

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Form N-Q

September 28, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANY**

**Investment Company Act file number: 811-21269**

**Wells Fargo Advantage Income Opportunities Fund**

(Exact name of registrant as specified in charter)

525 Market Street, 12<sup>th</sup> Floor, San Francisco, CA 94105

(Address of principal executive offices) (Zip code)

**C. David Messman**

**Wells Fargo Funds Management, LLC**

**525 Market Street, 12<sup>th</sup> Floor, San Francisco, CA 94105**

(Name and address of agent for service)

**Registrant's telephone number, including area code: 800-643-9691**

Date of fiscal year end: **April 30, 2011**

Date of reporting period: **July 31, 2011**

ITEM 1. SCHEDULE OF INVESTMENTS

## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name  | Shares               | Value                |                  |            |
|--|----------------------|----------------------|------------------|------------|
| <b>Common Stocks: 0.11%</b>                            |                      |                      |                  |            |
| <b>Consumer Discretionary: 0.00%</b>                   |                      |                      |                  |            |
| <b>Hotels, Restaurants &amp; Leisure: 0.00%</b>        |                      |                      |                  |            |
| <i>Trump Entertainment Resorts Incorporated (a)</i>    | 2,149                | \$ 0                 |                  |            |
| <b>Telecommunication Services: 0.11%</b>               |                      |                      |                  |            |
| <b>Diversified Telecommunication Services: 0.11%</b>   |                      |                      |                  |            |
| <i>Fairpoint Communications Incorporated</i>           | 134,375              | 1,021,253            |                  |            |
| <b>Total Common Stocks (Cost \$3,109,746)</b>          |                      | 1,021,253            |                  |            |
|  | <b>Interest Rate</b> | <b>Maturity Date</b> | <b>Principal</b> |            |
| <b>Convertible Debentures: 0.34%</b>                   |                      |                      |                  |            |
| <b>Information Technology: 0.34%</b>                   |                      |                      |                  |            |
| <b>Communications Equipment: 0.34%</b>                 |                      |                      |                  |            |
| <i>Lucent Technologies Incorporated Series B</i>       | 2.88                 | 06/15/2025           | 3,225,000        | 3,128,250  |
| <b>Total Convertible Debentures (Cost \$2,307,500)</b> |                      |                      |                  | 3,128,250  |
| <b>Corporate Bonds and Notes: 86.58%</b>               |                      |                      |                  |            |
| <b>Consumer Discretionary: 15.19%</b>                  |                      |                      |                  |            |
| <b>Auto Components: 1.66%</b>                          |                      |                      |                  |            |
| <i>Allison Transmission Incorporated</i>               | 7.13%                | 05/15/2019           | \$ 6,075,000     | 5,953,500  |
| <i>Cooper Tire &amp; Rubber Company</i>                | 7.63                 | 03/15/2027           | 4,455,000        | 4,315,781  |
| <i>Cooper Tire &amp; Rubber Company</i>                | 8.00                 | 12/15/2019           | 150,000          | 156,375    |
| <i>Goodyear Tire &amp; Rubber Company</i>              | 10.50                | 05/15/2016           | 4,440,000        | 5,000,550  |
|  |                      |                      |                  | 15,426,206 |
| <b>Diversified Consumer Services: 2.37%</b>            |                      |                      |                  |            |
| <i>Carriage Services Incorporated</i>                  | 7.88                 | 01/15/2015           | 4,055,000        | 4,105,688  |
| <i>Service Corporation International</i>               | 6.75                 | 04/01/2016           | 1,250,000        | 1,350,000  |
| <i>Service Corporation International</i>               | 7.00                 | 05/15/2019           | 1,125,000        | 1,200,938  |
| <i>Service Corporation International</i>               | 7.50                 | 04/01/2027           | 9,376,000        | 9,094,720  |
| <i>Service Corporation International</i>               | 8.00                 | 11/15/2021           | 880,000          | 972,400    |
| <i>Service Corporation International Series WI</i>     | 7.00                 | 06/15/2017           | 1,650,000        | 1,790,250  |
| <i>StoneMor Operating LP</i>                           | 10.25                | 12/01/2017           | 3,550,000        | 3,550,000  |
|  |                      |                      |                  | 22,063,996 |
| <b>Hotels, Restaurants &amp; Leisure: 3.96%</b>        |                      |                      |                  |            |
| <i>American Casinos Incorporated</i>                   | 7.50                 | 04/15/2021           | 1,950,000        | 2,028,000  |
| <i>Blue Merger Sub Incorporated</i>                    | 7.63                 | 02/15/2019           | 1,150,000        | 1,183,063  |
| <i>Burger King Corporation</i>                         | 9.88                 | 10/15/2018           | 1,600,000        | 1,748,000  |
| <i>Chukchansi Economic Development Authority ±</i>     | 3.92                 | 11/15/2012           | 2,525,000        | 2,045,250  |
| <i>Citycenter Holdings LLC</i>                         | 7.63                 | 01/15/2016           | 350,000          | 365,750    |

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|   |       |            |           |           |
|---|-------|------------|-----------|-----------|
| <i>Citycenter Holdings LLC</i> ¥            | 11.50 | 01/15/2017 | 2,111,166 | 2,269,503 |
| <i>Dineequity Incorporated</i>              | 9.50  | 10/30/2018 | 3,050,000 | 3,351,188 |
| <i>Greektown Superholdings Incorporated</i> | 13.00 | 07/01/2015 | 6,662,000 | 7,453,113 |
| <i>Greektown Superholdings Incorporated</i> | 13.00 | 07/01/2015 | 1,625,000 | 1,809,844 |
| <i>NAI Entertainment Holdings LLC</i>       | 8.25  | 12/15/2017 | 2,700,000 | 2,919,375 |
| <i>Pinnacle Entertainment Incorporated</i>  | 7.50  | 06/15/2015 | 2,880,000 | 2,966,400 |
| <i>Scientific Games Corporation</i>         | 9.25  | 06/15/2019 | 1,130,000 | 1,226,050 |
| <i>Speedway Motorsports Incorporated</i>    | 6.75  | 02/01/2019 | 450,000   | 451,125   |
| <i>Speedway Motorsports Incorporated</i>    | 8.75  | 06/01/2016 | 2,075,000 | 2,261,750 |

*The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report and Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.*

## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name   | Interest Rate | Maturity Date | Principal    | Value       |
|---|---------------|---------------|--------------|-------------|
| <b>Hotels, Restaurants &amp; Leisure: (continued)</b> |               |               |              |             |
| <i>Yonkers Racing Corporation</i>                     | 11.38%        | 07/15/2016    | \$ 4,325,000 | \$ ,692,625 |
|   |               |               |              | 36,771,036  |
| <b>Household Durables: 0.02%</b>                      |               |               |              |             |
| <i>Sealy Mattress Company</i>                         | 10.88         | 04/15/2016    | 144,000      | 160,920     |
| <b>Media: 5.94%</b>                                   |               |               |              |             |
| <i>Cablevision Systems Corporation</i>                | 8.63          | 09/15/2017    | 2,975,000    | 3,287,375   |
| <i>CCH II Capital Corporation</i>                     | 13.50         | 11/30/2016    | 12,981,015   | 15,317,598  |
| <i>CCO Holdings LLC</i>                               | 8.13          | 04/30/2020    | 746,000      | 818,735     |
| <i>Charter Communications Incorporated Step Bond</i>  | 8.00          | 04/30/2012    | 590,000      | 613,600     |
| <i>Charter Communications Incorporated Step Bond</i>  | 10.88         | 09/15/2014    | 11,640,000   | 12,833,100  |
| <i>Cinemark USA Incorporated</i>                      | 7.38          | 06/15/2021    | 1,525,000    | 1,525,000   |
| <i>Cinemark USA Incorporated</i>                      | 8.63          | 06/15/2019    | 350,000      | 382,375     |
| <i>CSC Holdings LLC</i>                               | 7.88          | 02/15/2018    | 1,400,000    | 1,536,500   |
| <i>CSC Holdings LLC</i>                               | 8.50          | 04/15/2014    | 200,000      | 223,000     |
| <i>DISH DBS Corporation</i>                           | 7.88          | 09/01/2019    | 2,260,000    | 2,483,175   |
| <i>EchoStar DBS Corporation</i>                       | 7.75          | 05/31/2015    | 650,000      | 710,938     |
| <i>Gray Television Incorporated</i>                   | 10.50         | 06/29/2015    | 1,275,000    | 1,322,813   |
| <i>Lamar Media Corporation Series C</i>               | 9.75          | 04/01/2014    | 675,000      | 780,469     |
| <i>LIN Television Corporation</i>                     | 8.38          | 04/15/2018    | 1,225,000    | 1,307,688   |
| <i>Local TV Finance LLC ¥</i>                         | 9.25          | 06/15/2015    | 2,400,000    | 2,394,000   |
| <i>Regal Cinemas Corporation</i>                      | 8.63          | 07/15/2019    | 5,050,000    | 5,428,750   |
| <i>Salem Communications</i>                           | 9.63          | 12/15/2016    | 2,886,000    | 3,059,160   |
| <i>Sirius XM Radio Incorporated</i>                   | 9.75          | 09/01/2015    | 250,000      | 277,500     |
| <i>Sirius XM Radio Incorporated</i>                   | 13.00         | 08/01/2014    | 815,000      | 955,588     |
|   |               |               |              | 55,257,364  |
| <b>Multiline Retail: 0.14%</b>                        |               |               |              |             |
| <i>Saks Incorporated</i>                              | 9.88          | 10/01/2011    | 1,270,000    | 1,284,406   |
| <b>Specialty Retail: 0.63%</b>                        |               |               |              |             |
| <i>Gap Incorporated</i>                               | 5.95          | 04/12/2021    | 1,175,000    | 1,159,759   |
| <i>Limited Brands Incorporated</i>                    | 6.63          | 04/01/2021    | 925,000      | 957,375     |
| <i>Radioshack Corporation</i>                         | 6.75          | 05/15/2019    | 1,325,000    | 1,288,563   |
| <i>Rent A Center Incorporated</i>                     | 6.63          | 11/15/2020    | 700,000      | 708,750     |
| <i>Toys R Us Property Company LLC</i>                 | 8.50          | 12/01/2017    | 1,600,000    | 1,712,000   |
|   |               |               |              | 5,826,447   |
| <b>Textiles, Apparel &amp; Luxury Goods: 0.47%</b>    |               |               |              |             |
| <i>Oxford Industrial Incorporated</i>                 | 11.38         | 07/15/2015    | 3,850,000    | 4,355,313   |
| <b>Consumer Staples: 1.02%</b>                        |               |               |              |             |
| <b>Beverages: 0.03%</b>                               |               |               |              |             |
| <i>Cott Beverages Incorporated</i>                    | 8.38          | 11/15/2017    | 250,000      | 265,000     |
| <b>Food Products: 0.99%</b>                           |               |               |              |             |
| <i>Darling International Incorporated</i>             | 8.50          | 12/15/2018    | 250,000      | 275,313     |

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|                                       |       |            |           |           |
|---------------------------------------|-------|------------|-----------|-----------|
| <i>Dole Food Company Incorporated</i> | 13.88 | 03/15/2014 | 3,075,000 | 3,690,000 |
| <i>Smithfield Foods Incorporated</i>  | 10.00 | 07/15/2014 | 4,465,000 | 5,218,469 |
|                                       |       |            |           | 9,183,782 |

**Energy: 13.04%**

**Energy Equipment & Services: 2.63%**

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## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name   | Interest Rate | Maturity Date | Principal    | Value        |
|---|---------------|---------------|--------------|--------------|
| <b>Energy Equipment &amp; Services (continued)</b>      |               |               |              |              |
| <i>Bristow Group Incorporated</i>                       | 7.50%         | 09/15/2017    | \$ 2,210,000 | \$ 2,314,975 |
| <i>Dresser Rand Group Incorporated</i>                  | 6.50          | 05/01/2021    | 1,825,000    | 1,879,750    |
| <i>Gulfmark Offshore Incorporated</i>                   | 7.75          | 07/15/2014    | 3,395,000    | 3,424,706    |
| <i>Hornbeck Offshore Services Incorporated Series B</i> | 6.13          | 12/01/2014    | 5,325,000    | 5,325,000    |
| <i>Hornbeck Offshore Services Incorporated Series B</i> | 8.00          | 09/01/2017    | 4,920,000    | 5,030,700    |
| <i>Oil States International Incorporated</i>            | 6.50          | 06/01/2019    | 500,000      | 510,000      |
| <i>Parker Drilling Company</i>                          | 9.13          | 04/01/2018    | 860,000      | 915,900      |
| <i>PHI Incorporated</i>                                 | 8.63          | 10/15/2018    | 4,650,000    | 4,766,250    |
| <i>Pride International Incorporated</i>                 | 8.50          | 06/15/2019    | 210,000      | 271,285      |
|   |               |               |              | 24,438,566   |
| <b>Oil, Gas &amp; Consumable Fuels: 10.41%</b>          |               |               |              |              |
| <i>Amerigas Partner Financial Corporation</i>           | 6.25          | 08/20/2019    | 500,000      | 501,250      |
| <i>Chesapeake Energy Corporation</i>                    | 9.50          | 02/15/2015    | 5,085,000    | 5,974,875    |
| <i>Cloud Peak Energy Resources LLC</i>                  | 8.25          | 12/15/2017    | 200,000      | 214,000      |
| <i>Cloud Peak Energy Resources LLC</i>                  | 8.50          | 12/15/2019    | 250,000      | 270,313      |
| <i>Coffeyville Resources Incorporated</i>               | 9.00          | 04/01/2015    | 1,722,000    | 1,872,675    |
| <i>Consol Energy Incorporated</i>                       | 8.25          | 04/01/2020    | 2,665,000    | 2,964,813    |
| <i>Denbury Resources Incorporated</i>                   | 6.38          | 08/15/2021    | 700,000      | 721,000      |
| <i>Denbury Resources Incorporated</i>                   | 8.25          | 02/15/2020    | 850,000      | 939,250      |
| <i>El Paso Corporation</i>                              | 6.50          | 09/15/2020    | 1,155,000    | 1,285,180    |
| <i>El Paso Corporation</i>                              | 6.88          | 06/15/2014    | 325,000      | 363,081      |
| <i>El Paso Corporation</i>                              | 7.00          | 06/15/2017    | 375,000      | 434,391      |
| <i>El Paso Corporation</i>                              | 7.25          | 06/01/2018    | 3,224,000    | 3,740,362    |
| <i>El Paso Corporation</i>                              | 7.42          | 02/15/2037    | 1,820,000    | 2,124,668    |
| <i>El Paso Corporation</i>                              | 7.80          | 08/01/2031    | 3,050,000    | 3,613,518    |
| <i>Energy Transfer Equity LP</i>                        | 7.50          | 10/15/2020    | 5,950,000    | 6,366,500    |
| <i>Ferrellgas Finance Corporation</i>                   | 6.50          | 05/01/2021    | 1,125,000    | 1,085,625    |
| <i>Ferrellgas Finance Corporation</i>                   | 9.13          | 10/01/2017    | 4,660,000    | 4,997,850    |
| <i>Forest Oil Corporation</i>                           | 7.25          | 06/15/2019    | 2,520,000    | 2,620,800    |
| <i>Forest Oil Corporation</i>                           | 8.50          | 02/15/2014    | 1,115,000    | 1,212,563    |
| <i>Griffin Coal Mining Company Limited(s)</i>           | 9.50          | 12/01/2016    | 701,991      | 660,749      |
| <i>Hilcorp Energy Company</i>                           | 7.75          | 11/01/2015    | 975,000      | 1,006,688    |
| <i>Holly Corporation</i>                                | 9.88          | 06/15/2017    | 4,265,000    | 4,787,463    |
| <i>Inergy LP</i>  | 6.88          | 08/01/2021    | 1,125,000    | 1,130,625    |
| <i>Inergy LP</i>  | 7.00          | 10/01/2018    | 950,000      | 969,000      |
| <i>Newfield Exploration Company</i>                     | 6.88          | 02/01/2020    | 1,185,000    | 1,276,838    |
| <i>Peabody Energy Corporation</i>                       | 7.88          | 11/01/2026    | 8,705,000    | 9,858,413    |
| <i>Penn Virginia Corporation</i>                        | 10.38         | 06/15/2016    | 215,000      | 240,263      |
| <i>Petrohawk Energy Corporation</i>                     | 7.88          | 06/01/2015    | 2,045,000    | 2,213,713    |
| <i>Petrohawk Energy Corporation</i>                     | 10.50         | 08/01/2014    | 1,065,000    | 1,211,438    |
| <i>Pioneer Natural Resource Company</i>                 | 7.50          | 01/15/2020    | 3,170,000    | 3,652,094    |
| <i>Plains Exploration &amp; Production Company</i>      | 8.63          | 10/15/2019    | 6,380,000    | 7,097,750    |
| <i>Regency Energy Partners</i>                          | 6.88          | 12/01/2018    | 475,000      | 503,500      |
| <i>Sabine Pass LNG LP</i>                               | 7.25          | 11/30/2013    | 4,940,000    | 5,051,150    |
| <i>Sabine Pass LNG LP</i>                               | 7.50          | 11/30/2016    | 4,475,000    | 4,609,250    |
| <i>SandRidge Energy Incorporated</i>                    | 8.75          | 01/15/2020    | 1,970,000    | 2,162,075    |



