

WELLS FARGO INCOME OPPORTUNITIES FUND

Form N-CSRS

December 29, 2015

**Table of Contents**

**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: 811-21269**

**Wells Fargo Income Opportunities Fund**

**(Exact name of registrant as specified in charter)**

**525 Market St., San Francisco, CA 94105**

**(Address of principal executive offices) (Zip code)**

**C. David Messman**

**Wells Fargo Funds Management, LLC**

**525 Market St., San Francisco, CA 94105**

**(Name and address of agent for service)**

**Registrant's telephone number, including area code: 800-222-8222**

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

**Date of reporting period: October 31, 2015**

**Table of Contents**

**ITEM 1. REPORT TO STOCKHOLDERS**

2

**Table of Contents**

**Semi-Annual Report**

October 31, 2015

**Wells Fargo Income Opportunities Fund (EAD)**

**Table of Contents***Reduce clutter. Save trees.*Sign up for electronic delivery of prospectuses and shareholder reports at [wellsfargo.com/advantagedelivery](http://wellsfargo.com/advantagedelivery)

## Contents

<b><u>Letter to shareholders</u></b>	2
<b><u>Performance highlights</u></b>	4
<b><u>Portfolio of investments</u></b>	7
<b>Financial statements</b>	
<b><u>Statement of assets and liabilities</u></b>	19
<b><u>Statement of operations</u></b>	20
<b><u>Statement of changes in net assets</u></b>	21
<b><u>Statement of cash flows</u></b>	22
<b><u>Financial highlights</u></b>	23
<b><u>Notes to financial statements</u></b>	24
<b><u>Other information</u></b>	28
<b><u>Automatic dividend reinvestment plan</u></b>	34
<b><u>List of abbreviations</u></b>	35

The views expressed and any forward-looking statements are as of October 31, 2015, unless otherwise noted, and are those of the Fund managers and/or Wells Fargo Funds Management, LLC. Discussions of individual securities, or the markets generally, or any Wells Fargo Fund are not intended as individual recommendations. Future events or results may vary significantly from those expressed in any forward-looking statements. The views expressed are subject to change at any time in response to changing circumstances in the market. Wells Fargo Funds Management, LLC and the Fund disclaim any obligation to publicly update or revise any views expressed or forward-looking statements.

**NOT FDIC INSURED ; NO BANK GUARANTEE ; MAY LOSE VALUE**

**Table of Contents**

2 Wells Fargo Income Opportunities Fund

Letter to shareholders (unaudited)

**Karla M. Rabusch**

President

Wells Fargo Funds

**The Fed showed signs of raising its key rate, but other central banks continued to ease.**

**Even though a recovering U.S. economy provided a favorable backdrop for the high-yield bond market, the index was hurt by weakness in energy and materials bonds.**

**Dear Valued Shareholder:**

We are pleased to offer you this semi-annual report for the *Wells Fargo Income Opportunities Fund* for the six-month period that ended October 31, 2015.

The period was marked by continued low global interest rates and sluggish economic recovery in the U.S. However, concerns about global growth, sparked by an unexpected slowdown in China, as well as an expectation that the U.S. Federal Reserve (Fed) would soon raise its key interest rate resulted in considerable volatility for stock and bond markets. The high-yield bond market was hurt by increased defaults in the energy and materials sectors as a result of lower commodity prices. The BofA Merrill Lynch High Yield Master II Index<sup>1</sup> ended the six-month period with a 3.51% loss.

**The Fed showed signs of raising its key rate, but other central banks continued to ease.**

Various comments by Fed Chair Janet Yellen led investors to believe that the Federal Open Market Committee (FOMC), which is the Fed's monetary policymaking body, would soon raise its key federal funds rate. The Fed remained on hold at its September 2015 meeting, however, citing concerns about a weaker global economy and subdued U.S. inflation. The Fed's decision caused some uncertainty about when it would raise rates, but by the end of the period, most investors expected a modest Fed rate hike in late 2015 or early 2016. Throughout the reporting period, the FOMC kept its key interest rate effectively at zero.

In contrast, the European Central Bank (ECB) showed no signs of raising rates in the near future. Rather, the ECB maintained a variety of measures aimed at encouraging lending, including making funds available to banks at low interest rates and imposing a negative interest rate on bank deposits held at the central bank.

**Even though a recovering U.S. economy provided a favorable backdrop for the high-yield bond market, the index was hurt by weakness in energy and materials bonds.**

U.S. Treasury yields tended to rise throughout the second quarter of 2015 as market participants continued to sell Treasuries in advance of a widely expected increase in the federal funds rate. As is often the case when interest rates rise, investors migrated to stocks and credit earlier in the quarter. High-yield bonds sold off in June, however, despite rising Treasury yields, as market participants came to terms with an unfavorable estimate for first-quarter gross domestic product (GDP) growth and the potential for bond defaults from Greece and Puerto Rico.

Although first-quarter GDP growth was a modest 0.6%, the slowdown was attributed to short-term factors such as a harsh winter and a long-lived strike at West Coast ports. GDP growth did bounce back to an estimated 3.9% in the second quarter and 1.5% in the third. Even so, concerns remained about U.S. economic growth in the third quarter of 2015, exacerbated by worries about a Fed rate hike and signs of a slowing Chinese economy. These factors combined with sustained weakness in commodity prices to pressure high-yield bond and equity returns during the latter half of the reporting period.

<sup>1</sup> The BofA Merrill Lynch High Yield Master II Index is a market-capitalization-weighted index of domestic and Yankee high-yield bonds. The index tracks the performance of high-yield securities traded in the U.S. bond market. You cannot invest directly in an index.

**Table of Contents**

Letter to shareholders (unaudited) Wells Fargo Income Opportunities Fund 3  
Weakness was driven by specific commodity-related subsectors, with declines in metals and mining, steel, and oil-field services, and energy exploration and production. Lower-quality bonds (CCC-rated and below) materially underperformed, although high-yield loans fared better.

The end result of all the volatility was that, for the full reporting period, the BofA Merrill Lynch High Yield Master II Index underperformed both U.S large-cap stocks, as measured by the S&P 500 Index,<sup>2</sup> and investment-grade bonds, as measured by the Barclays U.S. Aggregate Bond Index.<sup>3</sup>

**Don't let short-term uncertainty derail long-term investment goals.**

Periods of uncertainty can present challenges, but experience has taught us that maintaining long-term investment goals can be an effective way to plan for the future. Although diversification cannot guarantee an investment profit or prevent losses, we believe it can be an effective way to manage investment risk and potentially smooth out overall portfolio performance. We encourage investors to know their investments and to understand that appropriate levels of risk-taking may unlock opportunities.

Thank you for choosing to invest with *Wells Fargo Funds*. We appreciate your confidence in us and remain committed to helping you meet your financial needs.

Sincerely,

Karla M. Rabusch

President

Wells Fargo Funds

**Notice to shareholders**

At a meeting held August 11-12, 2015, the Board of Trustees of the Fund approved a change in the name of the Fund whereby the word "Advantage" was removed from its name, effective December 15, 2015.

**Notice to shareholders**

On December 17, 2015, the Fund announced an open-market share repurchase program (the "Buyback Program"). Under the Buyback Program, the Fund may repurchase up to 10% of its outstanding shares within one year of December 17, 2015. The Fund's Board of Trustees has delegated to Wells Fargo Funds Management, LLC, the Fund's adviser, full discretion to administer the Buyback Program including the determination of the amount and timing of



repurchases in accordance with the best interests of the Fund and subject to applicable legal limitations.

For current information about your fund investments, contact your investment professional, visit our website at [wellsfargofunds.com](http://wellsfargofunds.com), or call us directly at **1-800-222-8222**. We are available 24 hours a day, 7 days a week.

<sup>2</sup> The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index with each stock's weight in the index proportionate to its market value. You cannot invest directly in an index.

<sup>3</sup> The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. You cannot invest directly in an index.

**Table of Contents**

#### 4 Wells Fargo Income Opportunities Fund Performance highlights (unaudited)

##### Investment objective

The Fund seeks a high level of current income. Capital appreciation is a secondary objective.

**Adviser**

Wells Fargo Funds Management, LLC

**Subadviser**

Wells Capital Management Incorporated

**Portfolio managers**

Niklas Nordenfelt, CFA

Phillip Susser

**Average annual total returns (%) as of October 31, 2015<sup>1</sup>**

	6 months	1 year	5 year	10 year
Based on market value	(7.20)	(4.77)	4.22	5.41
Based on net asset value (NAV)	(3.46)	(0.77)	7.75	6.68

**Figures quoted represent past performance, which is no guarantee of future results, and do not reflect taxes that a shareholder may pay on fund distributions or the sales of fund shares.** Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted, which assumes the reinvestment of dividends and capital gains. Performance figures of the Fund do not reflect brokerage commissions that a shareholder would pay on the purchase and sale of shares. If taxes and such brokerage commissions had been reflected, performance would have been lower. To obtain performance information current to the most recent month-end, please call 1-800-222-8222.

