

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Form N-Q

March 30, 2011

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**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, 12th Floor, San Francisco, CA 94105
(Address of principal executive offices) (Zip code)
C. David Messman
Wells Fargo Funds Management, LLC
525 Market Street, 12th 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, 2010
Date of reporting period: January 31, 2011**

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ITEM 1. SCHEDULE OF INVESTMENTS

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| Principal | Security Name | Interest Rate | Maturity Date | Value |
|---|--|----------------------|----------------------|--------------|
| Corporate Bonds and Notes: 111.95% | | | | |
| Consumer Discretionary: 17.56% | | | | |
| Auto Components: 1.72% | | | | |
| \$ 4,455,000 | <i>Cooper Tire & Rubber Company</i> | 7.63% | 03/15/2027 | \$ 4,265,663 |
| 6,830,000 | <i>Goodyear Tire & Rubber Company</i> | 10.50 | 05/15/2016 | 7,752,050 |
| | | | | 12,017,713 |
| Diversified Consumer Services: 3.55% | | | | |
| 4,055,000 | <i>Carriage Services Incorporated</i> | 7.88 | 01/15/2015 | 4,065,138 |
| 950,000 | <i>Service Corporation International</i> | 6.75 | 04/01/2016 | 1,002,250 |
| 1,125,000 | <i>Service Corporation International</i> | 7.00 | 05/15/2019 | 1,155,938 |
| 9,376,000 | <i>Service Corporation International</i> | 7.50 | 04/01/2027 | 9,141,600 |
| 880,000 | <i>Service Corporation International</i> | 8.00 | 11/15/2021 | 961,400 |
| 1,600,000 | <i>Service Corporation International Series WI</i> | 7.00 | 06/15/2017 | 1,686,000 |
| 6,550,000 | <i>StoneMor Operating LLC</i> | 10.25 | 12/01/2017 | 6,828,375 |
| | | | | 24,840,701 |
| Hotels, Restaurants & Leisure: 3.78% | | | | |
| 2,875,000 | <i>Ameristar Casinos Incorporated</i> | 9.25 | 06/01/2014 | 3,083,438 |
| 2,525,000 | <i>Chukchansi Economic Development Authority ±</i> | 3.94 | 11/15/2012 | 1,644,406 |
| 350,000 | <i>Citycenter Holdings LLC</i> | 7.63 | 01/15/2016 | 357,875 |
| 750,000 | <i>Citycenter Holdings LLC@</i> | 10.75 | 01/15/2017 | 781,875 |
| 1,025,000 | <i>Dineequity Incorporated</i> | 9.50 | 10/30/2018 | 1,103,156 |
| 6,262,000 | <i>Greektown Superholdings Incorporated</i> | 13.00 | 07/01/2015 | 7,091,715 |
| 1,775,000 | <i>NAI Entertainment Holdings LLC</i> | 8.25 | 12/15/2017 | 1,890,375 |
| 2,880,000 | <i>Pinnacle Entertainment Incorporated</i> | 7.50 | 06/15/2015 | 2,980,800 |
| 1,130,000 | <i>Scientific Games Corporation</i> | 9.25 | 06/15/2019 | 1,211,925 |
| 665,000 | <i>Shingle Springs Tribal Gaming Authority</i> | 9.38 | 06/15/2015 | 452,200 |
| 450,000 | <i>Speedway Motorsports Incorporated</i> | 6.75 | 02/01/2019 | 454,500 |
| 2,075,000 | <i>Speedway Motorsports Incorporated</i> | 8.75 | 06/01/2016 | 2,261,750 |
| 2,800,000 | <i>Yonkers Racing Corporation</i> | 11.38 | 07/15/2016 | 3,094,000 |
| | | | | 26,408,015 |
| Household Durables: 0.02% | | | | |
| 149,000 | <i>Sealy Mattress Company</i> | 10.88 | 04/15/2016 | 169,301 |
| Internet & Catalog Retail: 0.15% | | | | |
| 990,000 | <i>QVC Incorporated</i> | 7.50 | 10/01/2019 | 1,054,350 |

