

EVERGREEN MULTI-SECTOR INCOME FUND  
Form N-CSRS  
July 03, 2008

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSRS**

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

Investment Company Act file number 811-21331

Evergreen Multi-Sector Income Fund

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(Exact name of registrant as specified in charter)

200 Berkeley Street

Boston, Massachusetts 02116

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(Address of principal executive offices) (Zip code)

Michael H. Koonce, Esq.

200 Berkeley Street

Boston, Massachusetts 02116

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(Name and address of agent for service)

Registrant's telephone number, including area code: (617) 210-3200

Date of fiscal year end: October 31, 2008

Date of reporting period: April 30, 2008

**Item 1 - Reports to Stockholders.**

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**Evergreen Multi-Sector Income Fund**

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table of contents

- 1 LETTER TO SHAREHOLDERS**
- 4 FINANCIAL HIGHLIGHTS**
- 5 SCHEDULE OF INVESTMENTS**
- 28 STATEMENT OF ASSETS AND LIABILITIES**
- 29 STATEMENT OF OPERATIONS**
- 30 STATEMENTS OF CHANGES IN NET ASSETS**
- 31 NOTES TO FINANCIAL STATEMENTS**
- 41 AUTOMATIC DIVIDEND REINVESTMENT PLAN**
- 42 ADDITIONAL INFORMATION**
- 44 TRUSTEES AND OFFICERS**

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](http://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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## LETTER TO SHAREHOLDERS

June 2008

### **Dennis H. Ferro**

President and Chief Executive Officer

### **Dear Shareholder:**

We are pleased to provide the Semiannual Report for Evergreen Multi-Sector Income Fund for the six-month period ended April 30, 2008 (the six-month period ).

Foreign and domestic markets were roiled with uncertainties during most of the six-month period as investors worried about the potential contagious effects of weakness in the U.S. economy. Concerns that started with problems with subprime mortgages in the United States created volatility in markets around the globe. A credit crunch and liquidity crisis dominated the fixed income markets, causing a general flight to quality over the first five months of the six-month period. Sovereign debt and other high-quality securities tended to perform well, while credit-sensitive sectors tended to fall. This pattern reversed itself in April 2008, however, as corporate bonds, asset-backed securities and emerging market debt rallied following a series of actions by the U.S. Federal Reserve Board (the Fed ) to stabilize the markets. In global equity markets, stocks suffered steep declines over the first five months of the six-month period before rallying sharply in the final month, consistent with the performance of credit-sensitive bonds. Over the six-month period, prices of gold, oil and other commodities surged while the U.S. dollar weakened further.

After growing briskly during the early months of 2007, the U.S. economy 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

**LETTER TO SHAREHOLDERS** continued

home prices. Corporate profits, employment and other key economic indicators showed clear evidence of deterioration. Gross Domestic Product growth decelerated to a paltry 0.6% rate during the final quarter of 2007 and a marginally better 0.9% pace for the first quarter of 2008. Much of the strength early in 2008 came from exports and government spending, rather than from any noticeable improvements in consumer spending, business investment or housing. 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 as well as commercial banks and intervened to help JPMorgan 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.

Over the six-month period, managers of Evergreen Multi-Sector Income Fund maintained their strategy seeking a high level of current income with limited exposure to the risks posed by changing interest rates. Assets of this closed-end fund were allocated among sleeves of high yield, domestic corporate bonds, investment grade foreign debt securities and adjustable rate U.S. mortgage-backed securities.

During the six-month 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 affecting global credit markets

**LETTER TO SHAREHOLDERS** continued

caused failures in regularly scheduled auctions for AMPS, including auctions for the fund's preferred shares. As a consequence, holders of these preferred shares temporarily were not able to sell them at auction, which entitled the holders of these shares to be paid by the fund at the maximum rates allowed under the governing documents for these preferred shares. This situation was later alleviated, however, when we obtained debt financing from a major financial institution, enabling the fund to redeem approximately 80% of the outstanding auction preferred shares.

The experiences over the six-month period have underscored the value of a well-diversified, long-term investment strategy to help soften the effects of volatility in any one market or asset class. As always, we encourage investors to maintain diversified investment portfolios in pursuit of their long-term investment goals.

Please visit us at **EvergreenInvestments.com** for more information about our funds and other investment products available to you. 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 common share outstanding throughout each period)

	Six Months Ended	Year Ended October 31,				
		2007	2006	2005	2004	2003 <sup>1</sup>
	April 30, 2008					
	(unaudited)					
<b>Net asset value, beginning of period</b>	\$18.74	\$18.55	\$18.91	\$20.19	\$19.38	\$19.10 <sup>2</sup>
<b>Income from investment operations</b>						
Net investment income (loss)	0.90 <sup>3</sup>	1.73 <sup>3</sup>	1.60 <sup>3</sup>	1.49 <sup>3</sup>	1.62	0.38
Net realized and unrealized gains or losses on investments	(0.41)	0.29	(0.06)	(1.06)	0.94	0.46
Distributions to preferred shareholders from <sup>3</sup>						
Net investment income	(0.23)	(0.51)	(0.45)	(0.28)	(0.13)	(0.02)
Net realized gains	0	0	0	0 <sup>4</sup>	0	0
Total from investment operations	0.26	1.51	1.09	0.15	2.43	0.82
<b>Distributions to common shareholders from</b>						
Net investment income	(0.65)	(1.29)	(1.34)	(1.43)	(1.62)	(0.39)
Net realized gains	0	0	(0.01)	0	0	0
Tax basis return of capital	0	(0.03)	(0.10)	0	0	0
Total distributions to common shareholders	(0.65)	(1.32)	(1.45)	(1.43)	(1.62)	(0.39)
<b>Offering costs charged to capital for</b>						
Common shares	0	0	0	0	0	(0.04)
Preferred shares	0	0	0	0 <sup>4</sup>	0	(0.11)
Total offering costs	0	0	0	0	0	(0.15)
<b>Net asset value, end of period</b>	\$18.35	\$18.74	\$18.55	\$18.91	\$20.19	\$19.38
<b>Market value, end of period</b>	\$16.06	\$16.22	\$17.07	\$16.42	\$18.49	\$18.15



<b>Total return based on market value<sup>5</sup></b>	3.11%	2.64%	13.46%	(3.77)%	11.23%	(7.35)%
<b>Ratios and supplemental data</b>						
Net assets of common shareholders, end of period (thousands)	\$771,531	\$787,919	\$780,321	\$795,244	\$849,127	\$814,948
Liquidation value of preferred shares, end of period (thousands)	\$400,358	\$400,475	\$400,402	\$400,309	\$400,165	\$400,098
Asset coverage ratio, end of period	291%	296%	299%	299%	312%	304%
<b>Ratios to average net assets applicable to common shareholders</b>						
Expenses including waivers/reimbursements but excluding expense reductions	1.14% <sup>6</sup>	1.15%	1.15%	1.11%	1.12%	0.95% <sup>6</sup>
Expenses excluding waivers/reimbursements and expense reductions	1.14% <sup>6</sup>	1.15%	1.15%	1.11%	1.12%	0.95% <sup>6</sup>
Net investment income (loss) <sup>7</sup>	7.43% <sup>6</sup>	6.54%	6.18%	6.08%	6.99%	5.13% <sup>6</sup>
Portfolio turnover rate	44%	95%	62%	80%	78%	8%

- 1 For the period from June 25, 2003 (commencement of operations), to October 31, 2003.
- 2 Initial public offering price of \$20.00 per share less underwriting discount of \$0.90 per share.
- 3 Calculated based on average common shares outstanding during the period.
- 4 Amount represents less than \$0.005 per share.
- 5 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, if any, 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.
- 6 Annualized
- 7 The net investment income (loss) ratio reflects distributions paid to preferred shareholders.
- See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS**

