

EVERGREEN MULTI-SECTOR INCOME FUND
Form N-CSRS
July 01, 2010

OMB APPROVAL
OMB Number: 3235-0570

Expires: September 30, 2007

Estimated average burden
hours per response: 19.4

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

(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: October 31

Date of reporting period: April 30, 2010

Item 1 Reports to Stockholders.

Evergreen Multi-Sector Income Fund

table of contents

| | |
|-----------|---|
| 1 | LETTER TO SHAREHOLDERS |
| 4 | FINANCIAL HIGHLIGHTS |
| 5 | SCHEDULE OF INVESTMENTS |
| 29 | STATEMENT OF ASSETS AND LIABILITIES |
| 30 | STATEMENT OF OPERATIONS |
| 31 | STATEMENTS OF CHANGES IN NET ASSETS |
| 32 | STATEMENT OF CASH FLOWS |
| 33 | NOTES TO FINANCIAL STATEMENTS |
| 47 | ADDITIONAL INFORMATION |
| 48 | AUTOMATIC DIVIDEND REINVESTMENT PLAN |
| 52 | 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 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.

This closed-end fund is no longer offered as an initial public offering and is only offered through broker/dealers on the secondary market. A closed-end fund is not required to buy its shares back from investors upon request.

Mutual Funds:

NOT FDIC INSURED MAY LOSE VALUE NOT BANK GUARANTEED

Evergreen InvestmentsSM is a service mark of Evergreen Investment Management Company, LLC. Copyright 2010, Evergreen Investment Management Company, LLC.

Evergreen Investment Management Company, LLC, is a subsidiary of Wells Fargo & Company and is an affiliate of Wells Fargo & Company's broker/dealer subsidiaries. Evergreen open-end mutual funds are distributed by **Wells Fargo Funds Distributor, LLC**, Member FINRA/SIPC, an affiliate of Wells Fargo & Company.

LETTER TO SHAREHOLDERS

June 2010

W. Douglas Munn

President and Chief Executive Officer

Dear Valued Shareholder:

We are pleased to provide you with this semiannual report for Evergreen Multi-Sector Income Fund for the six-month period that ended April 30, 2010 (the period).

Leading up to the beginning of the period, a series of extraordinary financial and economic events affected the financial markets in the United States and throughout the world. After a prolonged period of uncertainty and falling share prices worldwide, stock markets staged a remarkable rally in 2009 that continued through the end of the year. In January 2010, concerns about the sustainability of the economic recovery led to a partial correction, but the markets quickly rebounded and ended the reporting period approximately where they began in 2010.

In the United States, employment data turned positive during the period, a welcome sign that the economic recovery appeared to be moving toward self-sustainability. U.S. employers added 162,000 jobs in March 2010, the most in three years. The unemployment rate edged down to 9.9% at the end of the period, after having peaked at 10.1% in October 2009 its highest level in more than 25 years. Still, more than 8 million jobs were lost during the recession and the number of long-term unemployed those out of work for 27 weeks or longer continued to increase, ending the period at 6.7 million.

Investors were encouraged by continued economic growth in both developed and emerging markets and were placing greater interest in underlying fundamentals, in sharp contrast to their wild pursuit of low-quality stocks just one year ago. However, this sentiment was tempered by concerns over the growing sovereign debt problems in Europe, the impact of Chinese policy tightening, and fears over U.S. bank regulation. A rally in the U.S. dollar and a decline in commodity prices also had an impact.

Investors appeared caught between increasing signs of a cyclical upturn and the fear of lingering systematic risks in the wake of the 2008 crisis, with the resulting market volatility. For instance, as the period drew to a close, investors became increasingly nervous about the European Union's willingness and ability to bail out Greece, while Fitch Ratings downgraded Portugal's sovereign debt and Spain moved onto investors' worry radar. As a result, the euro sold off almost 1.5% in a two-day time period, extending its four-month, 11% drop versus the dollar. During that time, investors largely ignored concurrent data that showed U.S. durable goods orders climbing for three months in a row, and business confidence in Germany reached its highest level.

LETTER TO SHAREHOLDERS continued

since June 2008. It was difficult to shake the feeling that the recovery in the West rested on a weak foundation.

In Asia, the situation was much different. Starting in the second half of 2009, Asia began to show signs of a sustained recovery, well ahead of the rest of the world. Without the structural balance sheet issues faced by Western economies, Asian credit growth picked up far earlier, particularly in China and more recently in India. In sharp contrast to Europe and the United States, where a fear of debt-deflation spiral hung over the market near the end of the period, investors in Asia were increasingly worried about rising inflation. Currently, the major risk we see is that Asian central banks will begin to tighten credit and choke off growth in the region. Notably, in March of 2010, India became the first major emerging market to raise interest rates in response to rapidly increasing inflation.