Media: 7.43%

| | | | | |
|------------|---|-------|------------|------------|
| 2,975,000 | <i>Cablevision Systems Corporation</i> | 8.63 | 09/15/2017 | 3,324,563 |
| 12,981,015 | <i>CCH II Capital Corporation</i> | 13.50 | 11/30/2016 | 15,707,028 |
| 940,000 | <i>CCO Holdings LLC</i> | 8.13 | 04/30/2020 | 1,001,100 |
| 2,290,000 | <i>Charter Communications Incorporated Step Bond^{oo}</i> | 8.00 | 04/30/2012 | 2,413,088 |
| 11,640,000 | <i>Charter Communications Incorporated Step Bond^{oo}</i> | 10.88 | 09/15/2014 | 13,095,000 |
| 350,000 | <i>Cinemark USA Incorporated</i> | 8.63 | 06/15/2019 | 378,875 |
| 200,000 | <i>CSC Holdings LLC</i> | 8.50 | 04/15/2014 | 223,500 |
| 2,260,000 | <i>DISH DBS Corporation</i> | 7.88 | 09/01/2019 | 2,392,775 |
| 650,000 | <i>EchoStar DBS Corporation</i> | 7.75 | 05/31/2015 | 699,563 |
| 1,275,000 | <i>Gray Television Incorporated</i> | 10.50 | 06/29/2015 | 1,310,063 |
| 675,000 | <i>Lamar Media Corporation Series C</i> | 9.75 | 04/01/2014 | 781,313 |
| 1,225,000 | <i>LIN Television Corporation</i> | 8.38 | 04/15/2018 | 1,316,875 |
| 5,050,000 | <i>Regal Cinemas Corporation</i> | 8.63 | 07/15/2019 | 5,378,250 |
| 2,461,000 | <i>Salem Communications</i> | 9.63 | 12/15/2016 | 2,670,185 |
| 250,000 | <i>Sirius XM Radio Incorporated</i> | 9.75 | 09/01/2015 | 281,875 |
| 815,000 | <i>Sirius XM Radio Incorporated</i> | 13.00 | 08/01/2013 | 969,850 |
| 3,619,000 | <i>Young Broadcasting Incorporated^{^^}</i> | 8.75 | 01/15/2014 | 36 |

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 or 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.

Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

| Principal | Security Name | Interest Rate | Maturity Date | Value |
|--|---|----------------------|----------------------|--------------|
| Media (continued) | | | | |
| \$ 2,325,000 | <i>Young Broadcasting Incorporated^{^(i)}</i> | 10.00% | 03/01/2011 | \$ 23 |
| | | | | 51,943,962 |
| Multiline Retail: 0.19% | | | | |
| 1,270,000 | <i>Saks Incorporated</i> | 9.88 | 10/01/2011 | 1,325,563 |
| Specialty Retail: 0.10% | | | | |
| 700,000 | <i>Rent-A-Center Incorporated</i> | 6.63 | 11/15/2020 | 689,500 |
| Textiles, Apparel & Luxury Goods: 0.62% | | | | |
| 3,850,000 | <i>Oxford Industrial Incorporated</i> | 11.38 | 07/15/2015 | 4,350,500 |
| Consumer Staples: 1.37% | | | | |
| Beverages: 0.04% | | | | |
| 250,000 | <i>Cott Beverages Incorporated</i> | 8.38 | 11/15/2017 | 270,313 |
| Food Products: 1.33% | | | | |
| 250,000 | <i>Darling International Incorporated</i> | 8.50 | 12/15/2018 | 270,000 |
| 3,075,000 | <i>Dole Food Company Incorporated</i> | 13.88 | 03/15/2014 | 3,770,719 |
| 4,465,000 | <i>Smithfield Foods Incorporated</i> | 10.00 | 07/15/2014 | 5,251,956 |
| | | | | 9,292,675 |
| Energy: 15.96% | | | | |
| Energy Equipment & Services: 3.16% | | | | |
| 2,210,000 | <i>Bristow Group Incorporated</i> | 7.50 | 09/15/2017 | 2,331,550 |
| 3,395,000 | <i>Gulfmark Offshore Incorporated</i> | 7.75 | 07/15/2014 | 3,454,413 |
| 5,325,000 | <i>Hornbeck Offshore Services Incorporated Series B</i> | 6.13 | 12/01/2014 | 5,271,750 |
| 4,920,000 | <i>Hornbeck Offshore Services Incorporated Series B</i> | 8.00 | 09/01/2017 | 5,049,150 |
| 860,000 | <i>Parker Drilling Company</i> | 9.13 | 04/01/2018 | 907,300 |
| 4,650,000 | <i>PHI Incorporated</i> | 8.63 | 10/15/2018 | 4,812,750 |
| 210,000 | <i>Pride International Incorporated</i> | 8.50 | 06/15/2019 | 248,850 |
| | | | | 22,075,763 |