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>AGENCY MORTGAGE-BACKED COLLATERALIZED MORTGAGE OBLIGATIONS 10.4% FIXED-RATE 0.3%</b>		
FNMA:		
Ser. 2001-25, Class Z, 6.00%, 06/25/2031	\$1,435,236	\$1,473,572
Ser. 2001-51, Class P, 6.00%, 08/25/2030	820,760	830,767
		<hr/> 2,304,339 <hr/>
<b>FLOATING-RATE 10.1%</b>		
FHLMC:		
Ser. 0196, Class A, 3.55%, 12/15/2021	183,160	182,601
Ser. 1500, Class FD, 2.59%, 05/15/2023	4,759,737	4,707,916
Ser. 2182, Class FE, 3.26%, 05/15/2028	722,154	716,790
Ser. 2247, Class FC, 3.32%, 08/15/2030	798,567	794,421
Ser. 2390, Class FD, 3.17%, 12/15/2031	161,219	159,386
Ser. 2411, Class F, 3.27%, 02/15/2032	203,432	200,940
Ser. 2431, Class F, 3.22%, 03/15/2032	7,604,498	7,518,848
Ser. 2567, Class FH, 3.12%, 02/15/2033	394,681	392,495
Ser. T-66, Class 2A1, 7.12%, 01/25/2036 o	8,356,764	8,895,943
Ser. T-67, Class 1A1C, 7.23%, 03/25/2036 o	25,449,895	27,357,361
Ser. T-67, Class 2A1C, 7.17%, 03/25/2036	1,712,112	1,852,199
FNMA:		
Ser. 1996-46, Class FA, 3.41%, 08/25/2021	108,769	108,497
Ser. 2000-45, Class F, 3.35%, 12/25/2030	810,190	798,780
Ser. 2001-24, Class FC, 3.50%, 04/25/2031	302,065	301,448
Ser. 2001-35, Class F, 3.50%, 07/25/2031	68,823	68,448
Ser. 2001-37, Class F, 3.40%, 08/25/2031	304,297	300,904
Ser. 2001-57, Class F, 3.40%, 06/25/2031	69,289	68,451
Ser. 2001-62, Class FC, 3.55%, 11/25/2031	910,795	899,237
Ser. 2002-77, Class F, 3.50%, 12/25/2032	5,009,387	4,954,776
Ser. 2002-77, Class FH, 3.13%, 12/18/2032	393,583	388,423
Ser. 2002-77, Class FV, 3.23%, 12/18/2032	1,277,349	1,260,902
Ser. 2002-95, Class FK, 3.40%, 01/25/2033	10,324,385	10,116,865
Ser. 2002-97, Class FR, 3.45%, 01/25/2033	156,438	152,394
Ser. 2003-W8, Class 3F2, 3.25%, 05/25/2042	1,909,439	1,892,426
Ser. G91-16, Class F, 3.36%, 06/25/2021	115,336	114,574
Ser. G92-17, Class F, 3.96%, 03/25/2022	195,214	195,947
Ser. G92-53, Class FA, 3.66%, 09/25/2022	1,865,278	1,859,240
Ser. G93-11, Class FB, 3.76%, 12/25/2008	181	181
GNMA:		

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Ser. 1997-13, Class F, 3.25%, 09/16/2027	1,716,474	1,690,143
Ser. 2001-61, Class FA, 3.30%, 09/20/2030	135,859	135,314
		<hr/>
		78,085,850
		<hr/>
<i>Total Agency Mortgage-Backed Collateralized Mortgage Obligations (cost \$80,183,086)</i>		80,390,189
		<hr/>

See Notes to Financial Statements

5

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**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>AGENCY MORTGAGE-BACKED PASS THROUGH SECURITIES 26.4%</b>		
<b>FIXED-RATE 4.1%</b>		
FHLMC:		
6.50%, 06/01/2017	\$2,861,945	\$2,966,257
8.50%, 04/01/2015-07/01/2028	503,241	548,589
FHLMC 30 year:		
5.50%, TBA #	10,305,000	10,345,251
6.00%, TBA #	12,000,000	12,245,628
FNMA:		
6.00%, 04/01/2033	643,735	666,124
6.50%, 11/01/2032	262,350	273,728
7.00%, 09/01/2031-08/01/2032	1,683,314	1,797,764
7.50%, 07/01/2017-07/01/2032	977,898	1,042,158
8.00%, 12/01/2024-06/01/2030	301,633	327,007
12.00%, 01/01/2016	56,073	63,367
GNMA:		
6.50%, 06/15/2028	109,403	114,119
7.25%, 07/15/2017-05/15/2018	980,074	1,050,914
		31,440,906
<b>FLOATING-RATE 22.3%</b>		
FHLB:		
5.89%, 05/01/2037 ##	13,140,262	13,409,966
6.66%, 07/01/2034	749,048	774,539
6.90%, 11/01/2030	702,368	729,002
7.125%, 07/01/2033	527,368	533,706
FHLMC:		
5.06%, 07/01/2035	710,771	744,078
5.31%, 06/01/2030	405,119	408,863
5.41%, 03/01/2032	1,214,849	1,219,347
5.46%, 12/01/2026	136,699	137,866
5.49%, 10/01/2030	28,036	28,340
5.75%, 02/01/2016	33,839	34,370
5.89%, 02/01/2037	5,595,216	5,739,277
5.92%, 10/01/2017	6,709	6,765
5.98%, 06/01/2028	153,057	156,905
6.07%, 05/01/2019	7,459	7,539
6.11%, 07/01/2019	15,254	15,389
6.18%, 01/01/2018	106,393	108,968
6.24%, 10/01/2024	393,590	397,552

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6.25%, 02/01/2016	30,025	30,558
6.29%, 03/01/2018-10/01/2037	5,155,555	5,311,186
6.40%, 12/01/2022-06/01/2031	799,837	816,624
6.41%, 08/01/2017-07/01/2030	197,453	205,901
6.42%, 10/01/2022-11/01/2023	314,762	322,088
6.51%, 06/01/2035	2,337,335	2,371,611
See Notes to Financial Statements		

6

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**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>AGENCY MORTGAGE-BACKED PASS THROUGH SECURITIES</b> continued		
<b>FLOATING-RATE</b> continued		
FHLMC:		
6.56%, 06/01/2035	\$146,874	\$155,244
6.62%, 06/01/2023	349,056	350,511
6.67%, 10/01/2030	1,967,039	1,998,248
6.68%, 05/01/2025-09/01/2032	5,295,905	5,468,851
6.70%, 01/01/2030	276,914	289,311
6.71%, 09/01/2032	807,278	833,950
6.73%, 06/01/2018	76,467	79,942
6.76%, 06/01/2031	483,184	505,783
6.78%, 10/01/2033	319,931	331,273
6.80%, 10/01/2030	558,577	578,105
6.82%, 10/01/2033	60,674	61,596
6.83%, 03/01/2024	288,501	298,195
6.86%, 12/01/2033	3,460,422	3,579,599
7.02%, 08/01/2030	661,198	686,720
7.07%, 07/01/2032	994,920	1,004,283
7.16%, 08/01/2032	1,149,568	1,171,662
7.24%, 01/01/2027	289,478	310,667
7.25%, 10/01/2024	51,377	53,148
7.30%, 06/01/2033	479,370	485,079
8.50%, 03/01/2030	135,065	148,399
FNMA:		
4.10%, 04/01/2028	119,061	115,868
4.45%, 10/01/2034	309,211	317,350
4.47%, 08/01/2020	1,535,892	1,541,283
4.81%, 02/01/2017-12/01/2017	3,904,010	3,922,724
4.82%, 02/01/2037	927,968	944,755
4.875%, 04/01/2019	75,428	76,427
4.98%, 03/01/2033	171,800	173,974
4.99%, 01/01/2038	5,908,836	6,247,648
5.00%, 03/01/2035	5,273,518	5,316,181
5.10%, 03/01/2034	1,255,843	1,310,939
5.17%, 02/01/2035	1,464,893	1,472,706
5.22%, 03/01/2018	743,302	752,658
5.25%, 01/01/2017	95,924	97,779
5.27%, 10/01/2029	164,100	164,552
5.33%, 09/01/2041	1,239,357	1,246,997
5.38%, 02/01/2035	9,047,382	9,129,170
5.41%, 03/01/2032	394,254	404,958

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5.42%, 04/01/2017	2,992,628	2,985,356
5.45%, 04/01/2034 #	5,230,810	5,195,607
5.52%, 12/01/2028	58,227	59,757
5.58%, 02/01/2038	141,460	144,590
5.61%, 12/01/2022	15,942	16,809
See Notes to Financial Statements		