The Adviser has committed through February 23, 2016, to waive fees and/or reimburse expenses to the extent necessary to limit the Fund's borrowing expenses to an amount that is 0.05% lower than what the borrowing expenses would have been if the Fund had not redeemed its Auction Market Preferred Shares. The Fund previously utilized Auction Market Preferred Shares for leverage but secured debt financing to fully redeem those shares in 2010. The Fund's gross and net expense ratios, which includes 0.32% of interest expense, were 1.23% and 1.04%, respectively, for the six months ended October 31, 2015. Without this waiver and/or reimbursement, the Fund's returns would have been lower.

**Comparison of NAV vs. market value<sup>2</sup>**

The Fund is leveraged through a revolving credit facility and also may incur leverage by issuing preferred shares in the future. The use of leverage results in certain risks including, among others, the likelihood of greater volatility of net asset value and the market value of common shares. Derivatives involve additional risks including interest-rate risk, credit risk, the risk of improper valuation, and the risk of non-correlation to the relevant instruments that they are designed to hedge or closely track. Bond values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. Changes in market conditions and government policies may lead to periods of heightened volatility in the bond market and reduced liquidity for certain bonds held by the Fund. In general, when interest rates rise, bond values fall and investors may lose principal value. Interest-rate changes and their impact on the Fund and its share price can be sudden and unpredictable. High-yield securities have a greater risk of default and tend to be more volatile than higher rated debt securities. 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.

<sup>1</sup> Total returns based on market value are calculated assuming a purchase of common stock on the first day and a sale on the last day of the period reported. Total returns based on NAV are calculated based on the NAV at the beginning of the period and end of the period. Dividends and distributions, if any, are assumed for the purposes of these calculations to be reinvested at prices obtained under the Fund's Automatic Dividend Reinvestment Plan.

<sup>2</sup> This chart does not reflect any brokerage commissions charged on the purchase and sale of the Fund's common stock. Dividends and distributions paid by the Fund have the effect of reducing the Fund's NAV.

**Table of Contents**

Performance highlights (unaudited)  
**MANAGER'S DISCUSSION**

Wells Fargo Income Opportunities Fund 5

The Fund's return based on market value was -7.20% during the six-month period that ended October 31, 2015. During the same period, the Fund's return based on net asset value (NAV) was -3.46%.

**Overview**

For the six-month period that ended October 31, 2015, high-yield bonds fell in price; this weakness was driven primarily by the continued fall in the energy and metals and mining sectors, as oil fell from approximately \$60 per barrel to

**Ten largest holdings (%) as of October 31, 2015<sup>4</sup>**

Sprint Capital Corporation, 6.88%, 11-15-2028	2.48%
Jabil Circuit Incorporated, 8.25%, 3-15-2018	2.39%
NGPL PipeCo LLC, 7.77%, 12-15-2037	2.19%
Greektown Holdings LLC, 8.88%, 3-15-2019	2.04%
Gray Television Incorporated, 7.50%, 10-1-2020	1.83%
CCM Merger Incorporated, 9.13%, 5-1-2019	1.81%
Texas Competitive Electric Holdings Company LLC, 4.66%, 10-10-2016	1.73%
Sabine Pass LNG LP, 7.50%, 11-30-2016	1.58%
TWCC Holdings Corporation, 7.00%, 6-26-2020	1.55%
Intelsat Jackson Holdings SA, 5.50%, 8-1-2023	1.53%

**Credit quality distribution as of October 31, 2015<sup>5</sup>**

approximately \$45 per barrel on October 30, 2015. Energy-related issues comprised approximately 14% of the high-yield market as of May 2015, and on average, those issues had a negative total return of nearly 15% during the period. Similarly, issues related to metals and mining comprised 4% of the high-yield market as of May 2015, and on average, those issues had a negative total return of approximately 19% during the period. These sectors dragged down the entire U.S. corporate high-yield market, which fell approximately 3.5% over that same period (as measured by the BofA Merrill Lynch High Yield Master II Index)<sup>3</sup>.

From a fundamental perspective, leverage levels have continued to move higher over the past several years, although they are not at record highs. Typically, leverage levels are highest during recessions, when profitability (as measured by earnings before interest, taxes, depreciation, and amortization) falls for many companies. That is not the situation today, as the economy outside of the energy and commodities sectors appears to be gradually and consistently improving despite brief respites here and there due to weather and other short-term factors. This improvement can be seen in the unemployment rate, which fell to 5% in October 2015. In addition, the U.S. Federal Reserve's (Fed's) accommodative policies have allowed high-yield companies to take advantage of these historically low

interest rates to keep their interest costs low and push out near-term maturities. These low interest costs have reduced the cash-flow impact of higher leverage levels, making it easier for companies to service their debt.

<sup>3</sup>The BofA Merrill Lynch High Yield Master II Index is a market-capitalization-weighted index of domestic and Yankee high-yield bonds. The index tracks the performance of high-yield securities traded in the U.S. bond market. You cannot invest directly in an index.

<sup>4</sup>The ten largest holdings, excluding cash and cash equivalents, are calculated based on the value of the investments divided by total net assets of the Fund. Holdings are subject to change and may have changed since the date specified.

<sup>5</sup> The credit quality of portfolio holdings reflected in the chart is based on ratings from Standard & Poor's, Moody's Investors Service, and/or Fitch Ratings Ltd. Credit quality ratings apply to the underlying holdings of the Fund and not to the Fund itself. The percentages of the Fund's portfolio with the ratings depicted in the chart are calculated based on the total market value of fixed income securities held by the Fund. If a security was rated by all three rating agencies, the middle rating was utilized. If rated by two of three rating agencies, the lower rating was utilized, and if rated by one of the rating agencies, that rating was utilized. Standard & Poor's rates the creditworthiness of bonds on a scale of AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Standard & Poor's rates the creditworthiness of short-term notes on a scale SP-1 (highest) to SP-3 (lowest). Moody's rates the creditworthiness of bond on a scale of Aaa (highest) to C (lowest). Ratings Aa to B may be modified by the addition of a number 1 (highest) to 3 (lowest) to show relative standing within the ratings categories. Moody's rates the creditworthiness of short-term U.S. tax-exempt municipal securities from MIG 1/VMIG 1 (highest) to SG (lowest). Fitch rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Credit quality distribution is subject to change and may have changed since the date specified.

**Table of Contents**

6 Wells Fargo Income Opportunities Fund

Performance highlights (unaudited)

**Contributors to performance**

On an NAV basis, the Fund performed strongly during the period, driven by lower exposure to energy exploration and production and metals and mining companies. The portfolio was aided by solid security selection in the oil-field services sector and exposure to shorter-term rather than intermediate-term securities. The portfolio also benefited from an underweight to higher-yielding securities as well as generally favorable security selection.

**Effective maturity distribution as of October 31, 2015<sup>6</sup>**

**Detractors from performance**

The portfolio's higher-than-index exposure to oil-field services companies hurt performance, as did an overweight to certain midstream companies. The portfolio was also hurt by an underweight to higher-rated credits and an overweight to lower-rated credits given that higher-rated credits tended to outperform during the reporting period.

**Management outlook**

Our outlooks for high-yield in general and high-yield energy and commodity companies in particular are related but different. With respect to the broader high-yield market, our base case is that high-yield bond prices remain relatively stable and potentially outperform other fixed-income asset classes that may be more affected by a rising-rate environment. In this scenario, the economy improves at a consistent or slightly increasing pace, while U.S. Treasury yields continue to rise as the Fed reduces its exceptionally accommodative stance.

We believe from a fundamental perspective that lower energy and commodity prices are generally a positive for the high-yield market and the economy, with the exception of energy exploration and development and metals and mining companies and companies associated with them. The lower energy and commodity prices may drive lower expenses at many companies and may leave consumers with more purchasing power with which to buy other goods and services in the economy. In addition, lower energy and commodity prices may hold down near-term inflation, which will allow the Fed to leave rates lower for longer.

We expect default rates to rise in 2016 but that the majority of the increase will be concentrated in the energy and commodity sectors. That said, the high yields and low dollar prices of the bonds available in those sectors have priced in a significant increase in the default rate.

We have not changed our view that the world has a number of imbalances that have existed for many years and, though likely to remain dormant, could cause renewed fears of systemic risks and a related fall in all risk markets, including high yield. These imbalances include the high government debt and deficit levels in most of the developed world, a potential real estate and municipal debt bubble in China, and persistent trade and current account deficits and surpluses among various countries around the globe. While we still believe that China will be able to avoid systemic problems stemming from its high debt levels, the likelihood of problems has increased as China's economy has begun to slow and the country experienced capital outflows.