Oil, Gas & Consumable Fuels: 12.80%

| | | | | |
|-----------|---|------|------------|-----------|
| 5,085,000 | <i>Chesapeake Energy Corporation</i> | 9.50 | 02/15/2015 | 5,949,450 |
| 200,000 | <i>Cloud Peak Enrgy Resources LLC</i> | 8.25 | 12/15/2017 | 217,750 |
| 250,000 | <i>Cloud Peak Enrgy Resources LLC</i> | 8.50 | 12/15/2019 | 278,750 |
| 1,722,000 | <i>Coffeyville Resources Incorporated</i> | 9.00 | 04/01/2015 | 1,876,980 |
| 2,665,000 | <i>Consol Energy Incorporated</i> | 8.25 | 04/01/2020 | 2,911,513 |
| 850,000 | <i>Denbury Resources Incorporated</i> | 8.25 | 02/15/2020 | 936,063 |
| 1,155,000 | <i>El Paso Corporation</i> | 6.50 | 09/15/2020 | 1,173,032 |
| 325,000 | <i>El Paso Corporation</i> | 6.88 | 06/15/2014 | 353,391 |
| 375,000 | <i>El Paso Corporation</i> | 7.00 | 06/15/2017 | 404,213 |
| 2,104,000 | <i>El Paso Corporation</i> | 7.25 | 06/01/2018 | 2,299,529 |
| 1,820,000 | <i>El Paso Corporation</i> | 7.42 | 02/15/2037 | 1,719,278 |
| 271,000 | <i>El Paso Corporation</i> | 7.75 | 01/15/2032 | 274,499 |
| 3,050,000 | <i>El Paso Corporation</i> | 7.80 | 08/01/2031 | 3,104,873 |
| 5,950,000 | <i>Energy Transfer Equity</i> | 7.50 | 10/15/2020 | 6,359,063 |
| 1,125,000 | <i>Ferrellgas Partners LP</i> | 6.50 | 05/01/2021 | 1,091,250 |
| 1,825,000 | <i>Ferrellgas Partners LP</i> | 9.13 | 10/01/2017 | 2,012,063 |
| 1,870,000 | <i>Forest Oil Corporation</i> | 7.25 | 06/15/2019 | 1,940,125 |
| 1,115,000 | <i>Forest Oil Corporation</i> | 8.50 | 02/15/2014 | 1,234,863 |
| 1,000,000 | <i>Griffin Coal Mining Company Limited^{^^}</i> | 9.50 | 12/01/2016 | 837,500 |
| 4,265,000 | <i>Holly Corporation</i> | 9.88 | 06/15/2017 | 4,702,163 |
| 1,125,000 | <i>Inergy LP</i> | 6.88 | 08/01/2021 | 1,134,844 |
| 1,185,000 | <i>Newfield Exploration Company</i> | 6.88 | 02/01/2020 | 1,273,875 |

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Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

| Principal | Security Name | Interest Rate | Maturity Date | Value |
|--|--|----------------------|----------------------|--------------|
| Oil, Gas & Consumable Fuels (continued) | | | | |
| \$ 8,705,000 | <i>Peabody Energy Corporation</i> | 7.88% | 11/01/2026 | \$ 9,793,125 |
| 215,000 | <i>Penn Virginia Corporation</i> | 10.38 | 06/15/2016 | 241,875 |
| 2,045,000 | <i>Petrohawk Energy Corporation</i> | 7.88 | 06/01/2015 | 2,167,700 |
| 1,065,000 | <i>Petrohawk Energy Corporation</i> | 10.50 | 08/01/2014 | 1,224,750 |
| 3,170,000 | <i>Pioneer Natural Resource Company</i> | 7.50 | 01/15/2020 | 3,511,656 |
| 6,380,000 | <i>Plains Exploration & Production Company</i> | 8.63 | 10/15/2019 | 7,097,750 |
| 475,000 | <i>Regency Energy Partners</i> | 6.88 | 12/01/2018 | 488,063 |
| 4,940,000 | <i>Sabine Pass LNG LP</i> | 7.25 | 11/30/2013 | 4,902,950 |
| 4,475,000 | <i>Sabine Pass LNG LP</i> | 7.50 | 11/30/2016 | 4,385,500 |
| 4,020,000 | <i>SandRidge Energy Incorporated</i> | 8.75 | 01/15/2020 | 4,281,300 |
| 2,450,000 | <i>Ship Finance International Limited</i> | 8.50 | 12/15/2013 | 2,486,750 |
| 1,450,000 | <i>Stallion Oilfield Holdings Incorporated</i> | 10.50 | 02/15/2015 | 1,573,250 |
| 575,000 | <i>Suburban Propane Partners LP</i> | 7.38 | 03/15/2020 | 610,219 |
| 2,235,000 | <i>Tesoro Corporation(i)</i> | 7.50 | 07/17/2012 | 2,253,774 |
| 2,185,000 | <i>Tesoro Corporation</i> | 9.75 | 06/01/2019 | 2,458,125 |
| | | | | 89,561,854 |
| Financials: 26.03% | | | | |
| Capital Markets: 1.90% | | | | |
| 1,675,000 | <i>E*TRADE Financial Corporation</i> | 7.38 | 09/15/2013 | 1,668,719 |
| 9,741,000 | <i>E*TRADE Financial Corporation@</i> | 12.50 | 11/30/2017 | 11,579,614 |
| | | | | 13,248,333 |
| Commercial Banks: 1.66% | | | | |
| 4,375,000 | <i>Capitalsource Incorporated</i> | 12.75 | 07/15/2014 | 5,277,344 |
| 500,000 | <i>CIT Group Incorporated</i> | 7.00 | 05/01/2015 | 506,875 |
| 1,000,000 | <i>CIT Group Incorporated</i> | 7.00 | 05/01/2016 | 1,010,000 |
| 5,725,000 | <i>Emigrant Bancorp Incorporated</i> | 6.25 | 06/15/2014 | 4,778,245 |
| | | | | 11,572,464 |
| Consumer Finance: 15.99% | | | | |
| 2,725,000 | <i>American General Finance Corporation</i> | 5.40 | 12/01/2015 | 2,329,875 |
| 2,250,000 | <i>American General Finance Corporation</i> | 5.75 | 09/15/2016 | 1,890,000 |
| 450,000 | <i>American General Finance Corporation</i> | 6.50 | 09/15/2017 | 380,250 |
| 3,150,000 | <i>American General Finance Corporation</i> | 6.90 | 12/15/2017 | 2,740,500 |
| 1,600,000 | <i>Blue Acquisition Sub Incorporated</i> | 9.88 | 10/15/2018 | 1,708,000 |
| 2,700,000 | <i>Calpine Construction Finance Corporation</i> | 8.00 | 06/01/2016 | 2,895,750 |
| 17,134,313 | <i>CIT Group Incorporated</i> | 7.00 | 05/01/2013 | 17,498,417 |
| 2,850,000 | <i>CIT Group Incorporated</i> | 7.00 | 05/01/2014 | 2,903,438 |