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|  |       |            |           |            |
|--|-------|------------|-----------|------------|
| <i>Ship Finance International Limited</i>      | 8.50  | 12/15/2013 | 2,450,000 | 2,465,313  |
| <i>Stallion Oilfield Holdings Incorporated</i> | 10.50 | 02/15/2015 | 1,159,000 | 1,298,080  |
| <i>Suburban Propane Partners LP</i>            | 7.38  | 03/15/2020 | 575,000   | 613,813    |
| <i>Susser Holdings LLC</i>                     | 8.50  | 05/15/2016 | 2,000,000 | 2,135,000  |
| <i>Tesoro Corporation</i>                      | 9.75  | 06/01/2019 | 2,185,000 | 2,479,975  |
|  |       |            |           | 96,725,904 |

**Financials: 20.18%**

**Capital Markets: 1.38%**

|                                      |       |            |           |            |
|--------------------------------------|-------|------------|-----------|------------|
| <i>E*TRADE Financial Corporation</i> | 12.50 | 11/30/2017 | 9,741,000 | 11,640,495 |
|--------------------------------------|-------|------------|-----------|------------|

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## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name                                       | Interest Rate | Maturity Date | Principal    | Value        |
|---|---------------|---------------|--------------|--------------|
| <b>Capital Markets: (continued)</b>                 |               |               |              |              |
| <i>Oppenheimer Holdings Incorporated</i>            | 8.75%         | 04/15/2018    | \$ 1,100,000 | \$ 1,152,250 |
|   |               |               |              | 12,792,745   |
| <b>Commercial Banks: 2.69%</b>                      |               |               |              |              |
| <i>Capitalsource Incorporated</i>                   | 12.75         | 07/15/2014    | 4,375,000    | 5,282,813    |
| <i>CIT Group Incorporated</i>                       | 5.25          | 04/01/2014    | 5,850,000    | 5,864,625    |
| <i>CIT Group Incorporated</i>                       | 6.63          | 04/01/2018    | 1,950,000    | 2,057,250    |
| <i>CIT Group Incorporated</i>                       | 7.00          | 05/01/2014    | 1,589,365    | 1,601,285    |
| <i>CIT Group Incorporated</i>                       | 7.00          | 05/04/2015    | 1,575,000    | 1,578,938    |
| <i>CIT Group Incorporated</i>                       | 7.00          | 05/01/2016    | 2,850,000    | 2,857,125    |
| <i>CIT Group Incorporated</i>                       | 7.00          | 05/01/2017    | 525,000      | 526,313      |
| <i>Emigrant Bancorp Incorporated (i)</i>            | 6.25          | 06/15/2014    | 5,725,000    | 5,188,276    |
|   |               |               |              | 24,956,625   |
| <b>Consumer Finance: 9.56%</b>                      |               |               |              |              |
| <i>American General Finance Corporation</i>         | 5.40          | 12/01/2015    | 2,725,000    | 2,520,625    |
| <i>American General Finance Corporation</i>         | 5.75          | 09/15/2016    | 2,250,000    | 2,070,000    |
| <i>American General Finance Corporation</i>         | 6.50          | 09/15/2017    | 450,000      | 409,500      |
| <i>Calpine Construction Finance Corporation</i>     | 8.00          | 06/01/2016    | 2,700,000    | 2,916,000    |
| <i>Clearwire Communications Finance Corporation</i> | 12.00         | 12/01/2015    | 2,280,000    | 2,319,900    |
| <i>Clearwire Communications Finance Corporation</i> | 12.00         | 12/01/2015    | 3,140,000    | 3,206,725    |
| <i>Dunkin Finance Corporation</i>                   | 9.63          | 12/01/2018    | 795,000      | 801,948      |
| <i>Ford Motor Credit Company LLC</i>                | 7.00          | 10/01/2013    | 500,000      | 537,668      |
| <i>Ford Motor Credit Company LLC</i>                | 8.00          | 12/15/2016    | 100,000      | 114,624      |
| <i>Ford Motor Credit Company LLC</i>                | 9.88          | 08/10/2011    | 3,865,000    | 3,870,396    |
| <i>General Motors Financial Company</i>             | 6.75          | 06/01/2018    | 1,850,000    | 1,887,000    |
| <i>GMAC LLC</i>                                     | 6.75          | 12/01/2014    | 2,344,000    | 2,461,200    |
| <i>GMAC LLC</i>                                     | 6.88          | 09/15/2011    | 130,000      | 130,780      |
| <i>GMAC LLC</i>                                     | 6.88          | 08/28/2012    | 2,862,000    | 2,947,860    |
| <i>GMAC LLC</i>                                     | 7.50          | 12/31/2013    | 6,855,000    | 7,266,300    |
| <i>Homer City Funding LLC</i>                       | 8.73          | 10/01/2026    | 2,938,024    | 2,691,964    |
| <i>International Lease Finance Corporation</i>      | 6.38          | 03/25/2013    | 865,000      | 897,438      |
| <i>International Lease Finance Corporation</i>      | 8.63          | 09/15/2015    | 1,700,000    | 1,874,250    |
| <i>JBS USA Finance Incorporated</i>                 | 11.63         | 05/01/2014    | 8,465,000    | 9,777,075    |
| <i>LBI Escrow Corporation</i>                       | 8.00          | 11/01/2017    | 1,375,000    | 1,553,750    |
| <i>Level 3 Financing Incorporated</i>               | 10.00         | 02/01/2018    | 4,555,000    | 4,908,013    |
| <i>Nielsen Finance LLC Company</i>                  | 7.75          | 10/15/2018    | 9,370,000    | 9,932,200    |
| <i>Nielsen Finance LLC Company</i>                  | 11.50         | 05/01/2016    | 1,170,000    | 1,360,125    |
| <i>Springleaf Finance Corporation</i>               | 6.90          | 12/15/2017    | 4,050,000    | 3,791,813    |
| <i>Sprint Capital Corporation</i>                   | 6.88          | 11/15/2028    | 9,875,000    | 9,381,250    |
| <i>Sprint Capital Corporation</i>                   | 6.90          | 05/01/2019    | 4,725,000    | 4,831,313    |
| <i>Sprint Capital Corporation</i>                   | 8.38          | 03/15/2012    | 4,218,000    | 4,376,175    |
|   |               |               |              | 88,835,892   |
| <b>Diversified Financial Services: 4.25%</b>        |               |               |              |              |
| <i>Ally Financial Incorporated</i>                  | 8.30          | 02/12/2015    | 8,820,000    | 9,657,900    |
| <i>Hub International Holdings Incorporated</i>      | 10.25         | 06/15/2015    | 6,650,000    | 6,650,000    |

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|  |       |            |           |            |
|--|-------|------------|-----------|------------|
| <i>Leucadia National Corporation</i>   | 8.13  | 09/15/2015 | 7,815,000 | 8,596,500  |
| <i>Nuveen Investments Incorporated</i> | 5.50  | 09/15/2015 | 5,800,000 | 5,176,500  |
| <i>Nuveen Investments Incorporated</i> | 10.50 | 11/15/2015 | 4,825,000 | 4,981,813  |
| <i>Nuveen Investments Incorporated</i> | 10.50 | 11/15/2015 | 4,295,000 | 4,477,538  |
|  |       |            |           | 39,540,251 |

**REIT: 2.30%**

|  |      |            |            |            |
|--|------|------------|------------|------------|
| <i>Dupont Fabros Technology Incorporated</i> | 8.50 | 12/15/2017 | 11,580,000 | 12,680,100 |
| <i>Host Hotels &amp; Resorts LP</i>          | 9.00 | 05/15/2017 | 490,000    | 549,413    |
| <i>MPT Operating Partnership LP</i>          | 6.88 | 05/01/2021 | 3,175,000  | 3,111,500  |