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

We believe the changing conditions in the investment environment over the 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,

W. Douglas Munn

President and Chief Executive Officer

Evergreen Funds

LETTER TO SHAREHOLDERS continued

Notice to Shareholders:

At meetings held on May 11 and June 9-10, 2010, the Board of Trustees of Evergreen Multi-Sector Income Fund (the Fund) unanimously approved a new advisory contract with Wells Fargo Funds Management, LLC, a new sub-advisory contract with Wells Capital Management Incorporated and a new sub-advisory contract with the Fund 's current sub-advisor, First International Advisors, LLC (the Agreements). Shareholders are being asked to approve the Agreements at a meeting to be held on July 9, 2010. Following approval of the Agreements, Phil Susser and Niklas Nordenfelt of Wells Capital Management Incorporated are expected to assume portfolio management responsibilities for the high-yield portion of the Fund, Tony Norris and Peter Wilson of First International Advisors, LLC are expected to continue to manage the foreign debt securities portion of the Fund (with Norris continuing to provide asset allocation services to the Fund) and Richard Applebach and Christopher Kauffman of Wells Capital Management Incorporated will continue to manage the adjustable rate mortgage portion of the Fund. Applebach and Kauffman currently provide such services to the Fund as portfolio managers at Tattersall Advisory Group, Inc., a current sub-advisor to the Fund. In addition, the Fund will be renamed the Wells Fargo Advantage Multi-Sector Income Fund.

At the May 11 meeting, the Board also nominated seven persons for election to the Fund 's Board as new Trustees, and nominated two current Trustees for re-election to the Fund 's Board. Shareholders are being asked to elect these nominees at the July 9 meeting.

A Proxy Statement containing additional information about the Agreements and the nominees was provided to shareholders of record as of May 18, 2010.

FINANCIAL HIGHLIGHTS

(For a share outstanding throughout each period)

| | Six Months Ended April 30, 2010 (unaudited) | Year Ended October 31, | | | | |
|--|---|------------------------|-----------|---------|---------|----------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Net asset value, beginning of period | \$15.61 | \$13.47 | \$18.74 | \$18.55 | \$18.91 | \$20.19 |
| Income from investment operations | | | | | | |
| Net investment income | 0.65 | 1.33 | 1.68 | 1.73 | 1.60 | 1.49 |
| Net realized and unrealized gains or losses on investments | 0.51 | 3.26 | (5.35) | 0.29 | (0.06) | (1.06) |
| Distributions to preferred shareholders from ¹ | | | | | | |
| Net investment income | (0.01) | (0.03) | (0.30) | (0.51) | (0.45) | (0.28) |
| Net realized gains | 0 | 0 | 0 | 0 | 0 | 0 |
| Total from investment operations | 1.15 | 4.56 | (3.97) | 1.51 | 1.09 | 0.15 |
| Distributions to shareholders from | | | | | | |
| Net investment income | (0.65) | (2.20) | (1.30) | (1.29) | (1.34) | (1.43) |
| Net realized gains | 0 | 0 | 0 | 0 | (0.01) | 0 |
| Tax basis return of capital | 0 | (0.22) | 0 | (0.03) | (0.10) | 0 |
| Total distributions to common shareholders | (0.65) | (2.42) | (1.30) | (1.32) | (1.45) | (1.43) |
| Offering costs charged to capital for | | | | | | |
| Preferred shares | 0 | 0 | 0 | 0 | 0 | 0 |
| Net asset value, end of period | \$16.11 | \$15.61 | \$13.47 | \$18.74 | \$18.55 | \$18.91 |
| Market value, end of period | \$15.55 | \$13.73 | \$11.68 | \$16.22 | \$17.07 | \$16.42 |
| | 18.35 | % 44.93 | % (21.43) | % 2.64 | % 13.46 | % (3.77) |

Total return based on market value³**Ratios and****supplemental data**

| | | | | | | | | | | | | |
|---|-----------|----------------|-----------|---|-----------|---|-----------|---|-----------|---|-----------|---|
| Net assets of common shareholders, end of period (thousands) | \$677,419 | | \$656,404 | | \$566,515 | | \$787,919 | | \$780,321 | | \$795,244 | |
| Liquidation value of Preferred Shares, end of period (thousands) | \$80,035 | | \$80,035 | | \$80,108 | | \$400,475 | | \$400,402 | | \$400,309 | |
| Asset coverage ratio, end of period | 394 | % | 385 | % | 249 | % | 296 | % | 299 | % | 299 | % |
| Ratios to average net assets applicable to common shareholders | | | | | | | | | | | | |
| Expenses including waivers/reimbursements and interest expense but excluding expense reductions | 1.12 | % ⁴ | 1.62 | % | 1.90 | % | 1.15 | % | 1.15 | % | 1.11 | % |
| Expenses including interest expense but excluding waivers/reimbursements and expense reductions | 1.93 | % ⁴ | 3.07 | % | 1.95 | % | 1.15 | % | 1.15 | % | 1.11 | % |
| Expenses including waivers/reimbursements but excluding expense reductions and interest expense | 1.05 | % ⁴ | 1.15 | % | 1.36 | % | 1.13 | % | 1.14 | % | 1.11 | % |
| Interest expense ⁵ | 0.07 | % ⁴ | 0.47 | % | 0.54 | % | 0.02 | % | 0.01 | % | 0.00 | % |
| Net investment income ⁶ | 8.06 | % ⁴ | 9.65 | % | 7.85 | % | 6.54 | % | 6.18 | % | 6.08 | % |
| Portfolio turnover rate | 39 | % | 93 | % | 92 | % | 95 | % | 62 | % | 80 | % |

1 Calculated based on average common shares outstanding during the period.

2 Amount represents less than \$0.005 per share.

3 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 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.