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| | | | | |
|-----------|---|-------|------------|-----------|
| 5,420,000 | <i>Clearwire Communications Finance Corporation</i> | 12.00 | 12/01/2015 | 5,907,800 |
| 500,000 | <i>Ford Motor Credit Company LLC</i> | 7.00 | 10/01/2013 | 540,538 |
| 100,000 | <i>Ford Motor Credit Company LLC</i> | 8.00 | 12/15/2016 | 113,427 |
| 3,865,000 | <i>Ford Motor Credit Company LLC</i> | 9.88 | 08/10/2011 | 4,016,473 |
| 2,344,000 | <i>GMAC LLC</i> | 6.75 | 12/01/2014 | 2,519,800 |
| 130,000 | <i>GMAC LLC</i> | 6.88 | 09/15/2011 | 133,250 |
| 2,862,000 | <i>GMAC LLC</i> | 6.88 | 08/28/2012 | 3,022,988 |
| 6,855,000 | <i>GMAC LLC</i> | 7.50 | 12/31/2013 | 7,420,538 |
| 2,994,111 | <i>Homer City Funding LLC</i> | 8.73 | 10/01/2026 | 2,799,494 |
| 2,875,000 | <i>International Lease Finance Corporation</i> | 4.75 | 01/13/2012 | 2,932,500 |
| 4,170,000 | <i>International Lease Finance Corporation</i> | 5.30 | 05/01/2012 | 4,258,613 |
| 865,000 | <i>International Lease Finance Corporation</i> | 6.38 | 03/25/2013 | 901,763 |
| 1,700,000 | <i>International Lease Finance Corporation</i> | 8.63 | 09/15/2015 | 1,895,500 |
| 2,050,000 | <i>International Lease Finance Corporation Series MTN</i> | 5.75 | 06/15/2011 | 2,065,375 |
| 8,465,000 | <i>JBS USA Finance Incorporated</i> | 11.63 | 05/01/2014 | 9,861,725 |
| 1,529,000 | <i>LBI Escrow Corporation</i> | 8.00 | 11/01/2017 | 1,706,746 |
| 4,555,000 | <i>Level 3 Financing Incorporated</i> | 10.00 | 02/01/2018 | 4,555,000 |
| 1,925,000 | <i>Nielsen Finance LLC Company</i> | 7.75 | 10/15/2018 | 2,064,563 |
| 1,170,000 | <i>Nielsen Finance LLC Company</i> | 11.50 | 05/01/2016 | 1,364,513 |