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## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name   | Interest Rate | Maturity Date | Principal    | Value        |
|---|---------------|---------------|--------------|--------------|
| <b>REIT: (continued)</b>                                    |               |               |              |              |
| <i>Omega Healthcare Investors Incorporated</i>              | 6.75%         | 10/15/2022    | \$ 3,375,000 | \$ 3,434,063 |
| <i>Ventas Incorporated</i>                                  | 9.00          | 05/01/2012    | 1,560,000    | 1,643,641    |
|   |               |               |              | 21,418,717   |
| <b>Health Care: 4.25%</b>                                   |               |               |              |              |
| <b>Health Care Equipment &amp; Supplies: 0.78%</b>          |               |               |              |              |
| <i>Biomet Incorporated</i>                                  | 10.38         | 10/15/2017    | 1,215,000    | 1,324,350    |
| <i>Biomet Incorporated</i>                                  | 11.63         | 10/15/2017    | 3,485,000    | 3,837,856    |
| <i>Fresenius Medical Care Incorporated</i>                  | 5.75          | 02/15/2021    | 1,000,000    | 987,500      |
| <i>Fresenius Medical Care Incorporated</i>                  | 6.88          | 07/15/2017    | 1,025,000    | 1,096,750    |
|   |               |               |              | 7,246,456    |
| <b>Health Care Providers &amp; Services: 3.29%</b>          |               |               |              |              |
| <i>Apria Healthcare Group Incorporated</i>                  | 11.25         | 11/01/2014    | 2,440,000    | 2,501,000    |
| <i>Aviv Healthcare Incorporated</i>                         | 7.75          | 02/15/2019    | 3,725,000    | 3,794,844    |
| <i>Centene Corporation</i>                                  | 5.75          | 06/01/2017    | 1,925,000    | 1,915,375    |
| <i>Community Health Systems Incorporated Series WI</i>      | 8.88          | 07/15/2015    | 1,270,000    | 1,312,863    |
| <i>HCA Incorporated</i>                                     | 6.50          | 02/15/2020    | 2,425,000    | 2,461,375    |
| <i>HCA Incorporated</i>                                     | 7.50          | 02/15/2022    | 1,950,000    | 1,979,250    |
| <i>HCA Incorporated</i>                                     | 8.50          | 04/15/2019    | 375,000      | 413,438      |
| <i>HCA Incorporated</i>                                     | 9.25          | 11/15/2016    | 6,745,000    | 7,196,072    |
| <i>HCA Incorporated</i>                                     | 9.63          | 11/15/2016    | 3,957,000    | 4,233,990    |
| <i>Health Management plc</i>                                | 6.13          | 04/15/2016    | 475,000      | 491,625      |
| <i>HealthSouth Corporation</i>                              | 7.25          | 10/01/2018    | 750,000      | 785,625      |
| <i>HealthSouth Corporation</i>                              | 7.75          | 09/15/2022    | 750,000      | 798,750      |
| <i>Sabra Health Care LP</i>                                 | 8.13          | 11/01/2018    | 2,650,000    | 2,679,813    |
|   |               |               |              | 30,564,020   |
| <b>Pharmaceuticals: 0.18%</b>                               |               |               |              |              |
| <i>Mylan Incorporated</i>                                   | 6.00          | 11/15/2018    | 650,000      | 664,625      |
| <i>Mylan Incorporated</i>                                   | 7.63          | 07/15/2017    | 650,000      | 713,375      |
| <i>Mylan Incorporated</i>                                   | 7.88          | 07/15/2020    | 300,000      | 333,000      |
|   |               |               |              | 1,711,000    |
| <b>Industrials: 7.02%</b>                                   |               |               |              |              |
| <b>Aerospace &amp; Defense: 2.12%</b>                       |               |               |              |              |
| <i>Alliant Techsystems Incorporated</i>                     | 6.75          | 04/01/2016    | 4,470,000    | 4,592,925    |
| <i>Digitalglobe Incorporated</i>                            | 10.50         | 05/01/2014    | 800,000      | 884,000      |
| <i>Gencorp Incorporated</i>                                 | 9.50          | 08/15/2013    | 1,030,000    | 1,030,000    |
| <i>GeoEye Incorporated</i>                                  | 9.63          | 10/01/2015    | 1,140,000    | 1,302,450    |
| <i>Hexcel Corporation</i>                                   | 6.75          | 02/01/2015    | 1,089,000    | 1,112,141    |
| <i>Huntington Ingalls Industries Incorporated</i>           | 6.88          | 03/15/2018    | 625,000      | 643,750      |
| <i>Huntington Ingalls Industries Incorporated</i>           | 7.13          | 03/15/2021    | 225,000      | 232,313      |
| <i>Kratos Defense &amp; Security Solutions Incorporated</i> | 10.00         | 06/01/2017    | 2,570,000    | 2,743,475    |
| <i>L-3 Communications Holdings Incorporated</i>             | 6.38          | 10/15/2015    | 5,506,000    | 5,650,533    |

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|  |       |            |           |            |
|--|-------|------------|-----------|------------|
| <i>Wyle Services Corporation</i>                 | 10.50 | 04/01/2018 | 1,445,000 | 1,544,344  |
|  |       |            |           | 19,735,931 |
| <b>Commercial Services &amp; Supplies: 1.89%</b> |       |            |           |            |
| <i>Casella Waste Systems Incorporated</i>        | 11.00 | 07/15/2014 | 4,385,000 | 4,867,350  |
| <i>Corrections Corporation of America</i>        | 6.25  | 03/15/2013 | 1,305,000 | 1,306,631  |
| <i>Corrections Corporation of America</i>        | 7.75  | 06/01/2017 | 2,035,000 | 2,210,519  |
| <i>Geo Group Incorporated</i>                    | 7.75  | 10/15/2017 | 2,855,000 | 3,054,850  |
| <i>Interface Incorporated</i>                    | 7.63  | 12/01/2018 | 300,000   | 319,500    |
| <i>Iron Mountain Incorporated</i>                | 8.38  | 08/15/2021 | 3,520,000 | 3,766,400  |

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## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name  | Interest Rate | Maturity Date | Principal    | Value        |
|--|---------------|---------------|--------------|--------------|
| <b>Commercial Services &amp; Supplies: (continued)</b>           |               |               |              |              |
| <i>KAR Holdings Incorporated±</i>                                | 4.27%         | 05/01/2014    | \$ 2,125,000 | \$ 2,082,500 |
|  |               |               |              | 17,607,750   |
| <b>Machinery: 0.77%</b>  |               |               |              |              |
| <i>Cleaver-Brooks Incorporated</i>                               | 12.25         | 05/01/2016    | 1,440,000    | 1,483,200    |
| <i>Columbus McKinnon Corporation</i>                             | 7.88          | 02/01/2019    | 1,575,000    | 1,630,125    |
| <i>CPM Holdings Incorporated</i>                                 | 10.88         | 09/01/2014    | 3,025,000    | 3,267,000    |
| <i>Titan International Incorporated</i>                          | 7.88          | 10/01/2017    | 700,000      | 745,500      |
|  |               |               |              | 7,125,825    |
| <b>Professional Services: 0.67%</b>                              |               |               |              |              |
| <i>Affinia Group Incorporated</i>                                | 10.75         | 08/15/2016    | 207,000      | 231,840      |
| <i>DRT Merger Sub Incorporated</i>                               | 8.13          | 06/01/2019    | 800,000      | 800,000      |
| <i>Interactive Data Corporation</i>                              | 10.25         | 08/01/2018    | 2,535,000    | 2,826,525    |
| <i>NCO Group Incorporated</i>                                    | 11.88         | 11/15/2014    | 2,450,000    | 2,339,750    |
|  |               |               |              | 6,198,115    |
| <b>Road &amp; Rail: 1.44%</b>                                    |               |               |              |              |
| <i>Kansas City Southern</i>                                      | 8.00          | 06/01/2015    | 8,285,000    | 8,906,375    |
| <i>Kansas City Southern</i>                                      | 13.00         | 12/15/2013    | 1,184,000    | 1,379,360    |
| <i>RailAmerica Incorporated</i>                                  | 9.25          | 07/01/2017    | 2,775,000    | 3,052,500    |
|  |               |               |              | 13,338,235   |
| <b>Transportation Infrastructure: 0.13%</b>                      |               |               |              |              |
| <i>United Maritime Group</i>                                     | 11.75         | 06/15/2015    | 1,190,000    | 1,243,550    |
| <b>Information Technology: 7.76%</b>                             |               |               |              |              |
| <b>Communications Equipment: 1.31%</b>                           |               |               |              |              |
| <i>Allbritton Communications Company</i>                         | 8.00          | 05/15/2018    | 2,574,000    | 2,644,785    |
| <i>EchoStar DBS Corporation</i>                                  | 7.13          | 02/01/2016    | 910,000      | 971,425      |
| <i>Intelsat Jackson Holdings Limited</i>                         | 9.50          | 06/15/2016    | 1,000,000    | 1,051,250    |
| <i>Lucent Technologies Incorporated</i>                          | 6.45          | 03/15/2029    | 3,100,000    | 2,797,750    |
| <i>Seagate Technology Holdings</i>                               | 6.80          | 10/01/2016    | 1,275,000    | 1,351,500    |
| <i>Seagate Technology Holdings</i>                               | 7.00          | 11/01/2021    | 725,000      | 732,250      |
| <i>Seagate Technology Holdings</i>                               | 7.75          | 12/15/2018    | 2,500,000    | 2,625,000    |
|  |               |               |              | 12,173,960   |
| <b>Computers &amp; Peripherals: 0.38%</b>                        |               |               |              |              |
| <i>Intcomex Incorporated</i>                                     | 13.25         | 12/15/2014    | 2,820,000    | 2,897,550    |
| <i>Seagate Technology HDD Holdings</i>                           | 6.88          | 05/01/2020    | 650,000      | 651,625      |
|  |               |               |              | 3,549,175    |
| <b>Electronic Equipment, Instruments &amp; Components: 2.52%</b> |               |               |              |              |
| <i>GCI Incorporated</i>  | 6.75          | 06/01/2021    | 1,350,000    | 1,370,250    |
| <i>Jabil Circuit Incorporated</i>                                | 8.25          | 03/15/2018    | 13,532,000   | 15,527,970   |
| <i>Kemet Corporation</i>   | 10.50         | 05/01/2018    | 3,380,000    | 3,743,350    |

