Household Durables 3.6%

Centex Corp.:

4.875%, 08/15/2008	3,080,000	3,049,419
5.80%, 09/15/2009	965,000	926,711

See Notes to Financial Statements

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS continued		
CONSUMER DISCRETIONARY continued		
Household Durables continued		
D.R. Horton, Inc.:		
4.875%, 01/15/2010	\$1,550,000	\$1,480,250
5.00%, 01/15/2009	3,525,000	3,436,875
8.00%, 02/01/2009	1,670,000	1,670,000
Hovnanian Enterprises, Inc.:		
6.00%, 01/15/2010	1,670,000	1,310,950
6.50%, 01/15/2014	2,055,000	1,469,325
KB Home:		
7.75%, 02/01/2010	2,435,000	2,404,562
8.625%, 12/15/2008	1,345,000	1,365,175
Libbey, Inc., FRN, 11.91%, 06/01/2011	3,505,000	3,531,287
Meritage Homes Corp., 7.00%, 05/01/2014	1,510,000	1,296,713
Pulte Homes, Inc.:		
4.875%, 07/15/2009	6,795,000	6,591,150
7.875%, 08/01/2011	470,000	460,600
Standard Pacific Corp., 5.125%, 04/01/2009	1,645,000	1,472,275
		30,465,292
Media 9.4%		
Cablevision Systems Corp., Ser. B, 8.00%, 04/15/2012	5,080,000	5,080,000
CCH I, LLC, 11.00%, 10/01/2015	45,000	35,213
Charter Communications, Inc., 10.875%, 09/15/2014 144A	10,030,000	10,656,875
CSC Holdings, Inc., 7.625%, 04/01/2011	4,135,000	4,186,687
Idearc, Inc., 8.00%, 11/15/2016	13,480,000	8,829,400
Lamar Media Corp.:		
6.625%, 08/15/2015	1,610,000	1,525,475
7.25%, 01/01/2013	440,000	437,800
Ser. B, 6.625%, 08/15/2015	7,825,000	7,414,187
Mediacom Broadband, LLC, 8.50%, 10/15/2015	1,580,000	1,461,500
Mediacom, LLC, 7.875%, 02/15/2011	1,380,000	1,311,000
Ion Media Networks, Inc., FRN, 8.96%, 01/15/2013 144A	7,550,000	4,548,875
R.H. Donnelley Corp., Ser. A-4, 8.875%, 10/15/2017 144A	7,955,000	5,170,750
Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012	5,524,000	5,613,765
Sirius Satellite Radio, Inc., 9.625%, 08/01/2013	5,160,000	4,373,100
Visant Corp., 7.625%, 10/01/2012	7,465,000	7,465,000
XM Satellite Radio Holdings, Inc., 9.75%, 05/01/2014	4,400,000	4,257,000
Young Broadcasting, Inc., 8.75%, 01/15/2014	12,034,000	7,100,060

		79,466,687
Multi-line Retail 0.4%		
Neiman Marcus Group, Inc., 9.00%, 10/15/2015	3,640,000	3,803,800
Specialty Retail 2.1%		
American Achievement Corp., 8.25%, 04/01/2012	7,505,000	6,641,925
Home Depot, Inc., 5.875%, 12/16/2036	1,635,000	1,371,147
See Notes to Financial Statements		