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| Principal | Security Name | Interest Rate | Maturity Date | Value |
|---|--|----------------------|----------------------|--------------|
| Consumer Finance (continued) | | | | |
| \$ 755,000 | <i>Nielsen Finance LLC Senior Discount Note Step Bond^{oo}</i> | 12.50% | 08/01/2016 | \$ 793,694 |
| 525,000 | <i>Nuveen Investments Incorporated</i> | 10.50 | 11/15/2015 | 540,750 |
| 9,875,000 | <i>Sprint Capital Corporation</i> | 6.88 | 11/15/2028 | 8,838,125 |
| 4,725,000 | <i>Sprint Capital Corporation</i> | 6.90 | 05/01/2019 | 4,736,813 |
| 6,133,000 | <i>Sprint Capital Corporation</i> | 8.38 | 03/15/2012 | 6,516,313 |
| | | | | 111,852,531 |
| Diversified Financial Services: 3.90% | | | | |
| 8,820,000 | <i>Ally Financial Incorporated</i> | 8.30 | 02/12/2015 | 9,966,600 |
| 1,325,000 | <i>Dunkin Finance Corporation</i> | 9.63 | 12/01/2018 | 1,351,500 |
| 1,300,000 | <i>Hub International Holdings Incorporated</i> | 10.25 | 06/15/2015 | 1,342,250 |
| 7,815,000 | <i>Leucadia National Corporation</i> | 8.13 | 09/15/2015 | 8,596,500 |
| 4,000,000 | <i>Nuveen Investments Incorporated</i> | 5.50 | 09/15/2015 | 3,480,000 |
| 2,495,000 | <i>Nuveen Investments Incorporated</i> | 10.50 | 11/15/2015 | 2,569,850 |
| | | | | 27,306,700 |
| Real Estate Investment Trusts (REITs): 2.58% | | | | |
| 11,580,000 | <i>Dupont Fabros Technology Incorporated</i> | 8.50 | 12/15/2017 | 12,535,350 |
| 490,000 | <i>Host Marriott Corporation</i> | 9.00 | 05/15/2017 | 548,800 |
| 3,375,000 | <i>Omega Healthcare Investors</i> | 6.75 | 10/15/2022 | 3,332,813 |
| 1,560,000 | <i>Ventas Incorporated</i> | 9.00 | 05/01/2012 | 1,643,265 |
| | | | | 18,060,228 |
| Health Care: 4.71% | | | | |
| Health Care Equipment & Supplies: 1.00% | | | | |
| 1,215,000 | <i>Biomet Incorporated@</i> | 10.38 | 10/15/2017 | 1,360,800 |
| 3,485,000 | <i>Biomet Incorporated</i> | 11.63 | 10/15/2017 | 3,938,050 |
| 900,000 | <i>Cooper Companies Incorporated</i> | 7.13 | 02/15/2015 | 931,500 |
| 775,000 | <i>Fresenius Medical Care Incorporated</i> | 5.75 | 02/15/2021 | 765,313 |
| | | | | 6,995,663 |
| Health Care Providers & Services: 3.47% | | | | |
| 2,440,000 | <i>Apria Healthcare Group</i> | 11.25 | 11/01/2014 | 2,693,150 |
| 1,925,000 | <i>Aviv Healthcare Incorporated</i> | 7.75 | 02/15/2019 | 1,977,938 |
| 1,270,000 | <i>Community Health Systems Incorporated Series WI</i> | 8.88 | 07/15/2015 | 1,341,438 |
| 1,830,000 | <i>HCA Incorporated</i> | 7.88 | 02/01/2011 | 1,830,000 |

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|-----------|--------------------------------------|------|------------|------------|
| 375,000 | <i>HCA Incorporated</i> | 8.50 | 04/15/2019 | 418,125 |
| 6,745,000 | <i>HCA Incorporated</i> | 9.25 | 11/15/2016 | 7,259,306 |
| 3,757,000 | <i>HCA Incorporated@</i> | 9.63 | 11/15/2016 | 4,052,864 |
| 175,000 | <i>Health Management plc</i> | 6.13 | 04/15/2016 | 177,625 |
| 750,000 | <i>Healthsouth Corporation</i> | 7.25 | 10/01/2018 | 767,813 |
| 750,000 | <i>Healthsouth Corporation</i> | 7.75 | 09/15/2022 | 780,000 |
| 900,000 | <i>Omnicare Incorporated</i> | 6.88 | 12/15/2015 | 931,500 |
| 1,975,000 | <i>Sabra Health Care Corporation</i> | 8.13 | 11/01/2018 | 2,049,063 |
| | | | | 24,278,822 |

Pharmaceuticals: 0.24%

| | | | | |
|---------|---------------------------|------|------------|-----------|
| 650,000 | <i>Mylan Incorporated</i> | 7.63 | 07/15/2017 | 708,500 |
| 300,000 | <i>Mylan Incorporated</i> | 7.88 | 07/15/2020 | 331,875 |
| 650,000 | <i>Mylan Incorporated</i> | 6.00 | 11/15/2018 | 663,000 |
| | | | | 1,703,375 |