7

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**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>AGENCY MORTGAGE-BACKED PASS THROUGH SECURITIES continued FLOATING-RATE continued</b>		
FNMA:		
5.62%, 08/01/2028	\$82,597	\$85,070
5.65%, 12/01/2031	362,305	372,254
5.69%, 12/01/2036	71,296	71,992
5.73%, 09/01/2032	216,746	225,058
5.75%, 12/01/2016	12,516	12,841
5.77%, 12/01/2034	1,889,821	1,931,624
5.79%, 06/01/2031	155,587	160,623
5.80%, 01/01/2030	83,758	85,776
5.82%, 01/01/2034	687,272	708,282
5.84%, 01/01/2015	61,263	62,576
5.87%, 06/01/2033-01/01/2037	12,512,274	12,795,003
5.90%, 12/01/2009	2,659,430	2,659,430
5.93%, 09/01/2024	12,449	13,308
5.98%, 03/01/2034	960,223	968,358
6.00%, 05/01/2021-08/01/2021	19,607	20,969
6.04%, 10/01/2035-12/01/2035	10,158,890	10,430,026
6.06%, 04/01/2031	982,383	1,019,734
6.08%, 02/01/2038	381,293	391,496
6.09%, 04/01/2034	2,502,954	2,595,263
6.10%, 06/01/2024	232,249	238,265
6.11%, 12/01/2013	565,653	572,124
6.14%, 08/01/2027	349,983	366,369
6.15%, 12/01/2020	159,019	171,356
6.16%, 04/01/2024	155,126	159,978
6.23%, 01/01/2033	1,322,926	1,348,022
6.35%, 05/01/2027-08/01/2036	8,222,782	8,412,118
6.42%, 04/01/2025	208,556	218,108
6.45%, 05/01/2030	261,771	271,616
6.49%, 02/01/2035	600,546	617,980
6.50%, 12/01/2023	59,593	61,690
6.54%, 06/01/2029-04/01/2036	9,308,229	9,776,532
6.57%, 07/01/2026	57,904	59,798
6.58%, 09/01/2037	4,727,430	4,905,598
6.59%, 04/01/2034	1,336,684	1,378,188
6.60%, 01/01/2026	486,981	502,808
6.62%, 10/01/2032	292,277	305,523
6.63%, 12/01/2031	138,931	141,623
6.73%, 12/01/2026	136,112	140,317



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6.75%, 12/01/2029	80,259	82,915
6.80%, 11/01/2024	547,144	576,104
6.84%, 08/01/2030	418,159	434,530
6.93%, 07/01/2030	175,202	184,057
6.94%, 09/01/2024	277,976	284,550
See Notes to Financial Statements		

8

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**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>AGENCY MORTGAGE-BACKED PASS THROUGH SECURITIES</b>		
<b>continued</b>		
<b>FLOATING-RATE continued</b>		
FNMA:		
6.97%, 01/01/2028	\$ 967,128	\$1,000,610
7.04%, 12/01/2032	1,406,092	1,422,365
7.13%, 09/01/2027	347,084	361,012
7.15%, 07/01/2032-07/01/2033	735,658	762,763
7.17%, 04/01/2033	218,749	225,248
7.19%, 10/01/2032	2,913,780	3,024,883
7.24%, 01/01/2028-06/01/2037	1,382,087	1,423,988
GNMA:		
5.00%, 11/20/2030-10/20/2031	1,077,773	1,085,084
5.125%, 10/20/2029-11/20/2030	2,106,050	2,110,739
5.25%, 02/20/2029	607,858	619,018
5.375%, 01/20/2027-03/20/2028	402,306	409,926
5.50%, 02/20/2031	442,795	451,902
5.625%, 09/20/2030	371,560	372,968
		<hr/> 172,629,452 <hr/>
<i>Total Agency Mortgage-Backed Pass Through Securities (cost \$202,783,216)</i>		<hr/> 204,070,358 <hr/>
<b>AGENCY REPERFORMING MORTGAGE-BACKED PASS THROUGH SECURITIES 1.5%</b>		
FNMA:		
Ser. 2001-T10, Class A2, 7.50%, 12/25/2041	387,280	404,514
Ser. 2002-T6, Class A4, FRN, 6.21%, 03/25/2041	3,027,333	3,037,224
Ser. 2003-W02, Class 2A8, 5.67%, 07/25/2042	461,690	476,349
Ser. 2004-T03, Class 2A, FRN, 6.22%, 08/25/2043	1,432,147	1,456,952
Ser. 2005-W4, Class 3A, FRN, 6.28%, 06/25/2035	5,934,621	5,816,819
		<hr/> 11,191,858 <hr/>
<i>Total Agency Reperforming Mortgage-Backed Pass Through Securities (cost \$11,459,350)</i>		<hr/> 11,191,858 <hr/>
<b>CORPORATE BONDS 61.1%</b>		
<b>CONSUMER DISCRETIONARY 14.2%</b>		
<b>Auto Components 1.2%</b>		
Cooper Standard Automotive, Inc.:		
7.00%, 12/15/2012	225,000	207,450

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8.375%, 12/15/2014	1,150,000	954,500
Cooper Tire & Rubber Co., 7.625%, 03/15/2027	2,630,000	2,235,500
Goodyear Tire & Rubber Co., 9.00%, 07/01/2015	1,270,000	1,387,475
Metaldyne Corp.:		
10.00%, 11/01/2013	5,610,000	3,632,475
11.00%, 06/15/2012	1,951,000	721,870
		<hr/>
		9,139,270
		<hr/>
<b>Automobiles 1.1%</b>		
Ford Motor Co., 7.70%, 05/15/2097	6,190,000	4,116,350
See Notes to Financial Statements		

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS continued</b>		
<b>CONSUMER DISCRETIONARY continued</b>		
<b>Automobiles continued</b>		
General Motors Corp.:		
7.20%, 01/15/2011	\$3,905,000	\$3,465,687
8.25%, 07/15/2023	1,565,000	1,177,663
		<hr/> 8,759,700 <hr/>
<b>Diversified Consumer Services 0.3%</b>		
Carriage Services, Inc., 7.875%, 01/15/2015	850,000	850,000
Education Management, LLC, 8.75%, 06/01/2014	1,155,000	1,033,725
Service Corporation International, 6.75%, 04/01/2015	90,000	90,563
		<hr/> 1,974,288 <hr/>
<b>Hotels, Restaurants &amp; Leisure 4.0%</b>		
Caesars Entertainment, Inc.:		
7.875%, 03/15/2010	1,570,000	1,483,650
8.125%, 05/15/2011	565,000	480,956
Fontainebleau Las Vegas Holdings, LLC, 10.25%, 06/15/2015 144A	5,726,000	4,137,035
Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/2010	2,330,000	2,027,100
Isle of Capri Casinos, Inc., 7.00%, 03/01/2014	7,475,000	5,793,125
Pinnacle Entertainment, Inc., 8.75%, 10/01/2013	195,000	198,900
Pokagon Gaming Authority, 10.375%, 06/15/2014 144A	2,419,000	2,594,378
Seneca Gaming Corp., 7.25%, 05/01/2012	615,000	597,319
Shingle Springs Tribal Gaming Authority, 9.375%, 06/15/2015 144A	2,890,000	2,572,100
Six Flags, Inc.:		
8.875%, 02/01/2010	625,000	521,875
9.625%, 06/01/2014	1,090,000	724,850
Trump Entertainment Resorts, Inc., 8.50%, 06/01/2015	7,091,000	4,591,422
Universal City Development Partners, Ltd., 11.75%, 04/01/2010	4,580,000	4,751,750
		<hr/> 30,474,460 <hr/>
<b>Household Durables 1.6%</b>		
Centex Corp.:		
4.875%, 08/15/2008	1,250,000	1,237,589
5.80%, 09/15/2009	420,000	403,335
D.R. Horton, Inc.:		
4.875%, 01/15/2010	625,000	596,875