4 Annualized

5 Interest expense ratio relates to interest associated with borrowings and/or leverage transactions.

6 The net investment income ratio reflects distributions paid to preferred shareholders.

See Notes to Financial Statements

SCHEDULE OF INVESTMENTS

April 30, 2010 (unaudited)

| | Principal Amount | Value |
|---|-----------------------------|------------------------|
| AGENCY MORTGAGE-BACKED COLLATERALIZED MORTGAGE OBLIGATIONS 2.3% | | |
| FIXED-RATE 0.1% | | |
| FNMA: | | |
| Ser. 2001-25, Class Z, 6.00%, 06/25/2031 | \$867,665 | \$950,550 |
| Ser. 2001-51, Class P, 6.00%, 08/25/2030 | 34,359 | 34,355 |
| | | <hr/> 984,905 <hr/> |
| FLOATING-RATE 2.2% | | |
| FHLMC: | | |
| Ser. 0196, Class A, 1.11%, 12/15/2021 | 113,718 | 113,764 |
| Ser. 2390, Class FD, 0.70%, 12/15/2031 | 114,847 | 115,139 |
| Ser. 2411, Class F, 0.80%, 02/15/2032 | 146,601 | 147,346 |
| Ser. 2431, Class F, 0.75%, 03/15/2032 | 5,092,262 | 5,112,259 |
| Ser. 2567, Class FH, 0.65%, 02/15/2033 | 262,661 | 262,752 |
| FNMA: | | |
| Ser. 1996-46, Class FA, 0.78%, 08/25/2021 | 67,729 | 67,843 |
| Ser. 2001-35, Class F, 0.86%, 07/25/2031 | 42,759 | 43,188 |
| Ser. 2001-57, Class F, 0.76%, 06/25/2031 | 43,049 | 43,311 |
| Ser. 2002-77, Class FH, 0.66%, 12/18/2032 | 264,381 | 265,623 |
| Ser. 2002-95, Class FK, 0.76%, 01/25/2033 | 6,510,990 | 6,549,177 |
| Ser. 2002-97, Class FR, 0.81%, 01/25/2033 | 97,963 | 98,445 |
| Ser. 2003-W8, Class 3F2, 0.61%, 05/25/2042 | 1,499,661 | 1,447,026 |
| Ser. G91-16, Class F, 0.73%, 06/25/2021 | 79,967 | 80,109 |
| Ser. G92-17, Class F, 1.33%, 03/25/2022 | 151,127 | 154,119 |
| GNMA, Ser. 2001-61, Class FA, 0.76%, 09/20/2030 | 44,123 | 44,134 |
| | | <hr/> 14,544,235 <hr/> |
| <i>Total Agency Mortgage-Backed Collateralized Mortgage Obligations (cost \$15,493,742)</i> | | <hr/> 15,529,140 <hr/> |
| AGENCY MORTGAGE-BACKED PASS THROUGH SECURITIES 28.2% | | |
| FIXED-RATE 0.4% | | |
| FHLMC, 8.50%, 04/01/2015-07/01/2028 | 266,800 | 300,894 |
| FNMA: | | |
| 6.00%, 04/01/2033 | 199,410 | 216,125 |
| 6.50%, 11/01/2032 | 68,548 | 75,629 |
| 7.50%, 07/01/2017-07/01/2032 | 712,049 | 792,699 |

Edgar Filing: EVERGREEN MULTI-SECTOR INCOME FUND - Form N-CSRS

| | | |
|------------------------------|---------|-----------|
| 8.00%, 12/01/2024-06/01/2030 | 162,290 | 182,451 |
| 12.00%, 01/01/2016 | 30,412 | 33,825 |
| GNMA: | | |
| 6.50%, 06/15/2028 | 85,844 | 95,174 |
| 7.25%, 07/15/2017-05/15/2018 | 682,289 | 743,614 |
| | | <hr/> |
| | | 2,440,411 |
| | | <hr/> |