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS continued		
CONSUMER DISCRETIONARY continued		
Specialty Retail continued		
Michaels Stores, Inc., 10.00%, 11/01/2014	\$2,910,000	\$2,837,250
Payless ShoeSource, Inc., 8.25%, 08/01/2013	7,880,000	7,151,100
		18,001,422
Textiles, Apparel & Luxury Goods 1.8%		
AAC Group Holdings Corp., Sr. Disc. Note, Step Bond, 0.00%, 10/01/2012	1,055,000	828,175
Oxford Industries, Inc., 8.875%, 06/01/2011	12,915,000	12,366,113
Unifi, Inc., 11.50%, 05/15/2014	2,127,000	1,733,505
		14,927,793
CONSUMER STAPLES 3.6%		
Beverages 0.1%		
Constellation Brands, Inc., 8.375%, 12/15/2014	765,000	814,725
Food & Staples Retailing 0.5%		
Ingles Markets, Inc., 8.875%, 12/01/2011	2,950,000	3,009,000
Rite Aid Corp., 8.125%, 05/01/2010	1,540,000	1,547,700
		4,556,700
Food Products 1.9%		
Dean Foods Co., 6.625%, 05/15/2009	480,000	482,400
Del Monte Foods Co.: 6.75%, 02/15/2015	1,705,000	1,653,850
8.625%, 12/15/2012	10,061,000	10,463,440
Pilgrim's Pride Corp., 8.375%, 05/01/2017	4,065,000	3,638,175
Smithfield Foods, Inc., 7.75%, 07/01/2017	160,000	159,600
		16,397,465
Household Products 0.2%		
Church & Dwight Co., 6.00%, 12/15/2012	1,295,000	1,282,050
Personal Products 0.9%		
Central Garden & Pet Co., 9.125%, 02/01/2013	8,385,000	7,127,250

ENERGY 15.6%

Energy Equipment & Services 4.0%

Bristow Group, Inc., 7.50%, 09/15/2017	2,500,000	2,593,750
Dresser-Rand Group, Inc., 7.375%, 11/01/2014	4,456,000	4,478,280
GulfMark Offshore, Inc., 7.75%, 07/15/2014	4,070,000	4,232,800
Hornbeck Offshore Services, Inc., Ser. B, 6.125%, 12/01/2014	10,655,000	10,415,262
Parker Drilling Co., 9.625%, 10/01/2013	4,990,000	5,264,450
PHI, Inc., 7.125%, 04/15/2013	6,872,000	6,459,680
		33,444,222

Oil, Gas & Consumable Fuels 11.6%

Chesapeake Energy Corp.:		
6.875%, 01/15/2016	195,000	197,925
See Notes to Financial Statements		

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS continued		
ENERGY continued		
Oil, Gas & Consumable Fuels continued		
Chesapeake Energy Corp.: continued		
7.50%, 09/15/2013	\$5,500,000	\$5,720,000
7.75%, 01/15/2015	5,500,000	5,706,250
Clayton Williams Energy, Inc., 7.75%, 08/01/2013	3,315,000	3,116,100
Delta Petroleum Corp., 7.00%, 04/01/2015	4,280,000	3,809,200
El Paso Corp., 7.00%, 06/15/2017	2,580,000	2,705,339
Encore Acquisition Co.:		
6.00%, 07/15/2015	4,835,000	4,472,375
6.25%, 04/15/2014	2,435,000	2,301,075
Energy Partners, Ltd., 9.75%, 04/15/2014	2,452,000	2,280,360
Exco Resources, Inc., 7.25%, 01/15/2011	6,130,000	6,130,000
Forbes Energy Services, LLC, 11.00%, 02/15/2015 144A	7,740,000	7,778,700
Forest Oil Corp., 7.25%, 06/15/2019	2,435,000	2,526,312
Frontier Oil Corp., 6.625%, 10/01/2011	1,755,000	1,755,000
Mariner Energy, Inc., 8.00%, 05/15/2017	1,343,000	1,326,213
Peabody Energy Corp.:		
5.875%, 04/15/2016	10,010,000	9,759,750
7.875%, 11/01/2026	960,000	996,000
Plains All American Pipeline, LP, 6.50%, 05/01/2018 144A	1,470,000	1,504,047
Plains Exploration & Production Co., 7.75%, 06/15/2015	2,225,000	2,291,750
Sabine Pass LNG, LP:		
7.25%, 11/30/2013	680,000	632,400
7.50%, 11/30/2016	10,525,000	9,683,000
Southwestern Energy Co., 7.50%, 02/01/2018 144A	490,000	521,850
Tesoro Corp.:		
6.50%, 06/01/2017	6,185,000	5,705,662
6.625%, 11/01/2015	1,840,000	1,738,800
Williams Cos.:		
7.50%, 01/15/2031	5,520,000	5,878,800
8.125%, 03/15/2012	9,285,000	10,213,500
		98,750,408
FINANCIALS 22.2%		
Capital Markets 0.6%		
E*TRADE Financial Corp.:		
7.375%, 09/15/2013	2,630,000	2,150,025
8.00%, 06/15/2011	485,000	434,075
12.50%, 11/30/2017 144A	2,595,000	2,695,556