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| Principal | Security Name | Interest Rate | Maturity Date | Value |
|--|---|----------------------|----------------------|--------------|
| Industrials: 10.25% | | | | |
| Aerospace & Defense: 3.52% | | | | |
| \$ 4,470,000 | <i>Alliant Techsystems Incorporated</i> | 6.75% | 04/01/2016 | \$ 4,604,100 |
| 800,000 | <i>Digitalglobe Incorporated</i> | 10.50 | 05/01/2014 | 914,000 |
| 1,030,000 | <i>Gencorp Incorporated</i> | 9.50 | 08/15/2013 | 1,057,038 |
| 1,140,000 | <i>GeoEye Incorporated</i> | 9.63 | 10/01/2015 | 1,288,200 |
| 1,089,000 | <i>Hexcel Corporation</i> | 6.75 | 02/01/2015 | 1,108,058 |
| 2,570,000 | <i>Kratos Defense & Security Solutions Incorporated</i> | 10.00 | 06/01/2017 | 2,868,763 |
| 5,585,000 | <i>L-3 Communications Holdings Incorporated</i> | 5.88 | 01/15/2015 | 5,696,700 |
| 5,506,000 | <i>L-3 Communications Holdings Incorporated</i> | 6.38 | 10/15/2015 | 5,678,063 |
| 1,445,000 | <i>Wyle Services Corporation</i> | 10.50 | 04/01/2018 | 1,434,163 |
| | | | | 24,649,085 |
| Commercial Services & Supplies: 2.67% | | | | |
| 250,000 | <i>Casella Waste Systems Incorporated</i> | 7.75 | 02/15/2019 | 255,625 |
| 4,385,000 | <i>Casella Waste Systems Incorporated</i> | 11.00 | 07/15/2014 | 4,922,163 |
| 1,840,000 | <i>Corrections Corporation of America</i> | 6.25 | 03/15/2013 | 1,844,600 |
| 2,035,000 | <i>Corrections Corporation of America</i> | 7.75 | 06/01/2017 | 2,223,238 |
| 2,205,000 | <i>Geo Group Incorporated</i> | 7.75 | 10/15/2017 | 2,315,250 |
| 300,000 | <i>Interface Incorporated</i> | 7.63 | 12/01/2018 | 314,250 |
| 3,520,000 | <i>Iron Mountain Incorporated</i> | 8.38 | 08/15/2021 | 3,828,000 |
| 400,000 | <i>KAR Holdings Incorporated</i> | 10.00 | 05/01/2015 | 424,000 |
| 2,125,000 | <i>KAR Holdings Incorporated ±</i> | 4.29 | 05/01/2014 | 2,050,625 |
| 500,000 | <i>KAR Holdings Incorporated</i> | 8.75 | 05/01/2014 | 520,000 |
| | | | | 18,697,751 |
| Machinery: 1.40% | | | | |
| 1,440,000 | <i>Cleaver-Brooks Incorporated</i> | 12.25 | 05/01/2016 | 1,544,400 |
| 900,000 | <i>Columbus McKinnon Corporation</i> | 7.88 | 02/01/2019 | 920,250 |
| 940,000 | <i>Commercial Vehicle Group Incorporated</i> | 8.00 | 07/01/2013 | 921,200 |
| 4,888,161 | <i>Commercial Vehicle Group Incorporated@</i> | 13.00 | 02/15/2013 | 5,181,451 |
| 450,000 | <i>Thermadyne Holdings Corporation</i> | 9.00 | 12/15/2017 | 474,750 |
| 700,000 | <i>Titan International Incorporated</i> | 7.88 | 10/01/2017 | 745,500 |
| | | | | 9,787,551 |
| Professional Services: 0.57% | | | | |
| 207,000 | <i>Affinia Group Incorporated</i> | 10.75 | 08/15/2016 | 230,805 |
| 500,000 | <i>Brickman Group Holdings</i> | 9.13 | 11/01/2018 | 525,625 |
| 450,000 | <i>Interactive Data Corporation</i> | 10.25 | 08/01/2018 | 498,375 |

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| | | | | |
|---|---------------------------------|-------|------------|------------|
| 3,050,000 | <i>NCO Group Incorporated</i> | 11.88 | 11/15/2014 | 2,699,250 |
| | | | | 3,954,055 |
| Road & Rail: 1.92% | | | | |
| 8,285,000 | <i>Kansas City Southern</i> | 8.00 | 06/01/2015 | 8,947,800 |
| 1,184,000 | <i>Kansas City Southern</i> | 13.00 | 12/15/2013 | 1,414,880 |
| 2,775,000 | <i>RailAmerica Incorporated</i> | 9.25 | 07/01/2017 | 3,062,906 |
| | | | | 13,425,586 |
| Transportation Infrastructure: 0.17% | | | | |
| 1,190,000 | <i>United Maritime Group</i> | 11.75 | 06/15/2015 | 1,190,000 |
| Information Technology: 9.18% | | | | |
| Communications Equipment: 1.24% | | | | |
| 2,234,000 | <i>Allbritton Communication</i> | 8.00 | 05/15/2018 | 2,320,568 |
| 585,000 | <i>EchoStar DBS Corporation</i> | 7.13 | 02/01/2016 | 611,325 |