See Notes to Financial Statements

5

SCHEDULE OF INVESTMENTS continued

April 30, 2010 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------|
| AGENCY MORTGAGE-BACKED PASS THROUGH SECURITIES continued | | |
| FLOATING-RATE 27.8% | | |
| FHLB: | | |
| 3.00%, 12/01/2034 μ | \$8,425,894 | \$8,844,324 |
| 3.01%, 06/01/2035 μ | 3,821,449 | 4,012,154 |
| 3.09%, 11/01/2030 | 578,834 | 604,735 |
| 3.77%, 07/01/2033 | 299,851 | 309,291 |
| FHLMC: | | |
| 2.81%, 09/01/2035 | 6,393,767 | 6,706,750 |
| 2.86%, 04/01/2034 μ | 16,818,484 | 17,650,112 |
| 3.01%, 10/01/2033 | 216,973 | 227,036 |
| 3.02%, 09/01/2032 | 598,985 | 626,635 |
| 3.07%, 10/01/2030 | 389,231 | 409,097 |
| 3.27%, 08/01/2030 | 478,843 | 498,341 |
| 3.42%, 10/01/2030 | 23,057 | 23,771 |
| 3.44%, 12/01/2026 | 94,601 | 96,639 |
| 3.50%, 10/01/2024 | 50,625 | 52,303 |
| 3.52%, 09/01/2038 | 8,776,693 | 8,960,869 |
| 3.59%, 10/01/2022 | 80,249 | 83,031 |
| 3.62%, 07/01/2032 | 467,008 | 482,413 |
| 3.85%, 06/01/2033 | 248,639 | 255,705 |
| 4.07%, 05/01/2019 | 4,682 | 4,780 |
| 4.24%, 10/01/2037 | 3,421,769 | 3,512,089 |
| 4.74%, 06/01/2018 | 62,404 | 62,959 |
| 5.05%, 07/01/2035 | 577,358 | 608,036 |
| 5.05%, 12/01/2035 μ | 3,892,389 | 4,046,853 |
| 5.78%, 01/01/2027 | 209,434 | 221,427 |
| 8.50%, 03/01/2030 | 106,315 | 117,999 |
| FNMA: | | |
| 1.35%, 04/01/2028 | 112,840 | 116,057 |
| 1.69%, 10/01/2034 | 300,525 | 296,780 |
| 2.125%, 04/01/2019 | 9,587 | 9,656 |
| 2.41%, 10/01/2035 | 3,014,079 | 3,081,594 |
| 2.42%, 12/01/2035 μ | 4,231,159 | 4,328,010 |
| 2.52%, 03/01/2035 | 7,397,653 | 7,728,901 |
| 2.60%, 04/01/2034 μ | 5,547,708 | 5,843,904 |
| 2.62%, 12/01/2028 | 46,439 | 47,570 |
| 2.64%, 12/01/2031 | 72,899 | 76,234 |
| 2.65%, 06/01/2029 | 370,723 | 386,666 |
| 2.70%, 07/01/2038 | 269,515 | 281,322 |
| 2.71%, 08/01/2036 μ | 5,293,248 | 5,384,715 |

Edgar Filing: EVERGREEN MULTI-SECTOR INCOME FUND - Form N-CSRS

| | | |
|-----------------------------------|-----------|-----------|
| 2.73%, 05/01/2030-03/01/2033 | 416,869 | 433,954 |
| 2.74%, 06/01/2024-01/01/2036 | 3,570,112 | 3,717,510 |
| 2.82%, 06/01/2031 | 103,709 | 107,556 |
| 2.83%, 12/01/2026 | 122,989 | 129,769 |
| 2.83%, 07/01/2038 | 3,040,726 | 3,173,441 |
| See Notes to Financial Statements | | |

6

SCHEDULE OF INVESTMENTS continued

April 30, 2010 (unaudited)

| | Principal Amount | Value |
|---|---------------------|------------|
| AGENCY MORTGAGE-BACKED PASS THROUGH SECURITIES continued | | |
| FLOATING-RATE continued | | |
| FNMA: | | |
| 2.86%, 09/01/2032 | \$206,790 | \$214,071 |
| 2.88%, 01/01/2026-02/01/2035 | 822,194 | 862,333 |
| 2.92%, 04/01/2036 μ | 4,048,634 | 4,144,150 |
| 2.93%, 10/01/2034-07/01/2036 μ | 18,445,456 | 19,218,804 |
| 2.94%, 02/01/2038 | 375,505 | 392,293 |
| 2.97%, 12/01/2017-12/01/2029 | 858,514 | 892,996 |
| 2.98%, 05/01/2035 μ | 4,459,854 | 4,721,174 |
| 3.02%, 08/01/2030 | 258,688 | 269,727 |
| 3.02%, 01/01/2038 μ | 4,274,941 | 4,336,255 |
| 3.06%, 07/01/2026 | 38,940 | 40,879 |
| 3.10%, 04/01/2017 | 2,236,372 | 2,321,902 |
| 3.16%, 09/01/2027-02/01/2035 | 1,316,515 | 1,357,714 |
| 3.19%, 05/01/2036 | 12,796,419 | 13,359,707 |
| 3.24%, 02/01/2017 | 1,885,443 | 1,956,550 |
| 3.25%, 01/01/2017 | 53,735 | 54,923 |
| 3.32%, 08/01/2039 | 7,215,800 | 7,493,819 |
| 3.42%, 07/01/2030 | 108,319 | 112,773 |
| 3.55%, 04/01/2033 | 150,186 | 157,066 |
| 3.60%, 03/01/2034 | 671,350 | 698,427 |
| 3.62%, 08/01/2028 | 77,270 | 79,564 |
| 3.65%, 01/01/2015 | 32,682 | 33,879 |
| 3.75%, 12/01/2016 | 10,143 | 10,286 |
| 3.81%, 01/01/2030 | 72,615 | 74,440 |
| 3.81%, 08/01/2035 # | 4,158,927 | 4,329,312 |
| 3.90%, 10/01/2029 | 117,434 | 119,917 |
| 3.93%, 07/01/2033 | 139,502 | 139,805 |
| 4.01%, 07/01/2038 μ | 2,977,350 | 3,059,342 |
| 4.40%, 02/01/2035 μ | 6,826,859 | 7,085,339 |
| 4.50%, 03/01/2034 | 24,363 | 25,355 |
| 4.61%, 04/01/2031 | 714,823 | 753,418 |
| 4.62%, 12/01/2036 | 52,902 | 55,505 |
| 4.83%, 12/01/2034 | 1,576,403 | 1,646,585 |
| 4.87%, 04/01/2034 μ | 3,739,382 | 3,860,373 |
| 4.95%, 01/01/2034 | 492,114 | 507,939 |
| 5.11%, 12/01/2022 | 14,435 | 15,190 |
| 5.26%, 04/01/2025 | 121,586 | 122,489 |
| 5.38%, 02/01/2036 μ | 2,363,436 | 2,475,878 |
| 5.48%, 11/01/2024 | 243,993 | 257,416 |