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|  |       |            |           |            |
|--|-------|------------|-----------|------------|
| <i>Viasystem Group Incorporated</i>            | 12.00 | 01/15/2015 | 2,530,000 | 2,776,675  |
|  |       |            |           | 23,418,245 |
| <b>Internet Software &amp; Services: 0.27%</b> |       |            |           |            |
| <i>Equinix Incorporated</i>                    | 7.00  | 07/15/2021 | 125,000   | 130,000    |

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## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name  | Interest Rate | Maturity Date | Principal    | Value        |
|--|---------------|---------------|--------------|--------------|
| <b>Internet Software &amp; Services: (continued)</b>       |               |               |              |              |
| <i>Equinix Incorporated</i>                                | 8.13%         | 03/01/2018    | \$ 2,125,000 | \$ 2,337,500 |
|  |               |               |              | 2,467,500    |
| <b>IT Services: 3.06%</b>                                  |               |               |              |              |
| <i>Audatex North American Incorporated</i>                 | 6.75          | 06/15/2018    | 475,000      | 488,063      |
| <i>Fidelity National Information Services</i>              | 7.88          | 07/15/2020    | 1,750,000    | 1,868,125    |
| <i>First Data Corporation</i>                              | 11.25         | 03/31/2016    | 7,375,000    | 7,264,375    |
| <i>SunGard Data Systems Incorporated</i>                   | 7.38          | 11/15/2018    | 1,100,000    | 1,116,500    |
| <i>SunGard Data Systems Incorporated</i>                   | 7.63          | 11/15/2020    | 550,000      | 559,625      |
| <i>SunGard Data Systems Incorporated</i>                   | 10.25         | 08/15/2015    | 6,639,750    | 6,888,741    |
| <i>Syniverse Holdings Incorporated</i>                     | 9.13          | 01/15/2019    | 6,625,000    | 6,931,406    |
| <i>Unisys Corporation</i>                                  | 12.50         | 01/15/2016    | 1,065,000    | 1,166,175    |
| <i>Unisys Corporation</i>                                  | 12.75         | 10/15/2014    | 1,068,000    | 1,238,880    |
| <i>Unisys Corporation</i>                                  | 14.25         | 09/15/2015    | 751,000      | 886,180      |
|  |               |               |              | 28,408,070   |
| <b>Semiconductors &amp; Semiconductor Equipment: 0.22%</b> |               |               |              |              |
| <i>Advanced Micro Devices Incorporated</i>                 | 5.75          | 08/15/2012    | 2,025,000    | 2,060,438    |
| <b>Materials: 2.69%</b>                                    |               |               |              |              |
| <b>Chemicals: 1.04%</b>                                    |               |               |              |              |
| <i>Huntsman International LLC</i>                          | 5.50          | 06/30/2016    | 2,855,000    | 2,826,450    |
| <i>Lyondell Chemical Company</i>                           | 11.00         | 05/01/2018    | 4,807,125    | 5,444,069    |
| <i>Solutia Incorporated</i>                                | 7.88          | 03/15/2020    | 1,300,000    | 1,417,000    |
|  |               |               |              | 9,687,519    |
| <b>Containers &amp; Packaging: 0.48%</b>                   |               |               |              |              |
| <i>Crown Americas LLC</i>                                  | 7.63          | 05/15/2017    | 950,000      | 1,028,375    |
| <i>Graham Packaging Company Incorporated</i>               | 8.25          | 01/01/2017    | 350,000      | 370,125      |
| <i>Graham Packaging Company Incorporated</i>               | 9.88          | 10/15/2014    | 2,450,000    | 2,511,250    |
| <i>Owens Brockway Glass Container Incorporated</i>         | 7.38          | 05/15/2016    | 515,000      | 562,638      |
|  |               |               |              | 4,472,388    |
| <b>Metals &amp; Mining: 0.69%</b>                          |               |               |              |              |
| <i>Freeport-McMoRan Copper &amp; Gold Incorporated</i>     | 8.38          | 04/01/2017    | 5,725,000    | 6,254,563    |
| <i>Indalex Holdings Corporation(s)</i>                     | 11.50         | 02/01/2014    | 5,985,000    | 89,775       |
|  |               |               |              | 6,344,338    |
| <b>Paper &amp; Forest Products: 0.48%</b>                  |               |               |              |              |
| <i>Clearwater Paper Corporation</i>                        | 10.63         | 06/15/2016    | 1,175,000    | 1,324,813    |
| <i>Georgia-Pacific Corporation</i>                         | 8.88          | 05/15/2031    | 2,430,000    | 3,155,425    |
|  |               |               |              | 4,480,238    |
| <b>Telecommunication Services: 8.74%</b>                   |               |               |              |              |
| <b>Diversified Telecommunication Services: 4.89%</b>       |               |               |              |              |
| <i>Citizens Communications Company</i>                     | 7.88          | 01/15/2027    | 9,580,000    | 9,316,550    |



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|  |       |            |           |           |
|--|-------|------------|-----------|-----------|
| <i>FairPoint Communications Incorporated</i> | 10.88 | 04/01/2017 | 2,550,000 | 2,926,125 |
| <i>Frontier Communications Corporation</i>   | 8.13  | 10/01/2018 | 1,980,000 | 2,173,050 |
| <i>Frontier Communications Corporation</i>   | 8.25  | 04/15/2017 | 4,455,000 | 4,889,363 |
| <i>Frontier Communications Corporation</i>   | 8.50  | 04/15/2020 | 1,000,000 | 1,097,500 |
| <i>GCI Incorporated</i>                      | 8.63  | 11/15/2019 | 4,075,000 | 4,482,500 |
| <i>Global Crossing Limited</i>               | 12.00 | 09/15/2015 | 345,000   | 400,200   |
| <i>Qwest Corporation</i>                     | 7.50  | 06/15/2023 | 3,260,000 | 3,251,850 |