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5.00%, 01/15/2009	1,435,000	1,399,125
8.00%, 02/01/2009	675,000	675,000
Hovnanian Enterprises, Inc.:		
6.00%, 01/15/2010	680,000	533,800
6.50%, 01/15/2014	888,000	634,920
KB Home:		
7.75%, 02/01/2010	985,000	972,687
8.625%, 12/15/2008	570,000	578,550
Libbey, Inc., FRN, 11.91%, 06/01/2011	1,420,000	1,430,650
Meritage Homes Corp., 7.00%, 05/01/2014	625,000	536,719
See Notes to Financial Statements		

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS</b> continued		
<b>CONSUMER DISCRETIONARY</b> continued		
<b>Household Durables</b> continued		
Pulte Homes, Inc.:		
4.875%, 07/15/2009	\$2,745,000	\$2,662,650
7.875%, 08/01/2011	195,000	191,100
Standard Pacific Corp., 5.125%, 04/01/2009	680,000	608,600
		<hr/> 12,461,600 <hr/>
<b>Media 4.1%</b>		
Cablevision Systems Corp., Ser. B, 8.00%, 04/15/2012	2,030,000	2,030,000
CCH I, LLC, 11.00%, 10/01/2015	90,000	70,425
Charter Communications, Inc., 10.875%, 09/15/2014 144A	4,130,000	4,388,125
CSC Holdings, Inc., 7.625%, 04/01/2011	1,715,000	1,736,437
Idearc, Inc., 8.00%, 11/15/2016	5,560,000	3,641,800
Lamar Media Corp.:		
6.625%, 08/15/2015	1,045,000	990,138
7.25%, 01/01/2013	180,000	179,100
Ser. B, 6.625%, 08/15/2015	2,790,000	2,643,525
Mediacom Broadband, LLC, 8.50%, 10/15/2015	610,000	564,250
Mediacom, LLC, 7.875%, 02/15/2011	560,000	532,000
Ion Media Networks, Inc., FRN, 8.96%, 01/15/2013 144A	3,260,000	1,964,150
R.H. Donnelley Corp., Ser. A-4, 8.875%, 10/15/2017 144A	3,275,000	2,128,750
Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012	1,327,000	1,348,564
Sirius Satellite Radio, Inc., 9.625%, 08/01/2013	2,185,000	1,851,787
Visant Corp., 7.625%, 10/01/2012	3,035,000	3,035,000
XM Satellite Radio Holdings, Inc., 9.75%, 05/01/2014	1,890,000	1,828,575
Young Broadcasting, Inc., 8.75%, 01/15/2014	5,196,000	3,065,640
		<hr/> 31,998,266 <hr/>
<b>Multi-line Retail 0.2%</b>		
Neiman Marcus Group, Inc., 9.00%, 10/15/2015	1,460,000	1,525,700
<b>Specialty Retail 0.9%</b>		
American Achievement Corp., 8.25%, 04/01/2012	2,915,000	2,579,775
Home Depot, Inc., 5.875%, 12/16/2036	665,000	557,684
Michaels Stores, Inc., 10.00%, 11/01/2014	1,185,000	1,155,375
Payless ShoeSource, Inc., 8.25%, 08/01/2013	3,245,000	2,944,837

		7,237,671
		<hr/>
<b>Textiles, Apparel &amp; Luxury Goods 0.8%</b>		
AAC Group Holdings Corp., Sr. Disc. Note, Step Bond, 0.00%, 10/01/2012	445,000	349,325
Oxford Industries, Inc., 8.875%, 06/01/2011	5,256,000	5,032,620
Unifi, Inc., 11.50%, 05/15/2014	908,000	740,020
		<hr/>
		6,121,965
		<hr/>

See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS continued</b>		
<b>CONSUMER STAPLES 1.4%</b>		
<b>Beverages 0.0%</b>		
Constellation Brands, Inc., 8.375%, 12/15/2014	\$315,000	\$335,475
<b>Food &amp; Staples Retailing 0.2%</b>		
Ingles Markets, Inc., 8.875%, 12/01/2011	970,000	989,400
Rite Aid Corp., 8.125%, 05/01/2010	625,000	628,125
		1,617,525
<b>Food Products 0.7%</b>		
Dean Foods Co., 6.625%, 05/15/2009	195,000	195,975
Del Monte Foods Co.:		
6.75%, 02/15/2015	705,000	683,850
8.625%, 12/15/2012	2,949,000	3,066,960
Pilgrim s Pride Corp., 8.375%, 05/01/2017	1,645,000	1,472,275
Smithfield Foods, Inc., 7.75%, 07/01/2017	65,000	64,837
		5,483,897
<b>Household Products 0.1%</b>		
Church & Dwight Co., 6.00%, 12/15/2012	530,000	524,700
<b>Personal Products 0.4%</b>		
Central Garden & Pet Co., 9.125%, 02/01/2013	3,580,000	3,043,000
<b>ENERGY 6.9%</b>		
<b>Energy Equipment &amp; Services 1.8%</b>		
Bristow Group, Inc., 7.50%, 09/15/2017	1,030,000	1,068,625
Dresser-Rand Group, Inc., 7.375%, 11/01/2014	1,850,000	1,859,250
GulfMark Offshore, Inc., 7.75%, 07/15/2014	1,630,000	1,695,200
Hornbeck Offshore Services, Inc., Ser. B, 6.125%, 12/01/2014	4,370,000	4,271,675
Parker Drilling Co., 9.625%, 10/01/2013	2,051,000	2,163,805
PHI, Inc., 7.125%, 04/15/2013	2,835,000	2,664,900
		13,723,455
<b>Oil, Gas &amp; Consumable Fuels 5.1%</b>		
Chesapeake Energy Corp.:		
6.875%, 01/15/2016	1,260,000	1,278,900



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7.75%, 01/15/2015	3,425,000	3,553,437
Clayton Williams Energy, Inc., 7.75%, 08/01/2013	1,325,000	1,245,500
Delta Petroleum Corp., 7.00%, 04/01/2015	1,800,000	1,602,000
El Paso Corp., 7.00%, 06/15/2017	915,000	959,452
Encore Acquisition Co.:		
6.00%, 07/15/2015	1,980,000	1,831,500
6.25%, 04/15/2014	995,000	940,275
Energy Partners, Ltd., 9.75%, 04/15/2014	993,000	923,490
Exco Resources, Inc., 7.25%, 01/15/2011	2,495,000	2,495,000
Forbes Energy Services, LLC, 11.00%, 02/15/2015 144A	3,095,000	3,110,475
Forest Oil Corp., 7.25%, 06/15/2019	970,000	1,006,375
Frontier Oil Corp., 6.625%, 10/01/2011	725,000	725,000
See Notes to Financial Statements		

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS continued</b>		
<b>ENERGY continued</b>		
<b>Oil, Gas &amp; Consumable Fuels continued</b>		
Mariner Energy, Inc., 8.00%, 05/15/2017	\$552,000	\$545,100
Markwest Energy Partners, LP, 8.75%, 04/15/2018 144A	395,000	411,788
Peabody Energy Corp.:		
5.875%, 04/15/2016	4,150,000	4,046,250
7.875%, 11/01/2026	420,000	435,750
Plains All American Pipeline, LP, 6.50%, 05/01/2018 144A	630,000	644,591
Plains Exploration & Production Co., 7.75%, 06/15/2015	895,000	921,850
Sabine Pass LNG, LP:		
7.25%, 11/30/2013	585,000	544,050
7.50%, 11/30/2016	3,850,000	3,542,000
Southwestern Energy Co., 7.50%, 02/01/2018 144A	195,000	207,675
Tesoro Corp.:		
6.50%, 06/01/2017	2,500,000	2,306,250
6.625%, 11/01/2015	765,000	722,925
Williams Cos.:		
7.50%, 01/15/2031	2,080,000	2,215,200
8.125%, 03/15/2012	3,195,000	3,514,500
		39,729,333
<b>FINANCIALS 10.5%</b>		
<b>Capital Markets 0.3%</b>		
E*TRADE Financial Corp.:		
7.375%, 09/15/2013	1,100,000	899,250
8.00%, 06/15/2011	200,000	179,000
12.50%, 11/30/2017 144A	1,040,000	1,080,300
		2,158,550
<b>Consumer Finance 6.4%</b>		
CCH II Capital Corp, 10.25%, 09/15/2010	8,185,000	7,914,750
Daimler Financial Services AG, 4.875%, 06/15/2010	1,000,000	1,010,536
Ford Motor Credit Co., LLC:		
5.70%, 01/15/2010	410,000	383,885
5.80%, 01/12/2009	630,000	616,120
7.375%, 10/28/2009	5,615,000	5,406,992
9.75%, 09/15/2010	8,078,000	7,851,816
General Motors Acceptance Corp., LLC:		