Edgar Filing: EVERGREEN MULTI-SECTOR INCOME FUND - Form N-CSRS

| | | |
|-----------------------------------|---------|---------|
| 5.64%, 08/01/2027 | 295,446 | 297,306 |
| 6.00%, 05/01/2021-08/01/2021 | 17,513 | 18,245 |
| See Notes to Financial Statements | | |

7

SCHEDULE OF INVESTMENTS continued

April 30, 2010 (unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------|
| AGENCY MORTGAGE-BACKED PASS THROUGH SECURITIES continued | | |
| FLOATING-RATE continued | | |
| FNMA: | | |
| 6.11%, 12/01/2013 | \$311,735 | \$317,594 |
| 6.14%, 12/01/2020 | 111,197 | 115,656 |
| 6.34%, 09/01/2037 μ | 3,211,026 | 3,437,190 |
| 6.57%, 09/01/2032 | 3,185,188 | 3,279,166 |
| | | <hr/> |
| | | 188,283,740 |
| | | <hr/> |
| <i>Total Agency Mortgage-Backed Pass Through Securities (cost \$187,985,999)</i> | | 190,724,151 |
| | | <hr/> |
| AGENCY REPERFORMING MORTGAGE-BACKED PASS THROUGH SECURITIES 0.5% | | |
| FIXED-RATE 0.5% | | |
| FHLMC, Ser. 1383, 5.85%, 02/01/2037 | 3,179,409 | 3,378,007 |
| FNMA, Ser. 2001-T10, Class A2, 7.50%, 12/25/2041 | 305,968 | 348,134 |
| | | <hr/> |
| <i>Total Agency Reperforming Mortgage-Backed Pass Through Securities (cost \$3,541,899)</i> | | 3,726,141 |
| | | <hr/> |
| COMMERCIAL MORTGAGE-BACKED SECURITIES 0.2% | | |
| FLOATING-RATE 0.2% | | |
| Banc of America Comml. Mtge., Inc., Ser. 2006-03, Class AM, 6.01%, 07/10/2044 | 1,340,000 | 1,204,707 |
| Morgan Stanley Capital I Trust, Ser. 2006-IQ11, Class AM, 5.94%, 10/15/2042 | 240,000 | 233,961 |
| | | <hr/> |
| <i>Total Commercial Mortgage-Backed Securities (cost \$1,307,700)</i> | | 1,438,668 |
| | | <hr/> |
| CORPORATE BONDS 52.9% | | |
| CONSUMER DISCRETIONARY 9.2% | | |
| Auto Components 1.2% | | |
| Cooper Standard Automotive, Inc., 8.50%, 05/01/2018 144A # | 465,000 | 475,463 |
| Cooper Tire & Rubber Co., 7.625%, 03/15/2027 | 1,895,000 | 1,743,400 |
| Goodyear Tire & Rubber Co.: | | |
| 7.86%, 08/15/2011 | 340,000 | 359,125 |
| 8.625%, 12/01/2011 | 690,000 | 720,187 |
| 8.75%, 08/15/2020 | 1,292,000 | 1,356,600 |

Edgar Filing: EVERGREEN MULTI-SECTOR INCOME FUND - Form N-CSRS

| | | |
|--|-----------|-----------|
| 9.00%, 07/01/2015 | 492,000 | 514,140 |
| 10.50%, 05/15/2016 | 2,415,000 | 2,689,706 |
| Metaldyne Corp., FRN, 5.46%, 04/09/2014 | 506,870 | 458,778 |
| | | <hr/> |
| | | 8,317,399 |
| | | <hr/> |
| Diversified Consumer Services 1.3% | | |
| Carriage Services, Inc., 7.875%, 01/15/2015 | 1,875,000 | 1,856,250 |
| Service Corporation International: | | |
| 7.50%, 04/01/2027 | 3,965,000 | 3,737,013 |
| 8.00%, 11/15/2021 | 475,000 | 494,000 |
| StoneMor Partners, LP, 10.25%, 12/01/2017 144A | 2,570,000 | 2,704,925 |
| | | <hr/> |
| | | 8,792,188 |
| | | <hr/> |

See Notes to Financial Statements

SCHEDULE OF INVESTMENTS continued

April 30, 2010 (unaudited)