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## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name  | Interest Rate | Maturity Date | Principal  | Value      |
|--|---------------|---------------|------------|------------|
| <b>Diversified Telecommunication Services (continued)</b>      |               |               |            |            |
| <i>Qwest Corporation</i>                                       | 7.63%         | 08/03/2021    | \$ 440,000 | \$ 493,610 |
| <i>Qwest Corporation</i>                                       | 8.88          | 03/15/2012    | 4,200,000  | 4,389,000  |
| <i>SBA Telecommunications Incorporated</i>                     | 8.00          | 08/15/2016    | 1,090,000  | 1,164,938  |
| <i>SBA Telecommunications Incorporated</i>                     | 8.25          | 08/15/2019    | 485,000    | 523,800    |
| <i>U.S. West Communications Incorporated</i>                   | 7.13          | 11/15/2043    | 1,810,000  | 1,751,175  |
| <i>U.S. West Communications Incorporated</i>                   | 7.25          | 09/15/2025    | 2,755,000  | 2,885,863  |
| <i>Windstream Corporation</i>                                  | 7.88          | 11/01/2017    | 5,380,000  | 5,749,875  |
|  |               |               |            | 45,495,399 |
| <b>Wireless Telecommunication Services: 3.85%</b>              |               |               |            |            |
| <i>CC Holdings LLC</i>   | 7.75          | 05/01/2017    | 650,000    | 710,938    |
| <i>Cricket Communications Incorporated</i>                     | 7.75          | 05/15/2016    | 3,755,000  | 4,003,769  |
| <i>Crown Castle International Corporation</i>                  | 7.13          | 11/01/2019    | 165,000    | 175,931    |
| <i>Crown Castle International Corporation</i>                  | 9.00          | 01/15/2015    | 650,000    | 711,750    |
| <i>Intelsat Limited</i>  | 7.25          | 04/01/2019    | 2,500,000  | 2,531,250  |
| <i>Intelsat Limited</i>  | 7.50          | 04/01/2021    | 1,575,000  | 1,598,625  |
| <i>Intelsat Limited</i>  | 11.25         | 06/15/2016    | 3,965,000  | 4,222,725  |
| <i>iPCS Incorporated</i>                                       | 3.52          | 05/01/2014    | 2,607,559  | 2,503,257  |
| <i>MetroPCS Communications Incorporated</i>                    | 6.63          | 11/15/2020    | 4,150,000  | 4,160,375  |
| <i>MetroPCS Communications Incorporated</i>                    | 7.88          | 09/01/2018    | 1,050,000  | 1,116,938  |
| <i>Sprint Nextel Corporation Series D</i>                      | 7.38          | 08/01/2015    | 7,935,000  | 7,935,000  |
| <i>Sprint Nextel Corporation Series F</i>                      | 5.95          | 03/15/2014    | 6,065,000  | 6,083,953  |
|  |               |               |            | 35,754,511 |
| <b>Utilities: 6.69%</b>  |               |               |            |            |
| <b>Electric Utilities: 3.55%</b>                               |               |               |            |            |
| <i>Aquila Incorporated Step Bond</i>                           | 11.88         | 07/01/2012    | 14,996,000 | 16,448,603 |
| <i>Energy Future Holdings Corporation</i>                      | 10.00         | 12/01/2020    | 150,000    | 158,313    |
| <i>Energy Future Holdings Corporation</i>                      | 12.00         | 11/01/2017    | 1,811,245  | 1,557,671  |
| <i>Ipalco Enterprises Incorporated</i>                         | 5.00          | 05/01/2018    | 1,750,000  | 1,738,700  |
| <i>Mirant Americas Generation LLC</i>                          | 8.50          | 10/01/2021    | 250,000    | 255,000    |
| <i>Mirant Mid-Atlantic LLC Series C</i>                        | 10.06         | 12/30/2028    | 7,560,525  | 8,429,985  |
| <i>Otter Tail Corporation</i>                                  | 9.00          | 12/15/2016    | 3,985,000  | 4,413,388  |
|  |               |               |            | 33,001,660 |
| <b>Gas Utilities: 0.18%</b>                                    |               |               |            |            |
| <i>AmeriGas Partners LP</i>                                    | 6.50          | 05/20/2021    | 1,050,000  | 1,076,250  |
| <i>AmeriGas Partners LP</i>                                    | 7.13          | 05/20/2016    | 550,000    | 571,280    |
|  |               |               |            | 1,647,530  |
| <b>Independent Power Producers &amp; Energy Traders: 2.96%</b> |               |               |            |            |
| <i>Calpine Corporation</i>                                     | 7.25          | 10/15/2017    | 9,469,000  | 9,705,725  |
| <i>Dynegy Holding Incorporated</i>                             | 7.63          | 10/15/2026    | 4,850,000  | 3,152,500  |
| <i>NRG Energy Incorporated</i>                                 | 7.38          | 01/15/2017    | 6,050,000  | 6,344,938  |
| <i>NRG Energy Incorporated</i>                                 | 8.50          | 06/15/2019    | 3,675,000  | 3,822,000  |
| <i>RRI Energy Incorporated</i>                                 | 7.63          | 06/15/2014    | 1,020,000  | 1,060,800  |

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|   |      |            |           |             |
|---|------|------------|-----------|-------------|
| <i>RRI Energy Incorporated</i>                              | 7.88 | 06/15/2017 | 75,000    | 75,375      |
| <i>RRI Energy Incorporated</i>                              | 9.24 | 07/02/2017 | 2,287,916 | 2,470,949   |
| <i>RRI Energy Incorporated</i>                              | 9.68 | 07/02/2026 | 780,000   | 834,600     |
|   |      |            |           | 27,466,887  |
| <b>Total Corporate Bonds and Notes (Cost \$761,130,394)</b> |      |            |           | 804,501,910 |

*The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report and Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.*

## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name   | Interest Rate         | Maturity Date | Principal     | Value             |
|---|-----------------------|---------------|---------------|-------------------|
| <b>Yankee Corporate Bonds and Notes: 2.02%</b>                    |                       |               |               |                   |
| <b>Consumer Discretionary: 0.20%</b>                              |                       |               |               |                   |
| <b>Media: 0.20%</b>   |                       |               |               |                   |
| <i>Videotron Limited</i>  | 6.38%                 | 12/15/2015    | \$ 100,000    | 102,750           |
| <i>Videotron Limited</i>  | 9.13                  | 04/15/2018    | 1,525,000     | 1,713,719         |
|   |                       |               |               | 1,816,469         |
| <b>Energy: 0.52%</b>  |                       |               |               |                   |
| <b>Oil, Gas &amp; Consumable Fuels: 0.52%</b>                     |                       |               |               |                   |
| <i>Griffin Coal Mining Company Limited (s)</i>                    | 9.50                  | 12/31/2049    | 5,128,748     | 4,827,434         |
| <b>Financials: 0.26%</b>  |                       |               |               |                   |
| <b>Consumer Finance: 0.26%</b>                                    |                       |               |               |                   |
| <i>Wind Acquisition Finance SA</i>                                | 11.75                 | 07/15/2017    | 2,205,000     | 2,444,794         |
| <b>Diversified Financial Services: 0.00%</b>                      |                       |               |               |                   |
| <i>Preferred Term Securities XII Limited(s)(i)</i>                | 0.00                  | 12/24/2033    | 1,540,000     | 462               |
| <b>Materials: 0.85%</b>   |                       |               |               |                   |
| <b>Metals &amp; Mining: 0.53%</b>                                 |                       |               |               |                   |
| <i>Novelis Incorporated</i>                                       | 7.25                  | 02/15/2015    | 630,000       | 627,638           |
| <i>Novelis Incorporated</i>                                       | 8.38                  | 12/15/2017    | 1,000,000     | 1,088,750         |
| <i>Novelis Incorporated</i>                                       | 8.75                  | 12/15/2020    | 2,425,000     | 2,697,813         |
| <i>Vedanta Resources plc</i>                                      | 9.50                  | 07/18/2018    | 500,000       | 554,400           |
|   |                       |               |               | 4,968,601         |
| <b>Paper &amp; Forest Products: 0.32%</b>                         |                       |               |               |                   |
| <i>PE Paper Escrow GmbH</i>                                       | 12.00                 | 08/01/2014    | 715,000       | 811,525           |
| <i>Sappi Limited</i>  | 7.50                  | 06/15/2032    | 2,355,000     | 2,119,500         |
|   |                       |               |               | 2,931,025         |
| <b>Telecommunication Services: 0.19%</b>                          |                       |               |               |                   |
| <b>Wireless Telecommunication Services: 0.19%</b>                 |                       |               |               |                   |
| <i>Digicel Group Limited</i>                                      | 12.00                 | 04/01/2014    | 870,000       | 1,004,850         |
| <i>Telesat Canada Incorporated</i>                                | 11.00                 | 11/01/2015    | 690,000       | 755,550           |
|   |                       |               |               | 1,760,400         |
| <b>Total Yankee Corporate Bonds and Notes (Cost \$16,274,397)</b> |                       |               |               | <b>18,749,185</b> |
|   | <b>Dividend Yield</b> |               | <b>Shares</b> |                   |
| <b>Preferred Stocks: 0.14%</b>                                    |                       |               |               |                   |
| <b>Financials: 0.14%</b>  |                       |               |               |                   |
| <b>Consumer Finance: 0.14%</b>                                    |                       |               |               |                   |
| <i>GMAC Capital Trust</i>   | 8.13                  |               | 53,000        | 1,353,090         |