In the long run, we expect high yield's relative performance will be primarily driven by corporate fundamentals and defaults. In the near term, with the exception of energy and other commodity sectors, our default outlook remains benign and supportive of high yield. Over a full cycle, we believe the best way to protect the Fund from periodic bouts of systemic fears and rebalancing will be our continued focus on a bottom-up approach that attempts to minimize downside risk while capturing the return potential of high-yield issuers.

<sup>6</sup>Effective maturity distribution is subject to change and are calculated based on the total long-term investments of the Fund.

**Table of Contents**

Portfolio of investments October 31, 2015 (unaudited)

Wells Fargo Income Opportunities Fund 7

Security name	Shares	Value		
<b>Common Stocks: 0.14%</b>				
<b>Materials: 0.00%</b>				
<b>Chemicals: 0.00%</b>				
<i>LyondellBasell Industries NV Class A</i>	7	\$ 650		
<b>Telecommunication Services: 0.14%</b>				
<b>Diversified Telecommunication Services: 0.14%</b>				
<i>Fairpoint Communications Incorporated</i>	55,687	893,219		
<b>Total Common Stocks (Cost \$1,274,443)</b>		<b>893,869</b>		
	<b>Interest rate</b>	<b>Maturity date</b>	<b>Principal</b>	
<b>Corporate Bonds and Notes: 114.76%</b>				
<b>Consumer Discretionary: 19.74%</b>				
<b>Auto Components: 0.80%</b>				
<i>Cooper Tire &amp; Rubber Company (i)</i>	7.63%	3-15-2027	\$ 4,000,000	4,180,000
<i>Cooper Tire &amp; Rubber Company (i)</i>	8.00	12-15-2019	150,000	169,125
<i>Goodyear Tire &amp; Rubber Company</i>	7.00	5-15-2022	700,000	761,250
				5,110,375
<b>Distributors: 0.21%</b>				
<i>LKQ Corporation</i>	4.75	5-15-2023	1,355,000	1,331,288
<b>Diversified Consumer Services: 1.96%</b>				
<i>Monitronics International</i>	9.13	4-1-2020	575,000	498,813
<i>Service Corporation International</i>	7.00	6-15-2017	1,250,000	1,347,650
<i>Service Corporation International</i>	7.50	4-1-2027	7,078,000	8,281,260
<i>Service Corporation International</i>	7.63	10-1-2018	1,100,000	1,244,650
<i>Service Corporation International</i>	8.00	11-15-2021	885,000	1,054,256
				12,426,629



**Hotels, Restaurants & Leisure: 5.08%**

<i>CCM Merger Incorporated 144A</i>	9.13	5-1-2019	10,830,000	11,479,800
<i>Greektown Holdings LLC 144A</i>	8.88	3-15-2019	12,780,000	12,971,700
<i>Hilton Worldwide Finance LLC</i>	5.63	10-15-2021	320,000	336,010
<i>Pinnacle Entertainment Incorporated</i>	7.50	4-15-2021	6,297,000	6,635,464
<i>Speedway Motorsports Incorporated</i>	5.13	2-1-2023	825,000	829,125
				32,252,099

**Household Durables: 0.64%**

<i>American Greetings Corporation (i)</i>	7.38	12-1-2021	3,375,000	3,552,188
<i>Tempur Sealy International Incorporated 144A</i>	5.63	10-15-2023	175,000	183,094
<i>Tempur Sealy International Incorporated</i>	6.88	12-15-2020	325,000	347,750
				4,083,032

**Leisure Products: 0.17%**

<i>Vista Outdoor Incorporated 144A</i>	5.88	10-1-2023	1,025,000	1,068,563
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The accompanying notes are an integral part of these financial statements.

**Table of Contents**

8 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Media: 9.52%</b>				
<i>Altice US Finance I Corporation 144A</i>	5.38%	7-15-2023	\$ 2,270,000	\$ 2,297,240
<i>Altice US Finance II Corporation 144A</i>	7.75	7-15-2025	3,280,000	3,157,000
<i>Cable One Incorporated 144A</i>	5.75	6-15-2022	625,000	640,625
<i>Cablevision Systems Corporation</i>	8.63	9-15-2017	2,975,000	3,175,813
<i>CCO Holdings LLC</i>	5.13	2-15-2023	1,425,000	1,428,563
<i>CCO Holdings LLC 144A</i>	5.13	5-1-2023	795,000	798,975
<i>CCO Holdings LLC</i>	5.25	9-30-2022	2,048,000	2,074,431
<i>CCO Holdings LLC 144A</i>	5.38	5-1-2025	6,820,000	6,751,800
<i>CCO Holdings LLC 144A</i>	5.88	5-1-2027	1,145,000	1,145,000
<i>CCO Holdings LLC</i>	6.63	1-31-2022	1,228,000	1,301,680
<i>CCO Holdings LLC</i>	7.38	6-1-2020	2,364,000	2,452,650
<i>Cequel Communications Holdings I LLC 144A</i>	5.13	12-15-2021	340,000	326,400
<i>Cequel Communications Holdings I LLC 144A</i>	5.13	12-15-2021	1,601,000	1,536,960
<i>Cinemark USA Incorporated</i>	7.38	6-15-2021	1,525,000	1,612,688
<i>CSC Holdings LLC</i>	7.88	2-15-2018	1,525,000	1,616,500
<i>CSC Holdings LLC</i>	8.63	2-15-2019	635,000	673,100
<i>DISH DBS Corporation</i>	7.88	9-1-2019	2,260,000	2,479,875
<i>EchoStar DBS Corporation</i>	7.13	2-1-2016	1,160,000	1,174,094
<i>Gray Television Incorporated</i>	7.50	10-1-2020	11,105,000	11,590,289
<i>Lamar Media Corporation</i>	5.88	2-1-2022	1,785,000	1,892,100
<i>LIN Television Corporation</i>	6.38	1-15-2021	500,000	522,500
<i>Live Nation Entertainment Incorporated 144A</i>	7.00	9-1-2020	810,000	858,600
<i>National CineMedia LLC</i>	6.00	4-15-2022	3,340,000	3,477,608
<i>National CineMedia LLC</i>	7.88	7-15-2021	1,750,000	1,846,250
<i>Nexstar Broadcasting Group Incorporated 144A</i>	6.13	2-15-2022	300,000	300,000
<i>Nexstar Broadcasting Group Incorporated</i>	6.88	11-15-2020	3,510,000	3,628,463
<i>Outfront Media Capital Corporation</i>	5.25	2-15-2022	320,000	328,800
<i>Outfront Media Capital Corporation</i>	5.63	2-15-2024	35,000	36,422
<i>Outfront Media Capital Corporation</i>	5.88	3-15-2025	1,275,000	1,322,813
				60,447,239

**Specialty Retail: 1.36%**

<i>ABC Supply Company Incorporated 144A</i>	5.63	4-15-2021	730,000	750,075
<i>Century Intermediate Holding Company</i> <i>(PIK at 10.50%) 144A(i)</i>	9.75	2-15-2019	465,000	480,694
<i>Penske Auto Group Incorporated</i>	5.38	12-1-2024	1,860,000	1,887,900
<i>Penske Auto Group Incorporated</i>	5.75	10-1-2022	2,100,000	2,168,250
<i>Sonic Automotive Incorporated</i>	5.00	5-15-2023	1,900,000	1,847,750
<i>Sonic Automotive Incorporated</i>	7.00	7-15-2022	1,436,000	1,529,340
				8,664,009

**Consumer Staples: 1.32%****Beverages: 0.31%**

<i>Cott Beverages Incorporated</i>	6.75	1-1-2020	1,295,000	1,372,700
<i>Cott Beverages Incorporated</i>	5.38	7-1-2022	575,000	572,125
				1,944,825

**Food Products: 0.98%**

<i>B&amp;G Foods Incorporated</i>	4.63	6-1-2021	670,000	667,488
<i>Darling Ingredients Incorporated</i>	5.38	1-15-2022	295,000	292,788

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

Portfolio of investments October 31, 2015 (unaudited)