| | Principal Amount | Value |
|--|-----------------------------|------------------------|
| CORPORATE BONDS continued | | |
| CONSUMER DISCRETIONARY continued | | |
| Hotels, Restaurants & Leisure 1.6% | | |
| Boyd Gaming Corp., 7.75%, 12/15/2012 | \$95,000 | \$94,525 |
| Harrahs Entertainment Corp.: | | |
| 10.00%, 12/15/2018 | 805,000 | 696,325 |
| 11.25%, 06/01/2017 | 1,210,000 | 1,318,900 |
| 12.75%, 04/15/2018 144A | 500,000 | 492,500 |
| Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/2010 | 910,000 | 447,038 |
| MGM MIRAGE: | | |
| 6.625%, 07/15/2015 | 500,000 | 431,250 |
| 8.50%, 09/15/2010 | 780,000 | 785,850 |
| 11.375%, 03/01/2018 144A | 1,865,000 | 1,916,287 |
| Midwest Gaming Borrower, LLC, 11.625%, 04/15/2016 144A | 375,000 | 385,781 |
| Pinnacle Entertainment, Inc., 7.50%, 06/15/2015 | 1,250,000 | 1,203,125 |
| Pokagon Gaming Authority, 10.375%, 06/15/2014 144A | 280,000 | 294,000 |
| Scientific Games Corp., 9.25%, 06/15/2019 144A | 485,000 | 522,588 |
| Seneca Gaming Corp., 7.25%, 05/01/2012 | 205,000 | 203,975 |
| Shingle Springs Tribal Gaming Authority, 9.375%, 06/15/2015 144A | 1,245,000 | 1,058,250 |
| Speedway Motorsports, Inc., 8.75%, 06/01/2016 | 950,000 | 1,016,500 |
| Trump Entertainment Resorts, Inc., 8.50%, 06/01/2015 | 2,709,000 | 13,545 |
| Wynn Resorts, Ltd., 7.875%, 11/01/2017 144A | 160,000 | 163,200 |
| | | <hr/> 11,043,639 <hr/> |
| Household Durables 0.0% | | |
| Lennar Corp., 12.25%, 06/01/2017 | 60,000 | 72,900 |
| Sealy Corp., 10.875%, 04/15/2016 144A | 68,000 | 77,520 |
| | | <hr/> 150,420 <hr/> |
| Internet & Catalog Retail 0.2% | | |
| QVC, Inc.: | | |
| 7.375%, 10/15/2020 144A | 730,000 | 740,950 |
| 7.50%, 10/01/2019 144A | 390,000 | 399,750 |
| Ticketmaster Entertainment, Inc., 10.75%, 08/01/2016 | 210,000 | 236,250 |
| | | <hr/> 1,376,950 <hr/> |
| Media 3.7% | | |
| Cablevision Systems Corp.: | | |

Edgar Filing: EVERGREEN MULTI-SECTOR INCOME FUND - Form N-CSRS

| | | |
|--|-----------|-----------|
| 7.75%, 04/15/2018 | 1,010,000 | 1,025,150 |
| 8.00%, 04/15/2020 | 1,625,000 | 1,653,437 |
| 8.625%, 09/15/2017 144A | 95,000 | 100,225 |
| CCH II, LLC, 13.50%, 11/30/2016 | 5,690,929 | 6,886,024 |
| CCO Holdings, LLC, 8.125%, 04/30/2020 144A | 500,000 | 511,250 |
| Charter Communications, Inc., Step Bond: | | |
| 8.00%, 04/30/2012 144A | 904,000 | 958,240 |
| 10.875%, 09/15/2014 144A | 4,715,000 | 5,327,950 |
| Clear Channel Communications, Inc., 9.25%, 12/15/2017 144A | 340,000 | 364,225 |
| DISH DBS, Corp., 7.875%, 09/01/2019 | 480,000 | 504,000 |
| See Notes to Financial Statements | | |

SCHEDULE OF INVESTMENTS continued

April 30, 2010 (unaudited)

| | Principal Amount | Value |
|--|-----------------------------|------------------------|
| CORPORATE BONDS continued | | |
| CONSUMER DISCRETIONARY continued | | |
| Media continued | | |
| Lamar Media Corp.: | | |
| 6.625%, 08/15/2015 | \$90,000 | \$88,650 |
| 7.875%, 04/15/2018 144A | 250,000 | 256,875 |
| 9.75%, 04/01/2014 | 60,000 | 66,750 |
| New Communications Holdings: | | |
| 8.25%, 04/15/2017 144A | 1,595,000 | 1,642,850 |
| 8.50%, 04/15/2020 144A | 1,910,000 | 1,967,300 |
| 8.75%, 04/15/2022 144A | 3,000,000 | 3,090,000 |
| Salem Communications Corp., 9.625%, 12/15/2016 | 235,000 | 251,450 |
| WMG Acquisition Corp., 9.50%, 06/15/2016 144A | 60,000 | 64,800 |
| XM Satellite Radio Holdings, Inc., 13.00%, 08/01/2013 144A | 425,000 | 482,375 |
| Young Broadcasting, Inc.: | | |
| 8.75%, 01/15/2014 | 1,526,000 | 3,510 |
| 10.00%, 03/01/2011 | 940,000 | 2,162 |
| | | <hr/> 25,247,223 <hr/> |
| Multiline Retail 0.1% | | |
| Neiman Marcus Group, Inc., 9.75%, 10/15/2015 @ | 50,000 | 51,250 |
| Saks, Inc., 9.875%, 10/01/2011 | 585,000 | 621,563 |
| | | <hr/> 672,813 <hr/> |
| Specialty Retail 0.6% | | |
| American Achievement Corp.: | | |
| 8.25%, 04/01/2012 144A | 3,175,000 | 3,167,062 |
| Sr. Disc. Note, Step Bond, 10.25%, 10/01/2012 | 205,000 | 206,538 |
| Limited Brands, Inc., 7.00%, 05/01/2020 # | 250,000 | 255,000 |
| | | <hr/> 3,628,600 <hr/> |
| Textiles, Apparel & Luxury Goods 0.5% | | |
| Oxford Industries, Inc., 11.375%, 07/15/2015 | 1,600,000 | 1,792,000 |
| Visant Corp., 7.625%, 10/01/2012 | 1,495,000 | 1,500,606 |
| | | <hr/> 3,292,606 <hr/> |
| CONSUMER STAPLES 1.2% | | |