**Total Preferred Stocks (Cost \$1,325,000)**

1,353,090

*The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report and Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.*

## PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)

## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

| Security Name                                     | Shares | Value      |
|---|--------|------------|
| <b>Investment Companies: 0.01%</b>                |        |            |
| <i>Eaton Vance Limited Duration Income Trust</i>  | 6,490  | \$ 104,943 |
| <b>Total Investment Companies (Cost \$60,299)</b> |        | 104,943    |

|  | Interest Rate | Maturity Date | Principal  |            |
|--|---------------|---------------|------------|------------|
| <b>Term Loans: 8.93%</b>                               |               |               |            |            |
| <i>Advantage Sales &amp; Marketing Incorporated</i>    | 9.25%         | 06/18/2018    | \$ 900,000 | 910,503    |
| <i>Arrowhead General Insurance Agency Incorporated</i> | 7.50          | 03/03/2017    | 1,496,250  | 1,485,028  |
| <i>Barrington Broadcasting Company</i>                 | 4.54          | 08/12/2013    | 1,772,703  | 1,740,582  |
| <i>Capital Automotive LP</i>                           | 5.00          | 03/10/2017    | 7,575,024  | 7,567,449  |
| <i>CCM Merger Incorporated</i>                         | 7.00          | 03/01/2017    | 6,690,754  | 6,754,316  |
| <i>Coinmach Corporation</i>                            | 3.25          | 11/20/2014    | 5,696,566  | 5,431,904  |
| <i>Fairpoint Communications Incorporated</i>           | 6.50          | 01/22/2016    | 6,788,901  | 5,999,691  |
| <i>Federal Mogul Corporation</i>                       | 2.13          | 12/29/2014    | 819,213    | 778,695    |
| <i>Federal Mogul Corporation</i>                       | 2.13          | 12/28/2015    | 814,881    | 774,577    |
| <i>First Data Corporation</i>                          | 2.93          | 09/24/2014    | 1,485,523  | 1,381,744  |
| <i>First Data Corporation</i>                          | 2.93          | 09/24/2014    | 2,867,975  | 2,667,618  |
| <i>First Data Corporation</i>                          | 2.93          | 09/24/2014    | 5,354,373  | 4,980,316  |
| <i>Gray Television Incorporated</i>                    | 3.69          | 12/31/2014    | 1,809,942  | 1,768,458  |
| <i>HHI Holdings Limited</i>                            | 7.00          | 03/21/2017    | 2,244,375  | 2,244,375  |
| <i>Level 3 Financing Incorporated</i>                  | 2.48          | 03/13/2014    | 1,300,000  | 1,251,575  |
| <i>Local TV Finance LLC</i>                            | 2.19          | 05/07/2013    | 2,720,910  | 2,645,595  |
| <i>Merisant Company(i)</i>                             | 7.50          | 01/08/2014    | 1,623,004  | 1,598,659  |
| <i>NCO Group Incorporated</i>                          | 8.00          | 11/15/2013    | 2,544,675  | 2,534,649  |
| <i>Newsday LLC</i>                                     | 10.50         | 08/01/2013    | 5,920,000  | 6,227,130  |
| <i>Panoram Industries International(i)</i>             | 8.25          | 12/31/2013    | 463,969    | 424,968    |
| <i>Springleaf Finance Corporation</i>                  | 5.50          | 05/05/2017    | 1,350,000  | 1,316,250  |
| <i>Texas Competitive Electric Holdings</i>             | 3.68          | 10/10/2017    | 4,450,000  | 3,313,648  |
| <i>Texas Competitive Electric Holdings</i>             | 4.73          | 10/10/2014    | 23,237,911 | 18,207,833 |
| <i>Wash Multifamily Laundry Systems LLC</i>            | 7.00          | 08/28/2014    | 994,885    | 991,572    |
| <b>Total Term Loans (Cost \$84,253,304)</b>            |               |               |            | 82,997,135 |

**Short-Term Investments: 1.51%**

|  | Yield   | Shares     |                |
|--|---------|------------|----------------|
| <b>Investment Companies: 1.51%</b>                                   |         |            |                |
| <i>Wells Fargo Advantage Cash Investment Money Market Fund(l)(u)</i> | 0.02    | 14,011,321 | 14,011,321     |
| <b>Total Short-Term Investments (Cost \$14,011,321)</b>              |         |            | 14,011,321     |
| <b>Total Investments in Securities (Cost \$882,471,961*</b>          | 99.64%  |            | 925,867,087    |
| <i>Other Assets and Liabilities, Net</i>                             | 0.36    |            | 3,377,080      |
| <b>Total Net Assets</b>  | 100.00% |            | \$ 929,244,167 |

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- Non-income earning security.*
- (a) *Security is fair valued by the Management Valuation Team, and in certain instances by the Board of Trustees, in accordance with procedures approved by the Board of Trustees.*  
*Security that may be resold to qualified institutional buyers under Rule 144 or securities offered pursuant to Section 4(2) of the Securities Act of 1933, as amended.*
  - ± *Variable rate investment.*
  - ¥ *A payment-in-kind (PIK) security is a security in which the issuer may make interest or dividend payments in cash or additional securities. These additional securities generally have the same terms as the original holdings.*
  - (s) *Security is currently in default with regards to scheduled interest and/or principal payments. The Fund has stopped accruing interest on this security.*
    - (i) *Illiquid security*
    - (l) *Investment in an affiliate.*

*The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report and Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.*

**PORTFOLIO OF INVESTMENTS July 31, 2011 (UNAUDITED)**

**WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND**

(u) Rate shown is the 7-day annualized yield at period end.

\* Cost for federal income tax purposes is \$886,647,373 and net unrealized appreciation (depreciation) consists of:

|                               |               |
|-------------------------------|---------------|
| Gross unrealized appreciation | \$ 53,221,808 |
| Gross unrealized depreciation | (14,002,094)  |
| Net unrealized appreciation   | \$ 39,219,714 |

*The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report and Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.*



**WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND**

NOTES TO PORTFOLIO OF INVESTMENTS JULY 31, 2011 (unaudited)

The following notes are to be read in conjunction with the Portfolio of Investments for Wells Fargo Advantage Income Opportunities Fund (the Fund ).

**Securities valuation**

Investments in securities are valued each business day as of the close of regular trading on the New York Stock Exchange, which is usually 4:00 p.m. (Eastern Time). Securities which are traded on a national or foreign securities exchange are valued at the last reported sales price, except that securities listed on The Nasdaq Stock Market, Inc. ( Nasdaq ) are valued at the Nasdaq Official Closing Price ( NOCP ), and if no NOCP is available, then at the last reported sales price. If no sales price is shown on the Nasdaq, the bid price will be used. In the absence of any sale of securities listed on the Nasdaq, and in the case of other securities, including U.S. Government obligations, but excluding debt securities maturing in 60 days or less, the price will be deemed stale and the valuations will be determined in accordance with the Fund's Fair Value Procedures.

Certain fixed income securities with maturities exceeding 60 days are valued based on available market quotations received from an independent pricing service approved by the Board of Trustees which may utilize both transaction data and market information such as yield, prices of securities of comparable quality, coupon rate, maturity, type of issue, trading characteristics and other market data. If valuations are not available from the pricing service or values received are deemed not representative of market value, values will be obtained from a third party broker-dealer or determined based on the Fund's Fair Value Procedures.

Debt securities of sufficient credit quality with original maturities of 60 days or less generally are valued at amortized cost which approximates fair value. The amortized cost method involves valuing a security at its cost, plus accretion of discount or minus amortization of premium over the period until maturity.

Investments in open-end mutual funds and non-registered investment companies are generally valued at net asset value.

Certain investments which are not valued using any of the methods discussed above, are valued at their fair value, as determined by procedures established in good faith and approved by the Board of Trustees.

The valuation techniques used by the Fund to measure fair value are consistent with the market approach, income approach and/or cost approach, where applicable, for each security type.

**When-issued transactions**

The Fund may purchase securities on a forward commitment or when-issued basis. The Fund records a when-issued transaction on the trade date and will segregate assets to cover its obligation by confirming the availability of qualifying assets having a value sufficient to make payment for the securities purchased. Securities purchased on a when-issued basis are marked-to-market daily and the Fund begins earning interest on the settlement date. Losses may arise due to changes in the market value of the underlying securities or if the counterparty does not perform under the contract.

**Term loans**

The Fund may invest in term loans. The loans are marked-to-market daily and the Fund begins earning interest when the loans are funded. The loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. The Fund assumes the credit risk of the borrower and there could be potential loss to the Fund in the event of default by the borrower.