		5,279,656
Consumer Finance 13.3%		
CCH II Capital Corp.: 10.25%, 09/15/2010	18,925,000	18,304,699
Ford Motor Credit Co., LLC:		
5.70%, 01/15/2010	915,000	856,718
5.80%, 01/12/2009	805,000	787,264
See Notes to Financial Statements		

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS continued		
FINANCIALS continued		
Consumer Finance continued		
Ford Motor Credit Co., LLC:		
7.375%, 10/28/2009	\$ 13,965,000	\$ 13,447,667
9.75%, 09/15/2010	21,207,000	20,613,204
General Motors Acceptance Corp., LLC:		
5.625%, 05/15/2009	2,415,000	2,271,204
6.875%, 09/15/2011	22,460,000	18,729,731
6.875%, 08/28/2012	1,930,000	1,532,487
7.25%, 03/02/2011	675,000	572,951
7.75%, 01/19/2010	4,020,000	3,700,289
8.00%, 11/01/2031	9,870,000	7,483,977
FRN:		
3.75%, 09/23/2008	4,465,000	4,381,353
4.32%, 05/15/2009	7,635,000	6,967,556
Qwest Capital Funding, Inc., 6.50%, 11/15/2018	1,655,000	1,390,200
Sprint Capital Corp., 6.875%, 11/15/2028	6,615,000	5,155,559
Toll Corp.:		
8.25%, 02/01/2011	5,720,000	5,534,100
8.25%, 12/01/2011	1,100,000	1,056,000
		112,784,959
Diversified Financial Services 2.3%		
Citigroup, Inc., FRN, 8.40%, 04/29/2049	4,155,000	4,210,386
JPMorgan Chase & Co., FRN, 7.90%, 12/31/2049	2,520,000	2,575,422
Leucadia National Corp.:		
7.125%, 03/15/2017	545,000	523,200
8.125%, 09/15/2015	10,695,000	10,962,375
Biomet, Inc., 11.625%, 10/15/2017 144A	1,635,000	1,745,363
		20,016,746
Real Estate Investment Trusts 2.9%		
Host Marriott Corp.:		
7.125%, 11/01/2013	5,580,000	5,586,975
Ser. O, 6.375%, 03/15/2015	340,000	328,100
Ser. Q, 6.75%, 06/01/2016	7,700,000	7,565,250
Omega Healthcare Investors, Inc.:		
7.00%, 04/01/2014	4,210,000	4,131,063

7.00%, 01/15/2016	4,405,000	4,278,356
Ventas, Inc., 7.125%, 06/01/2015	2,480,000	2,498,600
		24,388,344
Real Estate Management & Development 0.0%		
Realogy Corp., 10.50%, 04/15/2014	175,000	129,500
See Notes to Financial Statements		

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS continued		
FINANCIALS continued		
Thriffs & Mortgage Finance 3.1%		
Residential Capital, LLC:		
FRN, 3.49%, 06/09/2008	\$2,040,000	\$1,909,950
Step Bond:		
8.125%, 11/21/2008	3,310,000	2,763,850
8.375%, 06/30/2010	39,145,000	21,431,888
		26,105,688
HEALTH CARE 5.8%		
Health Care Equipment & Supplies 0.0%		
Universal Hospital Services, Inc., 8.50%, 06/01/2015	294,000	301,350
Health Care Providers & Services 5.8%		
HCA, Inc.:		
6.375%, 01/15/2015	130,000	116,350
8.75%, 09/01/2010	6,860,000	7,082,950
9.25%, 11/15/2016	22,455,000	24,195,262
Omnicare, Inc.:		
6.125%, 06/01/2013	9,095,000	8,321,925
6.875%, 12/15/2015	10,215,000	9,372,263
		49,088,750
INDUSTRIALS 12.6%		
Aerospace & Defense 7.2%		
Alliant Techsystems, Inc., 6.75%, 04/01/2016	1,090,000	1,084,550
DAE Aviation Holdings, 11.25%, 08/01/2015 144A	2,310,000	2,359,087
DRS Technologies, Inc., 6.625%, 02/01/2016	2,600,000	2,587,000
Hexcel Corp., 6.75%, 02/01/2015	4,200,000	4,194,750
L-3 Communications Holdings, Inc.:		
5.875%, 01/15/2015	31,835,000	31,039,125
6.375%, 10/15/2015	12,241,000	12,164,494
Vought Aircraft Industries, Inc., 8.00%, 07/15/2011	7,965,000	7,606,575
		61,035,581
Commercial Services & Supplies 2.3%		
Browning-Ferris Industries, Inc.:		