Wells Fargo Income Opportunities Fund 9

Security name	Interest rate	Maturity date	Principal	Value
<b>Food Products (continued)</b>				
<i>Pilgrim s Pride Corporation 144A</i>	5.75%	3-15-2025	\$ 1,860,000	\$ 1,901,850
<i>Simmons Foods Incorporated 144A</i>	7.88	10-1-2021	3,625,000	3,389,375
				6,251,501
<b>Household Products: 0.03%</b>				
<i>Spectrum Brands Incorporated 144A</i>	5.75	7-15-2025	150,000	159,938
<b>Energy: 24.31%</b>				
<b>Energy Equipment &amp; Services: 8.96%</b>				
<i>Bristow Group Incorporated</i>	6.25	10-15-2022	8,040,000	6,994,800
<i>Cleaver Brooks Incorporated 144A</i>	8.75	12-15-2019	810,000	779,706
<i>Era Group Incorporated</i>	7.75	12-15-2022	7,340,000	6,789,500
<i>Forum Energy Technologies Incorporated</i>	6.25	10-1-2021	1,590,000	1,331,625
<i>Gulfmark Offshore Incorporated</i>	6.38	3-15-2022	7,033,000	4,342,878
<i>Hilcorp Energy Company 144A</i>	5.00	12-1-2024	1,060,000	959,300
<i>Hilcorp Energy Company 144A</i>	5.75	10-1-2025	2,125,000	1,965,625
<i>Hornbeck Offshore Services Incorporated</i>	5.00	3-1-2021	4,705,000	3,599,325
<i>Hornbeck Offshore Services Incorporated</i>	5.88	4-1-2020	4,562,000	3,672,410
<i>NGPL PipeCo LLC 144A</i>	7.12	12-15-2017	3,990,000	3,690,750
<i>NGPL PipeCo LLC 144A</i>	7.77	12-15-2037	16,995,000	13,935,900
<i>NGPL PipeCo LLC 144A</i>	9.63	6-1-2019	715,000	693,550
<i>PHI Incorporated</i>	5.25	3-15-2019	9,000,000	7,965,000
<i>Pride International Incorporated</i>	8.50	6-15-2019	210,000	213,750
				56,934,119
<b>Oil, Gas &amp; Consumable Fuels: 15.35%</b>				
<i>Alpha Natural Resources Incorporated (t)</i>	6.25	6-1-2021	800,000	28,000
<i>Arch Coal Incorporated</i>	7.00	6-15-2019	1,950,000	56,063
<i>Arch Coal Incorporated</i>	7.25	6-15-2021	775,000	21,313
<i>Berry Petroleum Company LLC</i>	6.38	9-15-2022	5,200,000	1,872,000
<i>Berry Petroleum Company LLC</i>	6.75	11-1-2020	550,000	214,500
<i>CSI Compressco LP</i>	7.25	8-15-2022	2,355,000	1,954,650
<i>CVR Refining LLC</i>	6.50	11-1-2022	2,723,000	2,675,348

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<i>Denbury Resources Incorporated</i>	4.63	7-15-2023	4,875,000	3,254,063
<i>Denbury Resources Incorporated</i>	5.50	5-1-2022	580,000	406,000
<i>Denbury Resources Incorporated</i>	6.38	8-15-2021	2,605,000	1,901,650
<i>Exterran Partners LP</i>	6.00	4-1-2021	4,000,000	3,460,000
<i>Kinder Morgan Incorporated</i>	6.50	9-15-2020	1,155,000	1,256,492
<i>Kinder Morgan Incorporated</i>	7.00	6-15-2017	1,973,000	2,089,164
<i>Kinder Morgan Incorporated (i)</i>	7.42	2-15-2037	1,820,000	1,809,298
<i>Kinder Morgan Incorporated</i>	7.80	8-1-2031	3,050,000	3,092,313
<i>Northern Tier Energy LLC</i>	7.13	11-15-2020	6,700,000	6,817,250
<i>Overseas Shipholding Group Incorporated</i>	7.50	2-15-2021	2,750,000	2,750,000
<i>Overseas Shipholding Group Incorporated</i>	8.13	3-30-2018	4,330,000	4,427,425
<i>Pioneer Natural Resources Company</i>	7.50	1-15-2020	3,170,000	3,625,358
<i>Rockies Express Pipeline LLC 144A</i>	5.63	4-15-2020	6,255,000	6,325,369
<i>Rockies Express Pipeline LLC 144A</i>	6.88	4-15-2040	6,960,000	6,646,800
<i>Rockies Express Pipeline LLC 144A (i)</i>	7.50	7-15-2038	4,425,000	4,292,250
<i>Sabine Oil &amp; Gas Corporation (s)</i>	7.25	6-15-2019	850,000	119,000
<i>Sabine Oil &amp; Gas Corporation (s)(i)</i>	7.50	9-15-2020	5,733,000	802,620

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

10 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>				
<i>Sabine Pass Liquefaction LLC</i>	5.63%	2-1-2021	\$ 1,425,000	\$ 1,414,313
<i>Sabine Pass Liquefaction LLC</i>	5.63	4-15-2023	1,710,000	1,664,044
<i>Sabine Pass Liquefaction LLC</i>	5.75	5-15-2024	525,000	505,313
<i>Sabine Pass Liquefaction LLC</i>	6.25	3-15-2022	3,415,000	3,389,388
<i>Sabine Pass LNG LP</i>	6.50	11-1-2020	9,370,000	9,440,275
<i>Sabine Pass LNG LP</i>	7.50	11-30-2016	9,700,000	10,009,188
<i>SemGroup Corporation</i>	7.50	6-15-2021	4,620,000	4,389,000
<i>Southern Star Central Corporation 144A</i>	5.13	7-15-2022	80,000	77,600
<i>Suburban Propane Partners LP</i>	5.50	6-1-2024	480,000	465,600
<i>Suburban Propane Partners LP</i>	7.38	8-1-2021	716,000	751,800
<i>Swift Energy Company (i)</i>	7.13	6-1-2017	9,300,000	2,604,000
<i>Swift Energy Company (i)</i>	8.88	1-15-2020	1,750,000	420,000
<i>Ultra Petroleum Corporation 144A</i>	5.75	12-15-2018	650,000	435,500
<i>Ultra Petroleum Corporation 144A</i>	6.13	10-1-2024	3,550,000	1,988,000
				97,450,947
<b>Financials: 21.58%</b>				
<b>Banks: 1.06%</b>				
<i>CIT Group Incorporated</i>	5.25	3-15-2018	160,000	167,800
<i>CIT Group Incorporated 144A</i>	5.50	2-15-2019	2,225,000	2,364,063
<i>CIT Group Incorporated 144A</i>	6.63	4-1-2018	3,880,000	4,180,700
				6,712,563
<b>Capital Markets: 1.69%</b>				
<i>Jefferies Finance LLC 144A</i>	6.88	4-15-2022	6,910,000	6,495,400
<i>Jefferies Finance LLC 144A</i>	7.38	4-1-2020	515,000	504,700
<i>Jefferies Finance LLC 144A</i>	7.50	4-15-2021	2,625,000	2,542,969
<i>Neuberger Berman Group LLC 144A</i>	5.88	3-15-2022	1,125,000	1,175,625
				10,718,694
<b>Consumer Finance: 6.62%</b>				
<i>Ally Financial Incorporated</i>	7.50	9-15-2020	200,000	233,875
<i>Ally Financial Incorporated</i>	8.00	12-31-2018	1,900,000	2,137,500

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<i>Ally Financial Incorporated</i>	8.00	3-15-2020	3,016,000	3,566,420
<i>Ford Motor Credit Company LLC</i>	8.00	12-15-2016	200,000	213,731
<i>Homer City Generation</i>	8.73	10-1-2026	2,891,288	2,862,375
<i>Navient Corporation</i>	5.88	3-25-2021	1,000,000	945,625
<i>Navient Corporation</i>	8.00	3-25-2020	5,450,000	5,777,000
<i>SLM Corporation</i>	6.13	3-25-2024	2,975,000	2,684,938
<i>SLM Corporation</i>	7.25	1-25-2022	1,600,000	1,583,000
<i>SLM Corporation</i>	8.45	6-15-2018	3,110,000	3,335,475
<i>Springleaf Finance Corporation</i>	5.40	12-1-2015	2,650,000	2,654,969
<i>Springleaf Finance Corporation</i>	5.75	9-15-2016	2,325,000	2,359,875
<i>Springleaf Finance Corporation</i>	6.00	6-1-2020	2,850,000	2,885,625
<i>Springleaf Finance Corporation</i>	6.50	9-15-2017	550,000	572,000
<i>Springleaf Finance Corporation</i>	6.90	12-15-2017	6,950,000	7,314,875
<i>Springleaf Finance Corporation</i>	7.75	10-1-2021	805,000	866,381
<i>Springleaf Finance Corporation</i>	8.25	10-1-2023	1,892,000	2,076,470
				42,070,134

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

Portfolio of investments October 31, 2015 (unaudited)