As of July 31, 2011, the Fund had no unfunded loan commitments.

**Fair valuation measurements**

Fair value measurements of investments are determined within a framework that has established a fair value hierarchy based upon the various data inputs utilized in determining the value of the Fund's investments. The three-level hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Fund's

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investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The inputs are summarized into three broad levels as follows:

Level 1    quoted prices in active markets for identical securities

Level 2    other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3    significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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As of July 31, 2011, the inputs used in valuing the Fund's assets, which are carried at fair value, were as follows:

|                                  | Quoted<br>Prices<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total          |
|----------------------------------|-------------------------------|--|--|----------------|
| <b>Investments in Securities</b> |                               |  |  |                |
| <b>Equity securities</b>         |                               |  |  |                |
| <i>Common stocks</i>             | \$ 1,021,253                  | \$ 0   | \$ 0   | \$ 1,021,253   |
| <i>Investment companies</i>      | 104,943                       | 0  | 0  | 104,943        |
| <i>Preferred stocks</i>          | 0                             | 1,353,090  | 0  | 1,353,090      |
| <b>Convertible debentures</b>    | 0                             | 3,128,250  | 0  | 3,128,250      |
| <b>Corporate bonds and notes</b> | 0                             | 792,766,376  | 11,735,534   | 804,501,910    |
| <b>Term loans</b>                | 0                             | 72,785,049   | 10,212,086   | 82,997,135     |
| <b>Yankee corporate bonds</b>    | 0                             | 18,748,723   | 462  | 18,749,185     |
| <b>Short-term investments</b>    |                               |  |  |                |
| <i>Investment companies</i>      | 14,011,321                    | 0  | 0  | 14,011,321     |
|                                  | \$ 15,137,517                 | \$ 888,781,488   | \$ 21,948,082                                      | \$ 925,867,087 |

Transfers in and transfers out are recognized at the end of the reporting period. For the three months nine months ended July 31, 2011, the Fund did not have any significant transfers into/out of Level 1 and Level 2.

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value:

|                                     | Corporate<br>bonds and<br>notes | Term<br>Loans | Yankee<br>corporate<br>bonds and<br>notes | Total         |
|-------------------------------------|---------------------------------|---------------|---|---------------|
| <b>Balance as of April 30, 2011</b> | \$ 12,165,050                   | \$ 6,408,149  | \$ 462                                    | \$ 18,573,661 |
| Accrued discounts (premiums)        | 6,966                           | 1,195         | 0   | 8,874         |
| Realized gains (losses)             | (5,871,004)                     | 10,439        | 0   | (5,860,565)   |
| Change in unrealized gains (losses) | 5,764,562                       | (42,277)      | 0   | 5,721,571     |
| Purchases                           | 0                               | 0             | 0   | 0             |
| Sales                               | (330,039)                       | (2,534,472)   | 0   | (2,864,511)   |
| Transfers into Level 3              | 0                               | 7,967,711     | 0   | 7,967,711     |
| Transfers out of Level 3            | 0                               | (1,598,659)   | 0   | (1,598,659)   |
| <b>Balance as of July 31, 2011</b>  | \$ 11,735,534                   | \$ 10,212,086 | \$ 462                                    | \$ 21,948,082 |

|   |             |          |      |             |
|---|-------------|----------|------|-------------|
| <b>Change in unrealized gains (losses) relating to securities still held at July 31, 2011</b> | \$ (71,771) | \$ 2,805 | \$ 0 | \$ (69,678) |
|---|-------------|----------|------|-------------|

The following is a list of common abbreviations for terms and entities which may have appeared in the portfolio of investments.

ABAG Association of Bay Area Governments

ACB Agricultural Credit Bank

ADR American Depositary Receipt

ADS American Depositary Shares

AGC-ICC Assured Guaranty Corporation - Insured Custody Certificates

AGM Assured Guaranty Municipal

AMBAC American Municipal Bond Assurance Corporation

AMT Alternative Minimum Tax

ARM Adjustable Rate Mortgages

AUD Australian Dollar

BAN Bond Anticipation Notes

BART Bay Area Rapid Transit

BHAC Berkshire Hathaway Assurance Corporation

BRL Brazil Real

CAD Canadian Dollar

CDA Community Development Authority

CDO Collateralized Debt Obligation

CDSC Contingent Deferred Sales Charge

CGIC Capital Guaranty Insurance Company

CGY Capital Guaranty Corporation

CHF Swiss Franc

CIFG CDC (Caisse des Dépôts et Consignations) IX IS Financial Guarantee

COP Certificate of Participation

CP Commercial Paper

CR Custody Receipts

CTF Common Trust Fund

DEM - Deutsche Mark

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DKK Danish Krone

DRIVER Derivative Inverse Tax-Exempt Receipts

DW&P Department of Water & Power

DWR Department of Water Resources

ECFA Educational & Cultural Facilities Authority

EDA Economic Development Authority

EDFA Economic Development Finance Authority

ETET Eagle Tax-Exempt Trust

ETF Exchange-Traded Fund

EUR Euro

FFCB Federal Farm Credit Bank

FGIC Financial Guaranty Insurance Corporation

FHA Federal Housing Authority

FHAG Federal Housing Agency

FHLB Federal Home Loan Bank

FHLMC Federal Home Loan Mortgage Corporation

FNMA Federal National Mortgage Association

FRF - French Franc

FSA Farm Service Agency

GBP Great British Pound

GDR Global Depositary Receipt

GNMA Government National Mortgage Association

GO General Obligation

HCFR Healthcare Facilities Revenue

HEFA Health & Educational Facilities Authority

HEFAR Higher Education Facilities Authority Revenue

HFA Housing Finance Authority

HFFA Health Facilities Financing Authority

HKD Hong Kong Dollar

HUD Housing & Urban Development

HUF Hungarian Forint

IDA Industrial Development Authority

IDAG Industrial Development Agency

IDR Industrial Development Revenue

IEP Irish Pound

JPY Japanese Yen

KRW Republic of Korea Won

LIBOR London Interbank Offered Rate

LLC Limited Liability Company

LLP Limited Liability Partnership

LOC Letter of Credit

LP Limited Partnership

MBIA Municipal Bond Insurance Association

MFHR Multi-Family Housing Revenue

MFMR Multi-Family Mortgage Revenue

MMD Municipal Market Data

MSTR Municipal Securities Trust Receipts

MTN Medium Term Note

MUD Municipal Utility District

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MXN Mexican Peso

MYR Malaysian Ringgit

NATL-RE National Public Finance Guarantee Corporation

NLG - Netherlands Guilder

NOK Norwegian Krone

NZD New Zealand Dollar

PCFA Pollution Control Finance Authority

PCR Pollution Control Revenue

PFA Public Finance Authority

PFFA Public Facilities Financing Authority

PFOTER Puttable Floating Option Tax-Exempt Receipts

plc Public Limited Company

PLN Polish Zloty

PSFG Public School Fund Guaranty

PUTTER Puttable Tax-Exempt Receipts

R&D Research & Development

RDA Redevelopment Authority

RDFA Redevelopment Finance Authority

REIT Real Estate Investment Trust

ROC Reset Option Certificates

SEK Swedish Krona

SFHR Single Family Housing Revenue

SFMR Single Family Mortgage Revenue

SGD Singapore Dollar

SKK Slovakian Koruna

SLMA Student Loan Marketing Association

SPDR Standard & Poor's Depository Receipts

STIT Short-Term Investment Trust

TAN Tax Anticipation Notes

TBA To Be Announced

TIPS Treasury Inflation-Protected Securities

TRAN Tax Revenue Anticipation Notes

TCR Transferable Custody Receipts

TRY Turkish Lira

TTFA Transportation Trust Fund Authority

USD Unified School District

XLCA XL Capital Assurance

ZAR South African Rand



ITEM 2. CONTROLS AND PROCEDURES

(a) The President and Treasurer have concluded that the Wells Fargo Advantage Income Opportunities Fund (the Trust) disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) provide reasonable assurances that material information relating to the Trust is made known to them by the appropriate persons based on their evaluation of these controls and procedures as of a date within 90 days of the filing of this report.

(b) There were no significant changes in the Trust's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant's last fiscal quarter that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Wells Fargo Advantage Income Opportunities Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch

President

Date: September 28, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Wells Fargo Advantage Income Opportunities Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch

President

Date: September 28, 2011

By: /s/ Kasey L. Phillips

Kasey L. Phillips

Treasurer

Date: September 28, 2011