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7.40%, 09/15/2035	7,620,000	6,972,300
9.25%, 05/01/2021	3,715,000	3,863,600
Geo Group, Inc., 8.25%, 07/15/2013	1,750,000	1,815,625
Mobile Mini, Inc., 6.875%, 05/01/2015	3,435,000	2,911,163
Norcross Safety Products, LLC, Ser. B, 9.875%, 08/15/2011	3,780,000	3,980,831

19,543,519

Machinery 1.4%

Commercial Vehicle Group, Inc., 8.00%, 07/01/2013	14,236,000	12,278,550
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See Notes to Financial Statements

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS continued		
INDUSTRIALS continued		
Road & Rail 1.3%		
Avis Budget Car Rental, LLC, 7.75%, 05/15/2016	\$240,000	\$213,000
Hertz Global Holdings, Inc.:		
8.875%, 01/01/2014	3,860,000	3,908,250
10.50%, 01/01/2016	95,000	96,069
Kansas City Southern:		
7.50%, 06/15/2009	2,730,000	2,811,900
9.50%, 10/01/2008	3,590,000	3,643,850
		10,673,069
Trading Companies & Distributors 0.4%		
Neff Corp., 10.00%, 06/01/2015	525,000	259,875
United Rentals, Inc., 6.50%, 02/15/2012	3,275,000	3,086,688
		3,346,563
INFORMATION TECHNOLOGY 5.8%		
Electronic Equipment & Instruments 2.8%		
Da-Lite Screen Co., Inc., 9.50%, 05/15/2011	7,375,000	7,043,125
Jabil Circuit, Inc.:		
5.875%, 07/15/2010	1,650,000	1,620,976
8.25%, 03/15/2018 144A	10,875,000	10,929,375
Sanmina-SCI Corp.:		
6.75%, 03/01/2013	1,105,000	1,005,550
8.125%, 03/01/2016	1,760,000	1,628,000
FRN, 5.55%, 06/15/2010 144A	1,526,000	1,514,555
		23,741,581
IT Services 2.2%		
First Data Corp., 9.875%, 09/24/2015 144A	8,175,000	7,449,469
ipayment, Inc., 9.75%, 05/15/2014	4,255,000	3,680,575
SunGard Data Systems, Inc.:		
4.875%, 01/15/2014	6,345,000	5,599,462
10.25%, 08/15/2015	130,000	138,775
Unisys Corp., 6.875%, 03/15/2010	1,848,000	1,785,630
		18,653,911

Office Electronics 0.2%

Xerox Corp., 6.35%, 05/15/2018	1,500,000	1,510,349
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Semiconductors & Semiconductor Equipment 0.6%

Freescale Semiconductor, Inc.:		
8.875%, 12/15/2014	225,000	199,125
9.125%, 12/15/2014	1,920,000	1,588,800
Spansion, Inc., FRN, 6.20%, 06/01/2013 144A	4,965,000	3,748,575
		5,536,500