Wells Fargo Income Opportunities Fund 11

Security name	Interest rate	Maturity date	Principal	Value
<b>Diversified Financial Services: 2.41%</b>				
<i>Denali Borrower LLC 144A</i>	5.63%	10-15-2020	\$ 6,930,000	\$ 7,371,788
<i>Infinity Acquisition LLC 144A(i)</i>	7.25	8-1-2022	4,310,000	3,857,450
<i>Newstar Financial Incorporated</i>	7.25	5-1-2020	4,075,000	4,064,813
				15,294,051
<b>Insurance: 1.28%</b>				
<i>Hub Holdings LLC (PIK at 8.88%) 144A</i>	8.13	7-15-2019	4,820,000	4,687,450
<i>Hub International Limited 144A</i>	7.88	10-1-2021	3,480,000	3,471,300
				8,158,750
<b>Real Estate Management &amp; Development: 0.84%</b>				
<i>Onex Corporation 144A</i>	7.75	1-15-2021	5,295,000	5,308,238
<b>REITs: 7.68%</b>				
<i>Crown Castle International Corporation</i>	4.88	4-15-2022	760,000	804,650
<i>Crown Castle International Corporation</i>	5.25	1-15-2023	4,385,000	4,719,356
<i>DuPont Fabros Technology Incorporated LP</i>	5.63	6-15-2023	4,875,000	5,009,063
<i>DuPont Fabros Technology Incorporated LP</i>	5.88	9-15-2021	7,670,000	8,053,500
<i>ESH Hospitality Incorporated 144A</i>	5.25	5-1-2025	4,475,000	4,491,558
<i>Iron Mountain Incorporated</i>	5.75	8-15-2024	8,220,000	8,261,100
<i>Iron Mountain Incorporated 144A</i>	6.00	10-1-2020	600,000	636,000
<i>Iron Mountain Incorporated</i>	6.00	8-15-2023	4,910,000	5,149,363
<i>Sabra Health Care Incorporated</i>	5.38	6-1-2023	1,425,000	1,480,219
<i>Sabra Health Care Incorporated</i>	5.50	2-1-2021	1,960,000	2,047,612
<i>The Geo Group Incorporated</i>	5.13	4-1-2023	825,000	808,500
<i>The Geo Group Incorporated</i>	5.88	1-15-2022	4,350,000	4,420,688
<i>The Geo Group Incorporated</i>	5.88	10-15-2024	770,000	777,700
<i>The Geo Group Incorporated</i>	6.63	2-15-2021	2,030,000	2,101,050
				48,760,359
<b>Health Care: 10.57%</b>				



**Health Care Equipment & Supplies: 1.15%**

<i>Crimson Merger Sub Incorporated 144A</i>	6.63	5-15-2022	6,225,000	5,392,406
<i>Hill-Rom Holdings Incorporated 144A</i>	5.75	9-1-2023	325,000	331,500
<i>Hologic Incorporated 144A</i>	5.25	7-15-2022	1,500,000	1,565,625
				7,289,531

**Health Care Providers & Services: 6.36%**

<i>Acadia Healthcare Company Incorporated</i>	5.63	2-15-2023	315,000	315,394
<i>Acadia Healthcare Company Incorporated 144A</i>	5.63	2-15-2023	150,000	150,188
<i>Centene Corporation</i>	5.75	6-1-2017	1,925,000	2,006,813
<i>Community Health Systems Incorporated</i>	6.88	2-1-2022	1,315,000	1,324,863
<i>DaVita HealthCare Partners Incorporated</i>	5.00	5-1-2025	2,215,000	2,198,826
<i>DaVita HealthCare Partners Incorporated</i>	5.75	8-15-2022	2,925,000	3,071,250
<i>Fresenius Medical Care Holdings Incorporated 144A</i>	5.63	7-31-2019	1,000,000	1,087,500
<i>Fresenius Medical Care Holdings Incorporated</i>	6.88	7-15-2017	700,000	752,500
<i>HCA Incorporated</i>	5.88	3-15-2022	750,000	825,000
<i>HCA Incorporated</i>	6.50	2-15-2020	6,525,000	7,299,844
<i>HealthSouth Corporation 144A</i>	5.75	11-1-2024	825,000	825,000

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

12 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Health Care Providers &amp; Services</b>				
(continued)				
<i>HealthSouth Corporation</i>	5.75%	11-1-2024	\$ 125,000	\$ 125,000
<i>HealthSouth Corporation 144A</i>	5.75	9-15-2025	1,975,000	1,955,250
<i>HealthSouth Corporation</i>	7.75	9-15-2022	1,363,000	1,417,520
<i>MPT Operating Partnership LP</i>	6.38	2-15-2022	1,780,000	1,860,100
<i>MPT Operating Partnership LP</i>	6.88	5-1-2021	3,175,000	3,321,844
<i>Select Medical Corporation</i>	6.38	6-1-2021	10,230,000	9,053,550
<i>Tenet Healthcare Corporation</i>	6.00	10-1-2020	2,600,000	2,808,000
				40,398,442
<b>Health Care Technology: 1.49%</b>				
<i>Emdeon Incorporated</i>	11.00	12-31-2019	7,315,000	7,790,475
<i>MedAssets Incorporated</i>	8.00	11-15-2018	1,650,000	1,680,938
				9,471,413
<b>Pharmaceuticals: 1.57%</b>				
<i>Endo Finance LLC 144A</i>	5.38	1-15-2023	1,275,000	1,250,393
<i>Endo Finance LLC 144A</i>	5.75	1-15-2022	1,180,000	1,153,450
<i>Endo Finance LLC 144A</i>	6.00	7-15-2023	1,000,000	1,000,000
<i>Endo Finance LLC 144A</i>	7.75	1-15-2022	3,925,000	4,072,188
<i>Endo Finance LLC 144A</i>	6.00	2-1-2025	1,275,000	1,268,625
<i>Pinnacle Incorporated 144A</i>	9.50	10-1-2023	975,000	1,100,531
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	7.25	7-15-2022	100,000	89,500
				9,934,687
<b>Industrials: 7.45%</b>				
<b>Airlines: 0.39%</b>				
<i>Aviation Capital Group Corporation 144A</i>	6.75	4-6-2021	2,190,000	2,477,438
<b>Commercial Services &amp; Supplies: 3.06%</b>				
<i>ADT Corporation</i>	4.13	6-15-2023	1,775,000	1,708,438

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<i>ADT Corporation</i>	6.25	10-15-2021	6,390,000	6,901,200
<i>Berry Plastics Corporation 144A</i>	6.00	10-15-2022	350,000	365,750
<i>Covanta Holding Corporation</i>	5.88	3-1-2024	4,865,000	4,828,513
<i>Covanta Holding Corporation</i>	6.38	10-1-2022	3,205,000	3,365,250
<i>Covanta Holding Corporation</i>	7.25	12-1-2020	2,150,000	2,236,000
				19,405,151

**Construction & Engineering: 1.27%**

<i>AECOM</i>	5.75	10-15-2022	355,000	355,000
<i>AECOM</i>	5.88	10-15-2024	4,280,000	4,346,511
<i>United Rentals North America Incorporated</i>	4.63	7-15-2023	1,965,000	1,973,587
<i>United Rentals North America Incorporated</i>	5.50	7-15-2025	1,385,000	1,381,538
				8,056,636

**Professional Services: 0.06%**

<i>Ascent Capital Group Incorporated</i>	4.00	7-15-2020	600,000	405,375
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**Trading Companies & Distributors:  
2.67%**

<i>Ashtead Capital Incorporated 144A</i>	6.50	7-15-2022	6,975,000	7,480,688
<i>H&amp;E Equipment Services Incorporated</i>	7.00	9-1-2022	8,210,000	8,333,150

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

Portfolio of investments October 31, 2015 (unaudited)

Wells Fargo Income Opportunities Fund 13

Security name	Interest rate	Maturity date	Principal	Value
<b>Trading Companies &amp; Distributors</b>				
(continued)				
<i>International Lease Finance Corporation 144A</i>	7.13%	9-1-2018	\$ 1,015,000	\$ 1,124,113
				16,937,951
<b>Information Technology: 9.73%</b>				
<b>Communications Equipment: 0.29%</b>				
<i>CommScope Technologies Finance LLC 144A</i>	6.00	6-15-2025	1,800,000	1,827,000
<b>Electronic Equipment, Instruments &amp; Components: 2.89%</b>				
<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	13,532,000	15,189,670
<i>Zebra Technologies Corporation</i>	7.25	10-15-2022	2,910,000	3,168,263
				18,357,933
<b>Internet Software &amp; Services: 0.30%</b>				
<i>Infor Software Parent LLC 144A</i>	6.50	5-15-2022	875,000	829,063
<i>Infor Software Parent LLC (PIK at 7.88%) 144A</i>	7.13	5-1-2021	1,260,000	1,090,681
				1,919,744
<b>IT Services: 3.87%</b>				
<i>Audatex North America Incorporated 144A</i>	6.00	6-15-2021	4,470,000	4,501,335
<i>Audatex North America Incorporated 144A</i>	6.13	11-1-2023	3,090,000	3,109,313
<i>First Data Corporation 144A</i>	6.75	11-1-2020	1,391,000	1,465,766
<i>First Data Corporation 144A</i>	7.00	12-1-2023	475,000	484,500
<i>First Data Corporation</i>	11.75	8-15-2021	7,190,000	8,196,600
<i>SunGard Data Systems Incorporated</i>	6.63	11-1-2019	840,000	869,400
<i>SunGard Data Systems Incorporated</i>	7.38	11-15-2018	3,547,000	3,631,241
<i>SunGard Data Systems Incorporated</i>	7.63	11-15-2020	2,225,000	2,319,785
				24,577,940