Beverages 0.4%

| | | |
|---|-----------|-----------|
| Anheuser-Busch InBev, 6.875%, 11/15/2019 144A | 2,000,000 | 2,315,980 |
|---|-----------|-----------|

Food Products 0.8%

| | | |
|-----------------------------------|-----------|-----------|
| Del Monte Foods Co.: | | |
| 6.75%, 02/15/2015 | 25,000 | 25,719 |
| 7.50%, 10/15/2019 144A | 610,000 | 644,312 |
| Dole Food Company, Inc.: | | |
| 8.00%, 10/01/2016 144A | 235,000 | 243,225 |
| 13.875%, 03/15/2014 | 1,256,000 | 1,519,760 |
| See Notes to Financial Statements | | |

SCHEDULE OF INVESTMENTS continued

April 30, 2010 (unaudited)

| | Principal Amount | Value |
|---|-----------------------------|--------------|
| CORPORATE BONDS continued | | |
| CONSUMER STAPLES continued | | |
| Food Products continued | | |
| Smithfield Foods, Inc.: | | |
| 7.00%, 08/01/2011 | \$1,490,000 | \$1,527,250 |
| 10.00%, 07/15/2014 144A | 1,200,000 | 1,347,000 |
| Tyson Foods, Inc.: | | |
| 7.85%, 04/01/2016 | 55,000 | 59,675 |
| 10.50%, 03/01/2014 | 60,000 | 71,175 |
| Viskase, Inc., 9.875%, 01/15/2018 144A | 115,000 | 117,300 |
| | | <hr/> |
| | | 5,555,416 |
| | | <hr/> |
| ENERGY 7.1% | | |
| Energy Equipment & Services 2.1% | | |
| Bristow Group, Inc.: | | |
| 6.125%, 06/15/2013 | 110,000 | 109,863 |
| 7.50%, 09/15/2017 | 845,000 | 854,506 |
| Cleaver-Brooks, Inc., 12.25%, 05/01/2016 # 144A | 675,000 | 681,750 |
| Forbes Energy Services, Ltd., 11.00%, 02/15/2015 | 2,535,000 | 2,363,887 |
| GulfMark Offshore, Inc., 7.75%, 07/15/2014 | 1,500,000 | 1,492,500 |
| Hercules Offshore, Inc., 10.50%, 10/15/2017 144A | 1,490,000 | 1,534,700 |
| Hornbeck Offshore Services, Inc., Ser. B: | | |
| 6.125%, 12/01/2014 | 2,125,000 | 2,111,719 |
| 8.00%, 09/01/2017 | 1,685,000 | 1,710,275 |
| Parker Drilling Co., 9.125%, 04/01/2018 144A | 460,000 | 470,350 |
| PHI, Inc., 7.125%, 04/15/2013 | 2,800,000 | 2,779,000 |
| | | <hr/> |
| | | 14,108,550 |
| | | <hr/> |
| Oil, Gas & Consumable Fuels 5.0% | | |
| Alon Refining Krotz Springs, Inc., 13.50%, 10/15/2014 | 615,000 | 602,700 |
| Atlas Energy Resources, LLC, 12.125%, 08/01/2017 | 555,000 | 639,637 |
| Chesapeake Energy Corp.: | | |
| 6.875%, 01/15/2016 | 4,170,000 | 4,159,575 |
| 9.50%, 02/15/2015 | 1,545,000 | 1,693,706 |
| Consol Energy, Inc.: | | |
| 8.00%, 04/01/2017 144A | 1,285,000 | 1,357,281 |
| 8.25%, 04/01/2020 144A | 900,000 | 958,500 |
| El Paso Corp.: | | |
| 7.42%, 02/15/2037 | 1,670,000 | 1,524,458 |

Edgar Filing: EVERGREEN MULTI-SECTOR INCOME FUND - Form N-CSRS

| | | |
|--|-----------|-----------|
| 12.00%, 12/12/2013 | 445,000 | 529,580 |
| Ferrellgas Partners, LP, 9.125%, 10/01/2017 144A | 290,000 | 307,400 |
| Forest Oil Corp.: | | |
| 7.25%, 06/15/2019 | 770,000 | 781,550 |
| 8.50%, 02/15/2014 | 535,000 | 568,438 |
| General Maritime Corp., 12.00%, 11/15/2017 144A | 685,000 | 743,225 |
| Holly Corp., 9.875%, 06/15/2017 144A | 1,945,000 | 2,022,800 |
| Murray Energy Corp., 10.25%, 10/15/2015 144A | 800,000 | 832,000 |
| See Notes to Financial Statements | | |