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Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

| Principal | Security Name | Interest Rate | Maturity Date | Value |
|--|---|----------------------|----------------------|--------------|
| Communications Equipment (continued) | | | | |
| \$ 3,100,000 | <i>Lucent Technologies Incorporated</i> | 6.45% | 03/15/2029 | \$ 2,464,500 |
| 1,875,000 | <i>Seagate Technology Holdings</i> | 7.75 | 12/15/2018 | 1,921,875 |
| 1,275,000 | <i>Seagate Technology Holdings</i> | 6.80 | 10/01/2016 | 1,313,250 |
| | | | | 8,631,518 |
| Electronic Equipment & Instruments: 5.11% | | | | |
| 3,750,000 | <i>GCI Incorporated</i> | 7.25 | 02/15/2014 | 3,787,500 |
| 2,820,000 | <i>Intcomex Incorporated</i> | 13.25 | 12/15/2014 | 2,961,000 |
| 13,532,000 | <i>Jabil Circuit Incorporated</i> | 8.25 | 03/15/2018 | 15,494,140 |
| 3,380,000 | <i>Kemet Corporation</i> | 10.50 | 05/01/2018 | 3,718,000 |
| 6,014,750 | <i>SunGard Data Systems Incorporated</i> | 10.25 | 08/15/2015 | 6,338,043 |
| 550,000 | <i>SunGard Data Systems Incorporated</i> | 7.63 | 11/15/2020 | 567,875 |
| 2,530,000 | <i>Viasystem Group Incorporated</i> | 12.00 | 01/15/2015 | 2,874,713 |
| | | | | 35,741,271 |
| Internet Software & Services: 0.93% | | | | |
| 2,125,000 | <i>Equinix Incorporated</i> | 8.13 | 03/01/2018 | 2,295,000 |
| 3,395,000 | <i>Terremark Worldwide Incorporated</i> | 12.00 | 06/15/2017 | 4,235,263 |
| | | | | 6,530,263 |
| IT Services: 1.90% | | | | |
| 3,050,000 | <i>First Data Corporation</i> | 11.25 | 03/31/2016 | 2,821,250 |
| 2,835,000 | <i>iPayment Incorporated</i> | 9.75 | 05/15/2014 | 2,757,038 |
| 1,100,000 | <i>Sungard Data Systems Incorporated</i> | 7.38 | 11/15/2018 | 1,122,000 |
| 1,950,000 | <i>Syniverse Holdings Incorporated</i> | 9.13 | 01/15/2019 | 2,076,750 |
| 1,065,000 | <i>Unisys Corporation</i> | 12.50 | 01/15/2016 | 1,184,813 |
| 1,600,000 | <i>Unisys Corporation</i> | 12.75 | 10/15/2014 | 1,920,000 |
| 1,155,000 | <i>Unisys Corporation</i> | 14.25 | 09/15/2015 | 1,394,663 |
| | | | | 13,276,514 |
| Materials: 6.55% | | | | |
| Chemicals: 1.48% | | | | |
| 500,000 | <i>Chemtura Corporation</i> | 7.88 | 09/01/2018 | 533,750 |
| 2,855,000 | <i>Huntsman International LLC</i> | 5.50 | 06/30/2016 | 2,797,900 |
| 4,807,125 | <i>Lyondell Chemical Company</i> | 11.00 | 05/01/2018 | 5,480,123 |
| 1,300,000 | <i>Solutia Incorporated</i> | 7.88 | 03/15/2020 | 1,410,500 |
| 150,000 | <i>Vertellus Specialties Incorporated</i> | 9.38 | 10/01/2015 | 161,438 |

10,383,711

Construction Materials: 1.77%

| | | | | |
|-----------|---|-------|------------|-----------|
| 1,480,000 | <i>CPG International Incorporated ±</i> | 7.21 | 07/01/2012 | 1,480,000 |
| 3,415,000 | <i>CPG International Incorporated</i> | 10.50 | 07/01/2013 | 3,491,838 |
| 3,025,000 | <i>CPG International Incorporated</i> | 10.63 | 09/01/2014 | 3,267,000 |
| 3,725,000 | <i>Headwaters Incorporated</i> | 11.38 | 11/01/2014 | 4,153,375 |