See Notes to Financial Statements

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS continued		
MATERIALS 15.9%		
Chemicals 6.6%		
ARCO Chemical Co.:		
9.80%, 02/01/2020	\$2,490,000	\$2,191,200
10.25%, 11/01/2010	460,000	471,500
Huntsman, LLC, 11.625%, 10/15/2010	7,000,000	7,385,000
Koppers Holdings, Inc.:		
9.875%, 10/15/2013	575,000	612,375
Sr. Disc. Note, Step Bond, 0.00%, 11/15/2014	5,519,000	4,856,720
MacDermid, Inc., 9.50%, 04/15/2017 144A	8,161,000	7,834,560
Millenium America, Inc., 7.625%, 11/15/2026	6,045,000	3,914,137
Momentive Performance Materials, Inc.:		
9.75%, 12/01/2014	6,510,000	6,347,250
10.125%, 12/01/2014	2,965,000	2,838,988
Mosaic Co.:		
7.30%, 01/15/2028	3,385,000	3,300,375
7.875%, 12/01/2016 144A	4,665,000	5,131,500
Tronox Worldwide, LLC, 9.50%, 12/01/2012	13,175,000	11,396,375
		56,279,980
Construction Materials 1.1%		
CPG International, Inc.:		
10.50%, 07/01/2013	8,910,000	7,662,600
FRN, 11.47%, 07/01/2012	1,670,000	1,365,225
		9,027,825
Containers & Packaging 4.7%		
Berry Plastics Holdings Corp.:		
6.68%, 09/15/2014	1,635,000	1,397,925
7.57%, 02/15/2015 144A	1,850,000	1,794,500
8.875%, 09/15/2014	1,566,000	1,472,040
Exopack Holding Corp., 11.25%, 02/01/2014	8,275,000	7,944,000
Graham Packaging Co.:		
8.50%, 10/15/2012	5,510,000	5,427,350
9.875%, 10/15/2014	3,905,000	3,690,225
Graphic Packaging International, Inc.:		
8.50%, 08/15/2011	4,685,000	4,755,275
9.50%, 08/15/2013	5,760,000	5,760,000

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Smurfit-Stone Container Corp., 8.375%, 07/01/2012	8,680,000	7,985,600
		40,226,915
Metals & Mining 1.4%		
Freeport-McMoRan Copper & Gold, Inc., 8.375%, 04/01/2017	7,310,000	8,095,825
Indalex Holdings Corp., 11.50%, 02/01/2014	4,735,000	3,716,975
		11,812,800

See Notes to Financial Statements

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS continued		
MATERIALS continued		
Paper & Forest Products 2.1%		
Georgia Pacific Corp.:		
8.125%, 05/15/2011	\$5,000,000	\$5,206,250
8.875%, 05/15/2031	5,875,000	5,757,500
Verso Paper Holdings, LLC, 11.375%, 08/01/2016	6,700,000	6,901,000
		17,864,750
TELECOMMUNICATION SERVICES 9.4%		
Diversified Telecommunication Services 3.6%		
Citizens Communications Co.:		
7.875%, 01/15/2027	1,570,000	1,401,225
9.25%, 05/15/2011	6,680,000	7,080,800
FairPoint Communications, Inc., 13.125%, 04/01/2018 144A	2,315,000	2,349,725
Qwest Corp.:		
6.50%, 06/01/2017	1,475,000	1,390,188
7.50%, 06/15/2023	1,725,000	1,587,000
8.875%, 03/15/2012	11,660,000	12,359,600
West Corp., 11.00%, 10/15/2016	5,050,000	4,513,437
		30,681,975
Wireless Telecommunication Services 5.8%		
Centennial Communications Corp.:		
8.125%, 02/01/2014	6,815,000	6,815,000
10.125%, 06/15/2013	2,715,000	2,843,963
Cricket Communications, Inc.:		
9.375%, 11/01/2014	800,000	789,000
9.375%, 11/01/2014 144A	3,580,000	3,530,775
MetroPCS Communications, Inc., 9.25%, 11/01/2014	9,070,000	8,956,625
Rural Cellular Corp., 8.25%, 03/15/2012	13,350,000	13,950,750
Sprint Nextel Corp.:		
6.375%, 05/01/2009	3,350,000	3,300,531
6.90%, 05/01/2019	945,000	781,026
Ser. D, 7.375%, 08/01/2015	5,265,000	4,214,843
Ser. F, 5.95%, 03/15/2014	5,405,000	4,220,802
		49,403,315