**Semiconductors & Semiconductor****Equipment: 0.38%**

<i>Micron Technology Incorporated 144A</i>	5.25	8-1-2023	600,000	586,194
<i>Micron Technology Incorporated 144A</i>	5.25	1-15-2024	400,000	383,000
<i>Micron Technology Incorporated</i>	5.88	2-15-2022	1,410,000	1,434,675
				2,403,869

**Software: 0.67%**

<i>Activision Blizzard Incorporated 144A</i>	5.63	9-15-2021	1,155,000	1,221,644
<i>Activision Blizzard Incorporated 144A</i>	6.13	9-15-2023	285,000	310,294
<i>Boxer Parent Company Incorporated (PIK at 9.75%) 144A</i>	9.00	10-15-2019	3,650,000	2,609,750
<i>SS&amp;C Technologies Incorporated 144A</i>	5.88	7-15-2023	90,000	94,500
				4,236,188

**Technology Hardware, Storage &****Peripherals: 1.33%**

<i>NCR Corporation</i>	5.88	12-15-2021	380,000	383,800
<i>NCR Corporation</i>	6.38	12-15-2023	7,865,000	8,091,119
				8,474,919

**Materials: 2.21%****Chemicals: 0.07%**

<i>Celanese US Holdings LLC</i>	5.88	6-15-2021	440,000	473,000
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The accompanying notes are an integral part of these financial statements.

**Table of Contents**

14 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Containers &amp; Packaging: 2.14%</b>				
<i>Ball Corporation</i>	5.25%	7-1-2025	\$ 305,000	\$ 309,956
<i>Crown Americas LLC</i>	6.25	2-1-2021	515,000	534,956
<i>Crown Cork &amp; Seal Company Incorporated</i>	7.38	12-15-2026	60,000	65,475
<i>Crown Cork &amp; Seal Company Incorporated (i)</i>	7.50	12-15-2096	1,225,000	1,130,063
<i>Owens-Brockway Glass Container Incorporated 144A</i>	5.88	8-15-2023	1,300,000	1,379,625
<i>Owens-Brockway Glass Container Incorporated 144A</i>	6.38	8-15-2025	4,725,000	5,032,125
<i>Owens-Brockway Glass Container Incorporated 144A</i>	5.38	1-15-2025	925,000	929,625
<i>Owens-Illinois Incorporated</i>	7.80	5-15-2018	837,000	930,644
<i>Sealed Air Corporation 144A</i>	5.13	12-1-2024	1,775,000	1,823,813
<i>Silgan Holdings Incorporated</i>	5.00	4-1-2020	1,400,000	1,428,000
				13,564,282
<b>Metals &amp; Mining: 0.00%</b>				
<i>Indalex Holdings Corporation (a)(i)(s)</i>	11.50	2-1-2020	5,985,000	0
<b>Telecommunication Services: 14.39%</b>				
<b>Diversified Telecommunication Services: 6.18%</b>				
<i>Citizens Communications Company</i>	7.88	1-15-2027	830,000	705,500
<i>Frontier Communications Corporation</i>	8.13	10-1-2018	1,980,000	2,088,900
<i>Frontier Communications Corporation</i>	8.25	4-15-2017	2,380,000	2,542,411
<i>Frontier Communications Corporation</i>	8.50	4-15-2020	1,000,000	1,030,000
<i>GCI Incorporated</i>	6.75	6-1-2021	4,145,000	4,290,075
<i>GCI Incorporated</i>	6.88	4-15-2025	2,150,000	2,214,500
<i>Level 3 Financing Incorporated</i>	5.63	2-1-2023	1,275,000	1,310,063
<i>Level 3 Financing Incorporated 144A</i>	5.13	5-1-2023	1,595,000	1,612,944
<i>Level 3 Financing Incorporated</i>	5.38	8-15-2022	2,545,000	2,589,538
<i>Level 3 Financing Incorporated 144A%%</i>	5.38	1-15-2024	1,125,000	1,139,063
<i>Level 3 Financing Incorporated 144A</i>	5.38	5-1-2025	1,595,000	1,598,988
<i>Level 3 Financing Incorporated</i>	6.13	1-15-2021	1,690,000	1,780,838

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<i>Level 3 Financing Incorporated</i>	7.00	6-1-2020	297,000	314,820
<i>Qwest Corporation (i)</i>	7.63	8-3-2021	440,000	462,000
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	10,545,000	8,857,800
<i>Windstream Corporation</i>	6.38	8-1-2023	1,250,000	990,625
<i>Windstream Corporation</i>	7.88	11-1-2017	5,380,000	5,706,136
				39,234,201

**Wireless Telecommunication Services:**

**8.21%**

<i>MetroPCS Wireless Incorporated</i>	6.63	11-15-2020	5,910,000	6,087,300
<i>SBA Communications Corporation</i>	4.88	7-15-2022	1,400,000	1,431,430
<i>SBA Communications Corporation</i>	5.63	10-1-2019	270,000	282,150
<i>SBA Communications Corporation</i>	5.75	7-15-2020	2,795,000	2,917,281
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	19,000,000	15,770,000
<i>Sprint Capital Corporation</i>	8.75	3-15-2032	6,780,000	6,102,000
<i>Sprint Communications Incorporated</i>	7.00	8-15-2020	815,000	755,913
<i>Sprint Communications Incorporated</i>	11.50	11-15-2021	1,200,000	1,260,000
<i>Sprint Corporation</i>	7.13	6-15-2024	1,585,000	1,392,819
<i>Sprint Corporation</i>	7.63	2-15-2025	675,000	599,063
<i>Sprint Corporation</i>	7.88	9-15-2023	1,160,000	1,070,100
<i>T-Mobile USA Incorporated</i>	6.00	3-1-2023	500,000	498,438
<i>T-Mobile USA Incorporated</i>	6.13	1-15-2022	140,000	142,450

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

Portfolio of investments October 31, 2015 (unaudited)

Wells Fargo Income Opportunities Fund 15

Security name	Interest rate	Maturity date	Principal	Value
<b>Wireless Telecommunication Services</b>				
(continued)				
<i>T-Mobile USA Incorporated</i>	6.25%	4-1-2021	\$ 290,000	\$ 299,396
<i>T-Mobile USA Incorporated</i>	6.38	3-1-2025	2,800,000	2,807,000
<i>T-Mobile USA Incorporated</i>	6.46	4-28-2019	265,000	272,619
<i>T-Mobile USA Incorporated</i>	6.50	1-15-2024	140,000	142,100
<i>T-Mobile USA Incorporated</i>	6.54	4-28-2020	275,000	281,875
<i>T-Mobile USA Incorporated</i>	6.63	4-1-2023	825,000	842,276
<i>T-Mobile USA Incorporated</i>	6.63	4-28-2021	1,510,000	1,562,850
<i>T-Mobile USA Incorporated</i>	6.73	4-28-2022	5,645,000	5,828,463
<i>T-Mobile USA Incorporated</i>	6.84	4-28-2023	1,765,000	1,822,363
				52,167,886
<b>Utilities: 3.46%</b>				
<b>Electric Utilities: 0.68%</b>				
<i>Energy Future Intermediate Holding Company LLC (s)</i>	10.00	12-1-2020	150,000	3,375
<i>Otter Tail Corporation (i)</i>	9.00	12-15-2016	3,985,000	4,302,780
				4,306,155
<b>Gas Utilities: 0.74%</b>				
<i>AmeriGas Finance LLC</i>	6.75	5-20-2020	1,675,000	1,735,719
<i>AmeriGas Finance LLC</i>	7.00	5-20-2022	2,810,000	2,964,550
				4,700,269
<b>Independent Power &amp; Renewable</b>				
<b>Electricity Producers: 2.04%</b>				
<i>Calpine Corporation 144A</i>	5.88	1-15-2024	455,000	475,475
<i>Calpine Corporation 144A</i>	6.00	1-15-2022	865,000	909,115
<i>Calpine Corporation 144A</i>	7.88	1-15-2023	872,000	936,310
<i>NSG Holdings LLC 144A</i>	7.75	12-15-2025	5,717,451	6,317,783
<i>Reliant Energy Incorporated</i>	9.24	7-2-2017	841,834	860,775
<i>Reliant Energy Incorporated</i>	9.68	7-2-2026	780,000	783,900
<i>TerraForm Power Operating LLC 144A</i>	5.88	2-1-2023	920,000	848,700