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5.625%, 05/15/2009	1,405,000	1,321,342
6.875%, 09/15/2011	9,315,000	7,767,918
6.875%, 08/28/2012	410,000	325,554
7.25%, 03/02/2011	135,000	114,590
7.75%, 01/19/2010	1,505,000	1,385,307
8.00%, 11/01/2031	4,090,000	3,101,263
See Notes to Financial Statements		

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>CORPORATE BONDS continued</b>		
<b>FINANCIALS continued</b>		
<b>Consumer Finance continued</b>		
General Motors Acceptance Corp., LLC:		
FRN:		
3.75%, 09/23/2008	\$1,815,000	\$1,780,998
4.32%, 05/15/2009	2,730,000	2,491,346
HSBC Finance Corp., 5.00%, 06/30/2015	2,400,000	2,338,222
Qwest Capital Funding, Inc., 6.50%, 11/15/2018	680,000	571,200
Sprint Capital Corp., 6.875%, 11/15/2028	2,715,000	2,116,001
Toll Corp.:		
8.25%, 02/01/2011	2,355,000	2,278,463
8.25%, 12/01/2011	450,000	432,000
		<hr/> 49,208,303 <hr/>
<b>Diversified Financial Services 1.0%</b>		
Citigroup, Inc., FRN, 8.40%, 04/29/2049	1,660,000	1,682,128
JPMorgan Chase & Co., FRN, 7.90%, 12/31/2049	1,085,000	1,108,862
Leucadia National Corp.:		
7.125%, 03/15/2017	555,000	532,800
8.125%, 09/15/2015	4,035,000	4,135,875
Biomet, Inc., 11.625%, 10/15/2017 144A	665,000	709,888
		<hr/> 8,169,553 <hr/>
<b>Real Estate Investment Trusts 1.3%</b>		
Host Marriott Corp.:		
7.125%, 11/01/2013	2,310,000	2,312,887
Ser. O, 6.375%, 03/15/2015	140,000	135,100
Ser. Q, 6.75%, 06/01/2016	2,990,000	2,937,675
Omega Healthcare Investors, Inc.:		
7.00%, 04/01/2014	1,255,000	1,231,469
7.00%, 01/15/2016	2,185,000	2,122,181
Ventas, Inc., 7.125%, 06/01/2015	1,010,000	1,017,575
		<hr/> 9,756,887 <hr/>
<b>Real Estate Management &amp; Development 0.0%</b>		
Realogy Corp., 10.50%, 04/15/2014	75,000	55,500

**Thriffs & Mortgage Finance 1.5%**

Residential Capital, LLC:

FRN, 3.49%, 06/09/2008

870,000

814,538

Step Bond:

8.125%, 11/21/2008

1,425,000

1,189,875

8.375%, 06/30/2010

16,915,000

9,260,962

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11,265,375

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See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS</b> continued		
<b>HEALTH CARE 2.6%</b>		
<b>Health Care Providers &amp; Services 2.6%</b>		
HCA, Inc.:		
8.75%, 09/01/2010	\$2,780,000	\$2,870,350
9.25%, 11/15/2016	9,105,000	9,810,637
Omnicare, Inc.:		
6.125%, 06/01/2013	3,705,000	3,390,075
6.875%, 12/15/2015	4,130,000	3,789,275
		<hr/> 19,860,337 <hr/>
<b>INDUSTRIALS 6.1%</b>		
<b>Aerospace &amp; Defense 3.2%</b>		
Alliant Techsystems, Inc., 6.75%, 04/01/2016	450,000	447,750
DAE Aviation Holdings, 11.25%, 08/01/2015 144A	950,000	970,187
DRS Technologies, Inc., 6.625%, 02/01/2016	1,075,000	1,069,625
Hexcel Corp., 6.75%, 02/01/2015	1,700,000	1,697,875
L-3 Communications Holdings, Inc.:		
5.875%, 01/15/2015	13,550,000	13,211,250
6.375%, 10/15/2015	4,404,000	4,376,475
Vought Aircraft Industries, Inc., 8.00%, 07/15/2011	3,280,000	3,132,400
		<hr/> 24,905,562 <hr/>
<b>Commercial Services &amp; Supplies 1.4%</b>		
Browning-Ferris Industries, Inc.:		
7.40%, 09/15/2035	4,315,000	3,948,225
9.25%, 05/01/2021	1,530,000	1,591,200
Geo Group, Inc., 8.25%, 07/15/2013	720,000	747,000
Mobile Mini, Inc., 6.875%, 05/01/2015	1,420,000	1,203,450
Norcross Safety Products, LLC, Ser. B, 9.875%, 08/15/2011	3,330,000	3,506,923
		<hr/> 10,996,798 <hr/>
<b>Machinery 0.7%</b>		
Commercial Vehicle Group, Inc., 8.00%, 07/01/2013	5,875,000	5,067,188
<b>Road &amp; Rail 0.6%</b>		
Avis Budget Car Rental, LLC, 7.75%, 05/15/2016	95,000	84,313
Hertz Global Holdings, Inc.:		

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8.875%, 01/01/2014	1,595,000	1,614,937
10.50%, 01/01/2016	95,000	96,069
Kansas City Southern:		
7.50%, 06/15/2009	1,140,000	1,174,200
9.50%, 10/01/2008	1,450,000	1,471,750
		<hr/>
		4,441,269
		<hr/>

See Notes to Financial Statements

15

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**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS continued</b>		
<b>INDUSTRIALS continued</b>		
<b>Trading Companies &amp; Distributors 0.2%</b>		
Neff Corp., 10.00%, 06/01/2015	\$220,000	\$108,900
United Rentals, Inc., 6.50%, 02/15/2012	1,320,000	1,244,100
		<hr/> 1,353,000 <hr/>
<b>INFORMATION TECHNOLOGY 2.6%</b>		
<b>Electronic Equipment &amp; Instruments 1.2%</b>		
Da-Lite Screen Co., Inc., 9.50%, 05/15/2011	3,055,000	2,917,525
Jabil Circuit, Inc.:		
5.875%, 07/15/2010	595,000	584,534
8.25%, 03/15/2018 144A	4,460,000	4,482,300
Sanmina-SCI Corp.:		
6.75%, 03/01/2013	445,000	404,950
8.125%, 03/01/2016	710,000	656,750
FRN, 5.55%, 06/15/2010 144A	589,000	584,582
		<hr/> 9,630,641 <hr/>
<b>IT Services 1.0%</b>		
First Data Corp., 9.875%, 09/24/2015 144A	3,330,000	3,034,462
ipayment, Inc., 9.75%, 05/15/2014	1,835,000	1,587,275
SunGard Data Systems, Inc.:		
4.875%, 01/15/2014	2,595,000	2,290,088
10.25%, 08/15/2015	55,000	58,713
Unisys Corp., 6.875%, 03/15/2010	765,000	739,181
		<hr/> 7,709,719 <hr/>
<b>Office Electronics 0.1%</b>		
Xerox Corp., 6.35%, 05/15/2018	580,000	584,001
<b>Semiconductors &amp; Semiconductor Equipment 0.3%</b>		
Freescale Semiconductor, Inc.:		
8.875%, 12/15/2014	95,000	84,075
9.125%, 12/15/2014	775,000	641,313
Spansion, Inc., FRN, 6.20%, 06/01/2013 144A	1,985,000	1,498,675
		<hr/> 2,224,063 <hr/>



**MATERIALS 7.4%**

**Chemicals 2.9%**

ARCO Chemical Co.:

9.80%, 02/01/2020

1,050,000

924,000

10.25%, 11/01/2010

180,000

184,500

Huntsman, LLC, 11.625%, 10/15/2010

3,000,000

3,165,000

Koppers Holdings, Inc.:

9.875%, 10/15/2013

215,000

228,975

Sr. Disc. Note, Step Bond, 0.00%, 11/15/2014

2,235,000

1,966,800

MacDermid, Inc., 9.50%, 04/15/2017 144A

3,383,000

3,247,680

Millenium America, Inc., 7.625%, 11/15/2026

2,480,000

1,605,800

See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS</b> continued		
<b>MATERIALS</b> continued		
<b>Chemicals</b> continued		
Momentive Performance Materials, Inc.:		
9.75%, 12/01/2014	\$2,685,000	\$2,617,875
10.125%, 12/01/2014	1,205,000	1,153,787
Mosaic Co.:		
7.30%, 01/15/2028	1,285,000	1,252,875
7.875%, 12/01/2016 144A	1,800,000	1,980,000
Tronox Worldwide, LLC, 9.50%, 12/01/2012	5,200,000	4,498,000
		<hr/> 22,825,292 <hr/>
<b>Construction Materials 0.5%</b>		
CPG International, Inc.:		
10.50%, 07/01/2013	3,605,000	3,100,300
FRN, 11.47%, 07/01/2012	690,000	564,075
		<hr/> 3,664,375 <hr/>
<b>Containers &amp; Packaging 2.1%</b>		
Berry Plastics Holdings Corp.:		
6.68%, 09/15/2014	665,000	568,575
7.57%, 02/15/2015 144A	795,000	771,150
8.875%, 09/15/2014	636,000	597,840
Exopack Holding Corp., 11.25%, 02/01/2014	3,350,000	3,216,000
Graham Packaging Co.:		
8.50%, 10/15/2012	2,320,000	2,285,200
9.875%, 10/15/2014	1,670,000	1,578,150
Graphic Packaging International, Inc.:		
8.50%, 08/15/2011	1,890,000	1,918,350
9.50%, 08/15/2013	1,920,000	1,920,000
Smurfit-Stone Container Corp., 8.375%, 07/01/2012	3,520,000	3,238,400
		<hr/> 16,093,665 <hr/>
<b>Metals &amp; Mining 0.6%</b>		
Freeport-McMoRan Copper & Gold, Inc., 8.375%, 04/01/2017	2,975,000	3,294,813
Indalex Holdings Corp., 11.50%, 02/01/2014	1,780,000	1,397,300
		<hr/> 4,692,113 <hr/>

**Paper & Forest Products 1.3%**

Georgia Pacific Corp.:

8.125%, 05/15/2011

4,665,000

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4,857,431

8.875%, 05/15/2031

2,380,000

2,332,400

Verso Paper Holdings, LLC, 11.375%, 08/01/2016

2,673,000

2,753,190

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9,943,021

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See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS continued</b>		
<b>TELECOMMUNICATION SERVICES 4.2%</b>		
<b>Diversified Telecommunication Services 1.6%</b>		
Citizens Communications Co.:		
7.875%, 01/15/2027	\$645,000	\$575,663
9.25%, 05/15/2011	2,570,000	2,724,200
FairPoint Communications, Inc., 13.125%, 04/01/2018 144A	990,000	1,004,850
Qwest Corp.:		
6.50%, 06/01/2017	610,000	574,925
7.50%, 06/15/2023	705,000	648,600
8.875%, 03/15/2012	4,395,000	4,658,700
West Corp., 11.00%, 10/15/2016	2,055,000	1,836,656
		<hr/>
		12,023,594
		<hr/>
<b>Wireless Telecommunication Services 2.6%</b>		
Centennial Communications Corp.:		
8.125%, 02/01/2014	2,800,000	2,800,000
10.125%, 06/15/2013	915,000	958,462
Cricket Communications, Inc., 9.375%, 11/01/2014 144A	1,880,000	1,854,150
MetroPCS Communications, Inc., 9.25%, 11/01/2014	3,770,000	3,722,875
Rural Cellular Corp., 8.25%, 03/15/2012	5,410,000	5,653,450
Sprint Nextel Corp.:		
6.375%, 05/01/2009	1,365,000	1,344,843
6.90%, 05/01/2019	385,000	318,196
Ser. D, 7.375%, 08/01/2015	2,165,000	1,733,169
Ser. F, 5.95%, 03/15/2014	2,230,000	1,741,423
		<hr/>
		20,126,568
		<hr/>
<b>UTILITIES 5.2%</b>		
<b>Electric Utilities 5.1%</b>		
Allegheny Energy Supply Co., 8.25%, 04/15/2012 144A	4,095,000	4,381,650
Aquila, Inc., Step Bond, 14.875%, 07/01/2012	5,274,000	6,434,280
CMS Energy Corp.:		
6.55%, 07/17/2017	270,000	266,555
8.50%, 04/15/2011	355,000	381,963
Edison Mission Energy:		
7.00%, 05/15/2017	560,000	568,400
7.20%, 05/15/2019	325,000	329,063
Energy Future Holdings Corp.:		

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10.875%, 11/01/2017 144A	3,015,000	3,226,050
11.25%, 11/01/2017 144A	1,810,000	1,905,025
Mirant Americas Generation, LLC, 8.50%, 10/01/2021	560,000	551,600
Mirant Mid-Atlantic, LLC, Ser. C, 10.06%, 12/30/2028	467,661	537,811
Mirant North America, LLC, 7.375%, 12/31/2013	5,080,000	5,295,900
NRG Energy, Inc., 7.375%, 02/01/2016	4,215,000	4,351,987
Orion Power Holdings, Inc., 12.00%, 05/01/2010	4,880,000	5,404,600

See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>CORPORATE BONDS</b> continued		
<b>UTILITIES</b> continued		
<b>Electric Utilities</b> continued		
Reliant Energy, Inc.:		
6.75%, 12/15/2014	\$5,425,000	\$5,628,437
7.875%, 06/15/2017	85,000	89,038
Texas Competitive Electric Holdings Co., LLC:		
10.25%, 11/01/2015 144A	330,000	345,675
10.50%, 11/01/2016 144A	55,000	56,581
		<hr/> 39,754,615 <hr/>
<b>Independent Power Producers &amp; Energy Traders 0.1%</b>		
AES Corp., 8.00%, 10/15/2017	110,000	115,225
Dynegy Holdings, Inc., 7.50%, 06/01/2015	410,000	410,000
		<hr/> 525,225 <hr/>
<i>Total Corporate Bonds (cost \$490,891,520)</i>		<hr/> 471,185,519 <hr/>
<b>FOREIGN BONDS CORPORATE (PRINCIPAL AMOUNT DENOMINATED IN CURRENCY INDICATED) 20.9%</b>		
<b>CONSUMER DISCRETIONARY 0.4%</b>		
<b>Media 0.1%</b>		
Central European Media Enterprise, Ltd.:		
8.25%, 05/15/2012 EUR	500,000	797,757
FRN, 6.20%, 05/15/2014 EUR	250,000	345,232
		<hr/> 1,142,989 <hr/>
<b>Multi-line Retail 0.3%</b>		
Marks & Spencer Group plc, 6.375%, 11/07/2011 GBP	1,000,000	1,929,567
<b>CONSUMER STAPLES 1.3%</b>		
<b>Beverages 0.2%</b>		
Canandaigua Brands, Inc., 8.50%, 11/15/2009 GBP	750,000	1,483,795
<b>Food &amp; Staples Retailing 0.3%</b>		
Koninklijke Ahold NV, 5.875%, 03/14/2012 EUR	1,000,000	1,563,168
Tesco plc, 3.875%, 03/24/2011 EUR	620,000	943,727

		2,506,895
		<hr/>
<b>Tobacco 0.8%</b>		
British American Tobacco plc, 5.75%, 12/09/2013 GBP	3,140,000	6,041,316
		<hr/>
<b>ENERGY 0.6%</b>		
<b>Oil, Gas &amp; Consumable Fuels 0.6%</b>		
GAZ Capital SA, 6.61%, 02/13/2018 EUR	1,600,000	2,324,170
GAZPROM OAO, 5.36%, 10/31/2014 EUR	1,100,000	1,568,980
Transco plc, 7.00%, 12/15/2008 AUD	1,000,000	935,585
		<hr/>
		4,828,735
		<hr/>