UTILITIES 11.8%

Electric Utilities 11.6%

Allegheny Energy Supply Co., 8.25%, 04/15/2012 144A	9,780,000	10,464,600
Aquila, Inc., Step Bond, 14.875%, 07/01/2012	14,026,000	17,111,720
CMS Energy Corp.:		
6.55%, 07/17/2017	755,000	745,367
8.50%, 04/15/2011	860,000	925,319
Edison Mission Energy:		
7.00%, 05/15/2017	1,350,000	1,370,250
7.20%, 05/15/2019	835,000	845,438
See Notes to Financial Statements		

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
CORPORATE BONDS continued		
UTILITIES continued		
Electric Utilities continued		
Energy Future Holdings Corp.:		
10.875%, 11/01/2017 144A	\$7,530,000	\$8,057,100
11.25%, 11/01/2017 144A	4,515,000	4,752,038
Mirant Americas Generation, LLC, 8.50%, 10/01/2021	1,350,000	1,329,750
Mirant Mid-Atlantic, LLC, Ser. C, 10.06%, 12/30/2028	1,159,410	1,333,322
Mirant North America, LLC, 7.375%, 12/31/2013	12,325,000	12,848,812
NRG Energy, Inc., 7.375%, 02/01/2016	10,375,000	10,712,187
Orion Power Holdings, Inc., 12.00%, 05/01/2010	11,890,000	13,168,175
Reliant Energy, Inc.:		
6.75%, 12/15/2014	13,093,000	13,583,987
7.875%, 06/15/2017	230,000	240,925
Texas Competitive Electric Holdings Co., LLC:		
10.25%, 11/01/2015 144A	825,000	864,188
10.50%, 11/01/2016 144A	135,000	138,881
		98,492,059
Independent Power Producers & Energy Traders 0.2%		
AES Corp., 8.00%, 10/15/2017	275,000	288,062
Dynegy Holdings, Inc., 7.50%, 06/01/2015	1,010,000	1,010,000
		1,298,062
<i>Total Corporate Bonds (cost \$1,193,834,298)</i>		1,142,326,687
YANKEE OBLIGATIONS CORPORATE 8.0%		
ENERGY 2.2%		
Oil, Gas & Consumable Fuels 2.2%		
Connacher Oil & Gas, Ltd., 10.25%, 12/15/2015 144A	3,145,000	3,349,425
Griffin Coal Mining Co., Ltd., 9.50%, 12/01/2016 144A	13,040,000	10,301,600
Griffin Coal Mining Co., Ltd., 9.50%, 12/01/2016	3,175,000	2,508,250
OPTI Canada, Inc., 8.25%, 12/15/2014	2,500,000	2,593,750
		18,753,025
FINANCIALS 1.6%		

Consumer Finance 0.3%

Virgin Media Finance plc, 9.125%, 08/15/2016	3,228,000	3,131,160
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Diversified Financial Services 1.3%

FMG Finance Property, Ltd., 10.625%, 09/01/2016 144A	4,000,000	4,570,000
Preferred Term Securities XII, Ltd., FRN, 10.00%, 12/24/2033	1,540,000	1,095,433
Ship Finance International, Ltd., 8.50%, 12/15/2013	5,060,000	5,135,900
		10,801,333

See Notes to Financial Statements

SCHEDULE OF INVESTMENTS continued

April 30, 2008

	Principal Amount	Value
YANKEE OBLIGATIONS CORPORATE continued		
INDUSTRIALS 0.4%		
Road & Rail 0.4%		
Kansas City Southern de Mexico:		
7.375%, 06/01/2014 144A	\$1,796,000	\$1,708,445
9.375%, 05/01/2012	1,495,000	1,566,013
		3,274,458
INFORMATION TECHNOLOGY 1.0%		
Communications Equipment 0.8%		
Nortel Networks Corp., 10.125%, 07/15/2013	6,890,000	6,786,650
Semiconductors & Semiconductor Equipment 0.2%		
Sensata Technologies, Inc., 8.00%, 05/01/2014	1,645,000	1,542,187
MATERIALS 2.0%		
Metals & Mining 1.3%		
Evrz Group SA, 9.50%, 04/24/2018 144A	1,095,000	1,475,921
Novelis, Inc., 7.25%, 02/15/2015	10,785,000	9,922,200