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<i>TerraForm Power Operating LLC 144A</i>	6.13	6-15-2025	2,050,000	1,845,000
				12,977,058
<b>Total Corporate Bonds and Notes (Cost \$737,997,324)</b>				728,744,421
<b>Loans: 6.44%</b>				
<b>Consumer Discretionary: 3.03%</b>				
<b>Diversified Consumer Services: 0.10%</b>				
<i>CCM Merger Incorporated ±</i>	4.50	8-8-2021	663,941	661,618
<b>Media: 2.28%</b>				
<i>Learfield Communications Incorporated ±</i>	8.75	10-9-2021	4,625,234	4,576,114
<i>TWCC Holdings Corporation ±</i>	7.00	6-26-2020	9,895,000	9,873,330
				14,449,444
<b>Specialty Retail: 0.65%</b>				
<i>Focus Brands Incorporated ±</i>	10.25	8-21-2018	4,124,203	4,103,582

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

16 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Financials: 0.24%</b>				
<b>Diversified Financial Services: 0.16%</b>				
<i>American Beacon Advisors Incorporated ±</i>	9.75%	3-3-2023	\$ 1,010,000	\$ 1,004,950
<b>Insurance: 0.08%</b>				
<i>Asurion LLC ±</i>	8.50	3-3-2021	575,000	516,304
<b>Industrials: 0.68%</b>				
<b>Commercial Services &amp; Supplies: 0.19%</b>				
<i>W3 Company ±(i)</i>	9.25	9-13-2020	488,775	332,367
<i>WASH Multifamily Laundry Systems LLC ±</i>	4.25	5-14-2022	678,300	669,401
<i>WASH Multifamily Laundry Systems LLC ±</i>	8.00	5-12-2023	29,808	28,616
<i>WASH Multifamily Laundry Systems LLC ±</i>	8.00	5-14-2023	170,192	163,384
				1,193,768
<b>Transportation Infrastructure: 0.49%</b>				
<i>HGIM Corporation ±</i>	5.50	6-18-2020	4,828,001	3,132,166
<b>Information Technology: 0.10%</b>				
<b>Technology Hardware, Storage &amp; Peripherals: 0.10%</b>				
<i>Peak 10 Incorporated ± (i)</i>	8.25	6-17-2022	700,239	665,227
<b>Telecommunication Services: 0.66%</b>				
<b>Diversified Telecommunication Services: 0.52%</b>				
<i>nTelos Incorporated ±</i>	5.75	11-9-2019	3,297,472	3,272,740
<b>Wireless Telecommunication Services: 0.14%</b>				
<i>LTS Buyer LLC ±</i>	8.00	4-12-2021	935,369	908,870

**Utilities: 1.73%**

**Electric Utilities: 1.73%**

*Texas Competitive Electric Holdings*

<i>Company LLC ±(s)</i>	4.66	10-10-2016	34,355,889	10,979,455
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<b>Total Loans (Cost \$64,416,643)</b>				40,888,124
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	<b>Dividend yield</b>		<b>Shares</b>	
<b>Preferred Stocks: 0.33%</b>				
<b>Financials: 0.33%</b>				
<b>Banks: 0.33%</b>				
<i>GMAC Capital Trust I ±</i>	7.86		81,784	2,112,481
<b>Total Preferred Stocks (Cost \$2,078,248)</b>				2,112,481

	<b>Interest rate</b>		<b>Principal</b>	
<b>Yankee Corporate Bonds and Notes: 8.76%</b>				
<b>Energy: 0.22%</b>				
<b>Oil, Gas &amp; Consumable Fuels: 0.22%</b>				
<i>Baytex Energy Corporation 144A</i>	5.63	6-1-2024	\$ 565,000	466,125
<i>Griffin Coal Mining Company Limited 144A(a)(i)(s)</i>	9.50	12-1-2016	2,119,383	847,753

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

Portfolio of investments October 31, 2015 (unaudited)

Wells Fargo Income Opportunities Fund 17

Security name	Interest rate	Maturity date	Principal	Value
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>				
<i>Griffin Coal Mining Company Limited (a)(i)(s)</i>	9.50%	12-1-2016	\$ 290,088	\$ 116,035
				1,429,913
<b>Financials: 0.87%</b>				
<b>Banks: 0.87%</b>				
<i>Nielsen Holding and Finance BV 144A</i>	5.50	10-1-2021	700,000	726,250
<i>Preferred Term Securities XII Limited (a)(i)(s)</i>	0.00	12-24-2033	1,540,000	0
<i>Teekay Corporation</i>	8.50	1-15-2020	4,803,000	4,791,953
				5,518,203
<b>Health Care: 1.58%</b>				
<b>Pharmaceuticals: 1.58%</b>				
<i>Mallinckrodt plc 144A</i>	5.50	4-15-2025	970,000	882,700
<i>Mallinckrodt plc 144A</i>	5.63	10-15-2023	445,000	418,300
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	5.63	12-1-2021	140,000	121,450
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	5.88	5-15-2023	1,610,000	1,352,400
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	6.13	4-15-2025	645,000	540,994
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	6.75	8-15-2018	1,120,000	1,069,600
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	7.50	7-15-2021	6,225,000	5,629,766
				10,015,210
<b>Industrials: 0.55%</b>				
<b>Building Products: 0.06%</b>				
<i>Allegion plc</i>	5.88	9-15-2023	340,000	356,150

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**Commercial Services & Supplies: 0.43%**

<i>GFL Environmental Incorporated 144A</i>	7.88	4-1-2020	2,680,000	2,736,950
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**Machinery: 0.06%**

<i>Sensata Technologies BV 144A</i>	5.00	10-1-2025	385,000	375,856
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**Materials: 1.85%**

**Containers & Packaging: 0.57%**

<i>Ardagh Finance Holdings SA (PIK at 8.63%) 144A¥</i>	8.63	6-15-2019	1,593,549	1,616,938
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<i>Ardagh Packaging Finance plc 144A</i>	9.13	10-15-2020	1,925,000	2,018,863
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3,635,801

**Metals & Mining: 0.96%**

<i>ArcelorMittal SA</i>	6.13	6-1-2025	175,000	150,882
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<i>ArcelorMittal SA</i>	7.00	2-25-2022	585,000	555,716
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<i>Novelis Incorporated</i>	8.38	12-15-2017	1,100,000	1,112,238
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<i>Novelis Incorporated</i>	8.75	12-15-2020	4,300,000	4,310,750
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6,129,586

**Paper & Forest Products: 0.32%**

<i>Sappi Limited 144A</i>	7.50	6-15-2032	2,155,000	2,004,150
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The accompanying notes are an integral part of these financial statements.

**Table of Contents**

18 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Telecommunication Services: 3.69%</b>				
<b>Diversified Telecommunication Services: 3.45%</b>				
<i>Intelsat Jackson Holdings SA</i>	5.50%	8-1-2023	\$ 11,740,000	\$ 9,744,200
<i>Intelsat Jackson Holdings SA</i>	7.25	10-15-2020	1,200,000	1,092,000
<i>Intelsat Jackson Holdings SA</i>	7.50	4-1-2021	3,364,000	3,036,010
<i>Intelsat Luxembourg SA</i>	7.75	6-1-2021	2,595,000	1,531,050
<i>Intelsat Luxembourg SA</i>	8.13	6-1-2023	9,450,000	5,599,125
<i>Virgin Media Finance plc 144A</i>	5.38	4-15-2021	274,500	288,225
<i>Virgin Media Finance plc 144A</i>	6.38	4-15-2023	605,000	623,150
				21,913,760
<b>Wireless Telecommunication Services: 0.24%</b>				
<i>Telesat Canada Incorporated 144A</i>	6.00	5-15-2017	1,475,000	1,497,125
<b>Total Yankee Corporate Bonds and Notes (Cost \$65,325,085)</b>				55,612,704
	<b>Yield</b>		<b>Shares</b>	
<b>Short-Term Investments: 4.16%</b>				
<b>Investment Companies: 4.16%</b>				
<i>Wells Fargo Cash Investment Money Market Fund, Select Class (l)(u)##</i>	0.16		26,387,700	26,387,700
<b>Total Short-Term Investments (Cost \$26,387,700)</b>				26,387,700
<b>Total investments in securities (Cost \$897,479,443) *</b>		134.59%		854,639,299
<i>Other assets and liabilities, net</i>		(34.59)		(219,636,186)

**Total net assets** **100.00%** **\$ 635,003,113**

Non-income-earning security

(i) Illiquid security

144A The security may be resold in transactions exempt from registration, normally to qualified institutional buyers, pursuant to Rule 144A under the Securities Act of 1933.