11

SCHEDULE OF INVESTMENTS continued

April 30, 2010 (unaudited)

| | Principal Amount | Value |
|---|-----------------------------|------------------------|
| CORPORATE BONDS continued | | |
| ENERGY continued | | |
| Oil, Gas & Consumable Fuels continued | | |
| Peabody Energy Corp.: | | |
| 5.875%, 04/15/2016 | \$215,000 | \$213,925 |
| 7.875%, 11/01/2026 | 3,435,000 | 3,623,925 |
| Petrohawk Energy Corp.: | | |
| 7.875%, 06/01/2015 | 790,000 | 815,675 |
| 10.50%, 08/01/2014 | 495,000 | 546,975 |
| Pioneer Natural Resources Co., 7.50%, 01/15/2020 | 1,220,000 | 1,296,551 |
| Plains Exploration & Production Co., 8.625%, 10/15/2019 | 2,515,000 | 2,659,612 |
| Sabine Pass LNG, LP, 7.25%, 11/30/2013 | 2,220,000 | 2,133,975 |
| SandRidge Energy, Inc.: | | |
| 8.00%, 06/01/2018 144A | 55,000 | 54,038 |
| 8.75%, 01/15/2020 144A | 1,875,000 | 1,884,375 |
| Southwestern Energy Co., 7.50%, 02/01/2018 | 470,000 | 513,475 |
| Stallion Oilfield Holdings, Inc., 10.50%, 02/15/2015 144A | 650,000 | 650,000 |
| Stone Energy Corp., 8.625%, 02/01/2017 | 395,000 | 390,063 |
| Tesoro Corp.: | | |
| 6.50%, 06/01/2017 | 390,000 | 366,600 |
| 7.50%, 07/17/2012 | 990,000 | 941,728 |
| 9.75%, 06/01/2019 | 945,000 | 1,015,875 |
| | | <hr/> 33,827,642 <hr/> |
| FINANCIALS 12.0% | | |
| Capital Markets 0.7% | | |
| E*TRADE Financial Corp.: | | |
| 7.375%, 09/15/2013 | 800,000 | 776,000 |
| 12.50%, 11/30/2017 @ | 3,621,000 | 4,327,095 |
| | | <hr/> 5,103,095 <hr/> |
| Commercial Banks 0.6% | | |
| CapitalSource, Inc., 12.75%, 07/15/2014 144A | 1,735,000 | 2,008,262 |
| Discover Bank: | | |
| 7.00%, 04/15/2020 | 490,000 | 503,709 |
| 8.70%, 11/18/2019 | 1,220,000 | 1,385,469 |
| | | <hr/> 3,897,440 <hr/> |

Consumer Finance 8.5%

| | | |
|---|-----------|-----------|
| CIT Group, Inc.: | | |
| 7.00%, 05/01/2013 | 7,660,000 | 7,535,525 |
| 7.00%, 05/01/2014 | 1,245,000 | 1,201,425 |
| Clearwire Communications Finance Corp., 12.00%, 12/01/2015 144A | 2,545,000 | 2,645,912 |
| Discover Financial Services, 10.25%, 07/15/2019 | 825,000 | 1,011,313 |
| Ford Motor Credit Co., LLC: | | |
| 9.75%, 09/15/2010 | 2,718,000 | 2,782,716 |
| 9.875%, 08/10/2011 | 2,815,000 | 2,978,940 |
| See Notes to Financial Statements | | |

SCHEDULE OF INVESTMENTS continued

April 30, 2010 (unaudited)

| | Principal Amount | Value |
|--|-----------------------------|--------------|
| CORPORATE BONDS continued | | |
| FINANCIALS continued | | |
| Consumer Finance continued | | |
| GMAC, LLC: | | |
| 6.75%, 12/01/2014 | \$1,298,000 | \$1,294,755 |
| 6.875%, 09/15/2011 | 59,000 | 60,032 |
| 6.875%, 08/28/2012 | 1,244,000 | 1,267,325 |
| 7.50%, 12/31/2013 | 3,710,000 | 3,774,925 |
| 8.00%, 12/31/2018 | 2,545,000 | 2,535,456 |
| 8.00%, 03/15/2020 144A | 1,575,000 | 1,626,187 |
| 8.00%, 11/01/2031 | 3,494,000 | 3,401,922 |
| 8.30%, 02/12/2015 144A | 1,560,000 | 1,628,250 |
| Homer City Funding, LLC, 8.73%, 10/01/2026 | 1,029,178 | 998,303 |
| International Lease Finance Corp.: | | |
| 4.75%, 01/13/2012 | 840,000 | 824,425 |
| 5.30%, 05/01/2012 | 1,390,000 | 1,355,478 |
| 5.75%, 06/15/2011 | 705,000 | 703,511 |
| 6.375%, 03/25/2013 | 460,000 | 442,833 |
| 8.625%, 09/15/2015 144A | 900,000 | 888,750 |
| JBS USA Finance, Inc., 11.625%, 05/01/2014 | 3,170,000 | 3,653,425 |
| LBI Escrow Corp., 8.00%, 11/01/2017 144A | 2,895,000 | 2,999,944 |
| Level 3 Financing, Inc., 10.00%, 02/01/2018 144A | 2,070,000 | 2,038,950 |
| Nielsen Financial LLC: | | |
| 11.50%, 05/01/2016 | 10,000 | 11,350 |
| Sr. Disc. Note, Step Bond, 0.00%, 08/01/2016 | 55,000 | 53,350 |
| Pinnacle Foods Finance, LLC: | | |
| 9.25%, 04/01/2015 144A | 720,000 | 748,800 |
| 10.625%, 04/01/2017 | 450,000 | 483,750 |
| Sprint Capital Corp.: | | |
| 6.875%, 11/15/2028 | | |