See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>FOREIGN BONDS CORPORATE (PRINCIPAL AMOUNT DENOMINATED IN CURRENCY INDICATED) continued</b>		
<b>FINANCIALS 15.6%</b>		
<b>Capital Markets 0.4%</b>		
Morgan Stanley, 5.375%, 11/14/2013 GBP	1,510,000	\$2,784,511
<b>Commercial Banks 9.0%</b>		
Bank Nederlandse Gemeenten NV, 4.875%, 04/21/2010 GBP	6,695,000	13,206,969
Eurofima:		
6.25%, 12/28/2018 AUD	2,450,000	2,182,850
6.50%, 08/22/2011 AUD	5,000,000	4,601,428
European Investment Bank:		
5.75%, 09/15/2009 AUD	5,470,000	5,032,293
6.125%, 01/23/2017 AUD	12,430,000	11,034,105
Institut Credito Official, 4.375%, 05/23/2012 EUR	3,800,000	5,941,944
Kommunalbanken AS, 4.125%, 06/03/2013 CAD	1,980,000	1,982,516
Kreditanstalt für Wiederaufbau:		
4.95%, 10/14/2014 CAD	6,310,000	6,561,786
6.00%, 07/15/2009 NZD	8,250,000	6,289,819
Landwirtschaftliche Rentenbank:		
4.25%, 11/16/2012 CAD	7,110,000	7,200,004
5.75%, 01/21/2015 AUD	5,330,000	4,619,661
Rabobank Australia, Ltd., 6.25%, 11/22/2011 NZD	725,000	541,404
		<u>69,194,779</u>
<b>Consumer Finance 2.1%</b>		
ABB International Finance, Ltd., 6.50%, 11/30/2011 EUR	5,360,000	8,681,864
HSBC Finance Corp., 7.00%, 03/27/2012 GBP	370,000	736,241
Total Capital SA, 5.50%, 01/29/2013 GBP	1,000,000	1,995,980
Toyota Motor Credit Corp., 8.50%, 12/21/2010 NZD	4,600,000	3,633,397
Virgin Media Finance plc, 8.75%, 04/15/2014 EUR	940,000	1,391,872
		<u>16,439,354</u>
<b>Diversified Financial Services 1.5%</b>		
Dubai Holding Commercial Operations Group, LLC, 6.00%, 02/01/2017 GBP	1,000,000	1,804,215
General Electric Capital European Funding, 4.125%, 10/27/2016 EUR	4,750,000	6,893,802
General Electric Capital Corp., 5.25%, 12/10/2013 GBP	780,000	1,509,505



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Lighthouse Group plc, 8.00%, 04/30/2014 EUR	1,000,000	1,323,110
		<hr/>
		11,530,632
		<hr/>
<b>Insurance 0.6%</b>		
AIG SunAmerica, Inc., 5.625%, 02/01/2012 GBP	2,000,000	3,749,090
Travelers Insurance Co., 6.00%, 04/07/2009 AUD	1,000,000	919,421
		<hr/>
		4,668,511
		<hr/>

See Notes to Financial Statements

20

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**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>FOREIGN BONDS CORPORATE (PRINCIPAL AMOUNT DENOMINATED IN CURRENCY INDICATED) continued</b>		
<b>FINANCIALS continued</b>		
<b>Thriffs &amp; Mortgage Finance 2.0%</b>		
Nykredit, 5.00%, 10/01/2035 DKK	26,650,640	\$5,341,029
Realkredit Danmark, 4.00%, 10/01/2035 DKK	17,725,547	3,259,195
Totalkredit, FRN, 5.36%, 01/01/2015 DKK	33,855,784	7,179,476
		<hr/> 15,779,700 <hr/>
<b>INDUSTRIALS 0.5%</b>		
<b>Aerospace &amp; Defense 0.2%</b>		
Bombardier, Inc., 7.25%, 11/15/2016 EUR	930,000	1,462,114
<b>Machinery 0.3%</b>		
Harsco Corp., 7.25%, 10/27/2010 GBP	1,000,000	2,030,710
Savcio Holdings, Ltd., 8.00%, 02/15/2013 EUR	250,000	349,749
		<hr/> 2,380,459 <hr/>
<b>INFORMATION TECHNOLOGY 0.4%</b>		
<b>Office Electronics 0.4%</b>		
Xerox Corp., 9.75%, 01/15/2009 EUR	1,800,000	2,829,898
<b>MATERIALS 0.1%</b>		
<b>Containers &amp; Packaging 0.1%</b>		
Owens-Illinois European Group BV, 6.875%, 03/31/2017 EUR	500,000	766,625
<b>TELECOMMUNICATION SERVICES 1.7%</b>		
<b>Diversified Telecommunication Services 1.7%</b>		
Deutsche Telekom AG, 6.25%, 12/09/2010 GBP	2,700,000	5,345,491
France Telecom:		
4.75%, 02/21/2017 EUR	2,000,000	2,996,115
7.25%, 01/28/2013 EUR	1,850,000	3,140,887
Nordic Telephone Co., 8.25%, 05/01/2016 EUR	900,000	1,386,930
		<hr/> 12,869,423 <hr/>
<b>UTILITIES 0.3%</b>		
<b>Multi-Utilities 0.3%</b>		
Veolia Environnement SA, 4.00%, 02/12/2016 EUR	2,000,000	2,804,827

<i>Total Foreign Bonds Corporate (Principal Amount Denominated in Currency Indicated) (cost \$150,436,058)</i>	161,444,130
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**FOREIGN BONDS GOVERNMENT (PRINCIPAL AMOUNT DENOMINATED IN CURRENCY INDICATED) 17.2%**

Australia, Ser. 17RG, 5.50%, 03/01/2017 AUD	3,100,000	2,656,786
Caisse d Amortissement de la Dette Sociale, 4.125%, 04/25/2017 EUR	6,580,000	10,052,479
Canada:		
4.40%, 03/08/2016 CAD	5,290,000	5,360,904
5.00%, 06/01/2014 CAD	2,900,000	3,146,408
Denmark, 4.00%, 11/15/2017 DKK	69,420,000	14,060,296
See Notes to Financial Statements		

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>FOREIGN BONDS GOVERNMENT (PRINCIPAL AMOUNT DENOMINATED IN CURRENCY INDICATED) continued</b>		
France, 4.25%, 04/25/2019 EUR	7,700,000	\$11,845,223
Germany, 3.50%, 10/14/2011 EUR	400,000	615,129
Hong Kong, 4.23%, 03/21/2011 HKD	66,700,000	9,084,757
Korea:		
5.25%, 09/10/2015 KRW	2,850,000,000	2,870,539
5.25%, 03/10/2027 KRW	5,510,000,000	5,552,579
Mexico, 10.00%, 12/05/2024 MXN	80,640,000	9,105,554
Netherlands:		
4.00%, 07/15/2016 EUR	9,425,000	14,467,582
4.00%, 07/15/2018 EUR	10,150,000	15,372,899
New Zealand, 6.00%, 07/15/2008 NZD	5,130,000	3,995,384
Norway, 4.25%, 05/19/2017 NOK	80,900,000	15,543,503
Poland, 5.00%, 10/24/2013 PLN	21,000,000	9,021,367
<i>Total Foreign Bonds Government (Principal Amount Denominated in Currency Indicated) (cost \$122,534,615)</i>		<u>132,751,389</u>
<b>WHOLE LOAN MORTGAGE-BACKED PASS THROUGH SECURITIES 0.4%</b>		
<b>FLOATING-RATE 0.4%</b>		
Lehman XS Trust, Ser. 2006-18N, Class A5A, 3.07%, 12/25/2036 (cost \$2,803,482)	\$3,920,000	<u>2,833,180</u>
<b>YANKEE OBLIGATIONS CORPORATE 8.3%</b>		
<b>CONSUMER DISCRETIONARY 0.0%</b>		
<b>Media 0.0%</b>		
Videotron, Ltd., 9.125%, 04/15/2018 144A	175,000	<u>187,250</u>
<b>ENERGY 1.8%</b>		
<b>Oil, Gas &amp; Consumable Fuels 1.8%</b>		
Connacher Oil & Gas, Ltd., 10.25%, 12/15/2015 144A	1,310,000	1,395,150
Griffin Coal Mining Co., Ltd:		
9.50%, 12/01/2016 144A	8,385,000	6,624,150
9.50%, 12/01/2016	1,130,000	892,700
OPTI Canada, Inc.:		
7.875%, 12/15/2014	3,695,000	3,778,137
8.25%, 12/15/2014	1,315,000	1,364,313
		<u>14,054,450</u>