¥ 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) The security is currently in default with regards to scheduled interest and/or principal payments. The Fund has stopped accruing interest on the security.

(t) The security is currently in default with regards to scheduled interest and/or principal payments.

%% The security is issued on a when-issued basis.

(a) The security is fair valued in accordance with procedures approved by the Board of Trustees.

± Variable rate investment. The rate shown is the rate in effect at period end.

(l) The issuer of the security is an affiliated person of the Fund as defined in the Investment Company Act of 1940.

(u) The rate represents the 7-day annualized yield at period end.

## All or a portion of this security is segregated for when issued securities.

\* Cost for federal income tax purposes is \$902,318,828 and unrealized gains (losses) consists of:

Gross unrealized gains	\$ 23,281,454
Gross unrealized losses	(70,960,983)

Net unrealized losses	\$ (47,679,529)
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The accompanying notes are an integral part of these financial statements.



**Table of Contents**

Statement of assets and liabilities October 31, 2015  
(unaudited) Wells Fargo Income Opportunities Fund 19

**Assets**

## Investments

In unaffiliated securities, at value (cost \$871,091,743)	\$ 828,251,599
In affiliated securities, at value (cost \$26,387,700)	26,387,700

Total investments, at value (cost \$897,479,443)	854,639,299
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Receivable for investments sold	8,116,836
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Receivable for interest and dividends	15,324,330
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Prepaid expenses and other assets	176,193
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Total assets	878,256,658
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**Liabilities**

Dividends payable	4,988,859
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Payable for investments purchased	7,607,325
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Secured borrowing payable	230,154,082
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Advisory fee payable	339,851
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Administration fee payable	37,589
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Accrued expenses and other liabilities	125,839
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Total liabilities	243,253,545
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<b>Total net assets</b>	<b>\$ 635,003,113</b>
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**NET ASSETS CONSIST OF**

Paid-in capital	\$ 983,331,382
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Overdistributed net investment income	(6,977,907)
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Accumulated net realized losses on investments	(298,510,218)
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Net unrealized losses on investments	(42,840,144)
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<b>Total net assets</b>	<b>\$ 635,003,113</b>
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**NET ASSET VALUE PER SHARE**

Based on \$635,003,113 divided by 70,983,001 shares issued and outstanding (100,000,000 shares authorized)	\$8.95
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The accompanying notes are an integral part of these financial statements.

**Table of Contents**

20 Wells Fargo Income Opportunities Fund Statement of operations six months ended October 31, 2015 (unaudited)

**Investment income**

Interest	\$ 31,191,211
Dividends	83,073
Income from affiliated securities	15,310
 Total investment income	 31,289,594

**Expenses**

Advisory fee	2,700,224
Administration fee	225,019
Custody and accounting fees	26,505
Professional fees	33,106
Shareholder report expenses	37,739
Trustees' fees and expenses	6,916
Transfer agent fees	15,740
Interest expense	1,052,336
Other fees and expenses	20,391
 Total expenses	 4,117,976
Less: Fee waivers and/or expense reimbursements	(642,955)

Net expenses	3,475,021
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Net investment income	27,814,573
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**REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS**

Net realized losses on investments	(1,009,407)
Net change in unrealized gains (losses) on investments	(55,010,220)
 Net realized and unrealized gains (losses) on investments	 (56,019,627)
 <b>Net decrease in net assets resulting from operations</b>	 <b>\$ (28,205,054)</b>

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

Statement of changes in net assets	Wells Fargo Income Opportunities Fund 21 Six months ended October 31, 2015 (unaudited)		Year ended April 30, 2015
<b>Operations</b>			
Net investment income	\$	27,814,573	\$ 54,845,042
Net realized gains (losses) on investments		(1,009,407)	4,607,980
Net change in unrealized gains (losses) on investments		(55,010,220)	(22,142,612)
Net increase (decrease) in net assets resulting from operations		(28,205,054)	37,310,410
<b>Distributions to shareholders From</b>			
Net investment income		(28,961,064)	(57,922,129)
Total decrease in net assets		(57,166,118)	(20,611,719)
<b>Net assets</b>			
<b>Beginning of period</b>		<b>692,169,231</b>	<b>712,780,950</b>
<b>End of period</b>	<b>\$</b>	<b>635,003,113</b>	<b>\$ 692,169,231</b>
<b>Overdistributed net investment income</b>	<b>\$</b>	<b>(6,977,907)</b>	<b>\$ (1,697,386)</b>

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

## 22 Wells Fargo Income Opportunities Fund Statement of cash flows six months ended October 31, 2015 (unaudited)

**Cash flows from operating activities:**

Net decrease in net assets resulting from operations	\$ (28,205,054)
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**Adjustments to reconcile net decrease in net assets from operations to net cash provided by operating activities:**

Purchase of investment securities	(151,098,556)
Proceeds from disposition of investment securities	145,772,446
Amortization	(1,226,343)
Proceeds from sales of short-term investment securities, net	7,139,636
Increase in receivable for investments sold	(5,414,587)
Increase in receivable for interest and dividends	(849,323)
Increase in prepaid expenses and other assets	(149,945)
Increase in payable for investments purchased	6,617,525
Increase in advisory fee payable	88,286
Decrease in administration fee payable	(263)
Decrease in accrued expenses and other liabilities	(65,809)
Net realized losses on investments	1,009,407
Net change in unrealized gains (losses) on investments	55,010,220

Net cash provided by operating activities	28,627,640
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**Cash flows from financing activities:**

Cash distributions paid	(28,798,572)
Increase in secured borrowing payable	170,932

Net cash used in financing activities	(28,627,640)
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Net increase in cash	0
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**Cash:**

Beginning of period	\$ 0
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End of period	0
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**Supplemental cash disclosure**

Cash paid for interest	\$ 881,404
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The accompanying notes are an integral part of these financial statements.

**Table of Contents**

Financial highlights  
(For a share outstanding throughout each period)

Wells Fargo Income Opportunities Fund 23

	Six months ended October 31, 2015	Year ended April 30				
	(unaudited)	2015	2014	2013	2012	2011
<b>Net asset value, beginning of period</b>	<b>\$9.75</b>	<b>\$10.04</b>	<b>\$10.18</b>	<b>\$9.67</b>	<b>\$10.11</b>	<b>\$9.69</b>
Net investment income	0.39 <sup>1</sup>	0.77 <sup>1</sup>	0.82 <sup>1</sup>	0.88 <sup>1</sup>	0.95 <sup>1</sup>	1.02 <sup>1</sup>
Net realized and unrealized gains (losses) on investments	(0.78)	(0.24)	(0.14)	0.54	(0.37)	0.42
Distributions to preferred shareholders from net investment income	0.00	0.00	0.00	0.00	0.00	(0.00) <sup>1,2</sup>
Total from investment operations	(0.39)	0.53	0.68	1.42	0.58	1.44
<b>Distributions to common shareholders from</b>						
Net investment income	(0.41)	(0.82)	(0.82)	(0.91)	(1.02)	(1.02)
<b>Net asset value, end of period</b>	<b>\$8.95</b>	<b>\$9.75</b>	<b>\$10.04</b>	<b>\$10.18</b>	<b>\$9.67</b>	<b>\$10.11</b>
<b>Market value, end of period</b>	<b>\$7.88</b>	<b>\$8.93</b>	<b>\$9.52</b>	<b>\$10.23</b>	<b>\$10.29</b>	<b>\$10.38</b>
<b>Total return based on market value<sup>3</sup></b>	<b>(7.20)%</b>	<b>2.59%</b>	<b>1.60%</b>	<b>8.90%</b>	<b>10.03%</b>	<b>19.68%</b>
<b>Ratios to average net assets (annualized)</b>						
Gross expenses <sup>4</sup>	1.23%	1.23%	1.27%	1.29%	1.35%	1.44%
Net expenses <sup>4</sup>	1.04%	0.96%	1.01%	1.05%	1.03%	1.09%



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Net investment income	8.31%	7.85%	8.35%	8.89%	9.89%	10.55% <sup>5</sup>
<b>Supplemental data</b>						
Portfolio turnover rate	11%	33%	31%	27%	25%	42%
Net assets, end of period (000s omitted)	\$635,003	\$692,169	\$712,781	\$722,555	\$683,807	\$709,850