**FINANCIALS 1.7%**

**Consumer Finance 0.6%**

Avago Technologies Finance, Ltd.:

10.125%, 12/01/2013

240,000

256,800

FRN, 8.58%, 06/01/2013

944,000

946,360

NXP Funding, LLC, 7.875%, 10/15/2014

95,000

94,287

Petroplus Finance, Ltd., 6.75%, 05/01/2014 144A

680,000

642,600

Virgin Media Finance plc, 9.125%, 08/15/2016

2,605,000

2,526,850

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4,466,897

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See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>YANKEE OBLIGATIONS CORPORATE continued</b>		
<b>FINANCIALS continued</b>		
<b>Diversified Financial Services 1.1%</b>		
FMG Finance Property, Ltd., 10.625%, 09/01/2016 144A	\$5,075,000	\$5,798,188
Preferred Term Securities XII, Ltd., FRN, 10.00%, 12/24/2033	635,000	451,688
Ship Finance International, Ltd., 8.50%, 12/15/2013	2,625,000	2,664,375
		<hr/> 8,914,251 <hr/>
<b>INDUSTRIALS 0.8%</b>		
<b>Road &amp; Rail 0.8%</b>		
Kansas City Southern de Mexico: 7.375%, 06/01/2014 144A	2,910,000	2,768,138
9.375%, 05/01/2012	3,235,000	3,388,662
		<hr/> 6,156,800 <hr/>
<b>INFORMATION TECHNOLOGY 0.9%</b>		
<b>Communications Equipment 0.7%</b>		
Nortel Networks Corp., 10.125%, 07/15/2013	5,250,000	5,171,250
<b>Semiconductors &amp; Semiconductor Equipment 0.2%</b>		
Sensata Technologies, Inc., 8.00%, 05/01/2014	1,500,000	1,406,250
<b>MATERIALS 2.0%</b>		
<b>Metals &amp; Mining 1.5%</b>		
Evrz Group SA: 8.875%, 04/24/2013 144A	695,000	707,163
9.50%, 04/24/2018 144A	2,230,000	2,285,627
Novelis, Inc., 7.25%, 02/15/2015	9,390,000	8,638,800
		<hr/> 11,631,590 <hr/>
<b>Paper &amp; Forest Products 0.5%</b>		
Abitibi Consolidated Company of Canada, 13.75%, 04/01/2011 144A	1,615,000	1,703,825
Corporacion Durango SAB de CV, 10.50%, 10/05/2017 144A	2,550,000	1,925,250
		<hr/> 3,629,075 <hr/>
<b>TELECOMMUNICATION SERVICES 1.1%</b>		
<b>Wireless Telecommunication Services 1.1%</b>		

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Inmarsat, plc, Sr. Disc. Note, Step Bond, 0.00%, 11/15/2012	1,120,000	1,110,200
Intelsat, Ltd.:		
9.25%, 06/15/2016	1,265,000	1,282,394
11.25%, 06/15/2016	1,555,000	1,584,156
Vimpel Communications:		
8.25%, 05/23/2016	1,400,000	1,375,430
8.375%, 04/30/2013 144A	370,000	370,288
9.125%, 04/30/2018 144A	2,260,000	2,265,646
		<hr/>
		7,988,114
		<hr/>

See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	Principal Amount	Value
<b>YANKEE OBLIGATIONS CORPORATE continued</b>		
<b>UTILITIES 0.0%</b>		
<b>Electric Utilities 0.0%</b>		
InterGen NV, 9.00%, 06/30/2017 144A	\$185,000	\$194,250
<i>Total Yankee Obligations Corporate (cost \$66,380,239)</i>		<u>63,800,177</u>
	Shares	Value
<b>COMMON STOCKS 0.1%</b>		
<b>INDUSTRIALS 0.0%</b>		
<b>Airlines 0.0%</b>		
Delta Air Lines, Inc. *	17,762	151,154
<b>INFORMATION TECHNOLOGY 0.1%</b>		
<b>Communications Equipment 0.0%</b>		
Cisco Systems, Inc. *	6,552	167,993
<b>Electronic Equipment &amp; Instruments 0.1%</b>		
Jabil Circuit, Inc.	15,861	172,568
<b>Software 0.0%</b>		
Microsoft Corp.	4,885	139,320
<b>MATERIALS 0.0%</b>		
<b>Chemicals 0.0%</b>		
Tronox, Inc., Class A	55,580	177,856
<b>TELECOMMUNICATION SERVICES 0.0%</b>		
<b>Wireless Telecommunication Services 0.0%</b>		
Sprint Nextel Corp.	23,227	185,584
<i>Total Common Stocks (cost \$1,296,216)</i>		<u>994,475</u>
<b>PREFERRED STOCKS 0.3%</b>		
<b>FINANCIALS 0.3%</b>		
<b>Thriffs &amp; Mortgage Finance 0.3%</b>		
Fannie Mae, Ser. S, 8.25%	75,840	1,899,034
Freddie Mac, Ser. Z, 8.375%	30,345	776,832



<i>Total Preferred Stocks (cost \$2,662,357)</i>	2,675,866
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	<b>Principal Amount</b>	<b>Value</b>
<b>CONVERTIBLE DEBENTURES 0.1%</b>		
<b>CONSUMER DISCRETIONARY 0.1%</b>		
<b>Media 0.1%</b>		
Sinclair Broadcast Group, Inc., 3.00%, 05/15/2027 <i>(cost \$636,125)</i>	\$700,000	636,125

See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

April 30, 2008 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>LOANS 3.1%</b>		
<b>CONSUMER DISCRETIONARY 0.8%</b>		
Dana Holding Corp., FRN, 6.55%, 01/31/2015 <	\$315,000	\$303,666
Fontainebleau Resorts, LLC, FRN, 5.55%, 06/06/2014	635,000	535,483
Idearc, Inc., FRN, 4.80%, 11/17/2014 <	1,014,244	840,352
Metaldyne Corp., FRN: 6.55%, 01/11/2012 <	253,792	190,344
6.55%, 01/11/2014 <	2,229,285	1,677,782
Ion Media Network, Inc., FRN, 6.05%, 01/15/2012 <	3,505,000	2,884,370
		<hr/> 6,431,997 <hr/>
<b>ENERGY 0.1%</b>		
Saint Acquisition Corp., FRN, 2.80%, 05/06/2014	675,000	503,354
<b>INDUSTRIALS 0.8%</b>		
Clarke American Corp., FRN, 5.30%, 04/04/2014	3,459,769	2,930,978
Neff Corp., FRN, 6.30%, 11/30/2014 <	4,045,000	2,965,834
		<hr/> 5,896,812 <hr/>
<b>INFORMATION TECHNOLOGY 0.0%</b>		
Freescale Semiconductor, Inc., FRN, 4.80%, 12/01/2013 <	302,778	261,752
<b>MATERIALS 1.2%</b>		
Abitibi Consolidated Co. of Canada, FRN, 10.80%, 03/30/2009 <	2,578,073	2,550,075
Boise Paper Holdings, LLC, FRN, 5.55%, 02/15/2015	405,000	398,232
MacDermid, Inc., FRN, 5.05%, 04/12/2014	1,500,432	2,075,109
Wimar Co., FRN, 5.30%, 01/03/2012	4,175,000	3,954,685
		<hr/> 8,978,101 <hr/>
<b>TELECOMMUNICATION SERVICES 0.2%</b>		
Telesat Canada, Inc., FRN, 5.80%, 10/31/2014 <	1,710,000	1,622,123
<b>UTILITIES 0.0%</b>		
Energy Future Holdings Corp., FRN, 5.80%, 10/10/2014	1,840	1,757
		<hr/> 23,695,896 <hr/>
<i>Total Loans (cost \$23,526,667)</i>		<hr/> 23,695,896 <hr/>