12,392,213

Containers & Packaging: 1.31%

| | | | | |
|-----------|--|-------|------------|-----------|
| 5,780,000 | <i>Exopack Holding Corporation</i> | 11.25 | 02/01/2014 | 5,938,950 |
| 350,000 | <i>Graham Packaging Company Incorporated</i> | 8.25 | 01/01/2017 | 367,500 |
| 2,450,000 | <i>Graham Packaging Company Incorporated</i> | 9.88 | 10/15/2014 | 2,535,750 |
| 325,000 | <i>Owens Brockway Glass Container Incorporated</i> | 7.38 | 05/15/2016 | 353,438 |

9,195,638

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Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

| Principal | Security Name | Interest Rate | Maturity Date | Value |
|--|--|----------------------|----------------------|--------------|
| Metals & Mining: 1.24% | | | | |
| \$ 5,725,000 | <i>Freeport-McMoRan Copper & Gold Incorporated</i> | 8.38% | 04/01/2017 | \$ 6,383,375 |
| 5,985,000 | <i>Indalex Holdings Corporation[^]</i> | 11.50 | 02/01/2014 | 97,256 |
| 1,000,000 | <i>Novelis Incorporated</i> | 8.75 | 12/15/2020 | 1,086,250 |
| 1,000,000 | <i>Novelis Incorporated</i> | 8.38 | 12/15/2017 | 1,077,500 |
| | | | | 8,644,381 |
| Paper & Forest Products: 0.75% | | | | |
| 1,175,000 | <i>Clearwater Paper Corporation</i> | 10.63 | 06/15/2016 | 1,340,969 |
| 887,000 | <i>Georgia-Pacific Corporation</i> | 7.00 | 01/15/2015 | 918,045 |
| 2,430,000 | <i>Georgia-Pacific Corporation</i> | 8.88 | 05/15/2031 | 2,958,525 |
| | | | | 5,217,539 |
| Telecommunication Services: 11.09% | | | | |
| Diversified Telecommunication Services: 6.60% | | | | |
| 9,580,000 | <i>Citizens Communications Company</i> | 7.88 | 01/15/2027 | 9,484,200 |
| 2,550,000 | <i>FairPoint Communications Incorporated</i> | 10.88 | 04/01/2017 | 2,836,875 |
| 1,980,000 | <i>Frontier Communications Corporation</i> | 8.13 | 10/01/2018 | 2,229,975 |
| 4,455,000 | <i>Frontier Communications Corporation</i> | 8.25 | 04/15/2017 | 4,989,600 |
| 1,000,000 | <i>Frontier Communications Corporation</i> | 8.50 | 04/15/2020 | 1,127,500 |
| 1,200,000 | <i>GCI Incorporated</i> | 8.63 | 11/15/2019 | 1,305,000 |
| 345,000 | <i>Global Crossing Limited</i> | 12.00 | 09/15/2015 | 396,750 |
| 3,260,000 | <i>Qwest Corporation</i> | 7.50 | 06/15/2023 | 3,268,150 |
| 440,000 | <i>Qwest Corporation</i> | 7.63 | 08/03/2021 | 444,400 |
| 7,340,000 | <i>Qwest Corporation</i> | 8.88 | 03/15/2012 | 7,908,850 |
| 1,090,000 | <i>SBA Telecommunications Incorporated</i> | 8.00 | 08/15/2016 | 1,190,825 |
| 485,000 | <i>SBA Telecommunications Incorporated</i> | 8.25 | 08/15/2019 | 534,713 |
| 1,810,000 | <i>U.S. West Communications Incorporated</i> | 7.13 | 11/15/2043 | 1,751,175 |
| 2,755,000 | <i>U.S. West Communications Incorporated</i> | 7.25 | 09/15/2025 | 2,947,850 |
| 5,380,000 | <i>Windstream Corporation</i> | 7.88 | 11/01/2017 | 5,763,325 |
| | | | | 46,179,188 |
| Wireless Telecommunication Services: 4.49% | | | | |
| 650,000 | <i>CC Holdings LLC</i> | 7.75 | 05/01/2017 | 715,000 |
| 3,255,000 | <i>Cricket Communications Incorporated</i> | 7.75 | 05/15/2016 | 3,425,888 |
| 165,000 | <i>Crown Castle International Corporation</i> | 7.13 | 11/01/2019 | 175,313 |
| 650,000 | <i>Crown Castle International Corporation</i> | 9.00 | 01/15/2015 | 724,750 |
| 4,155,000 | <i>Intelsat Limited</i> | 8.50 | 01/15/2013 | 4,175,775 |
| 465,000 | <i>Intelsat Limited</i> | 11.25 | 06/15/2016 | 499,875 |

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| | | | | |
|-----------|--|------|------------|------------|
| 2,607,559 | <i>iPCS Incorporated@</i> | 3.54 | 05/01/2014 | 2,529,332 |
| 4,150,000 | <i>Metropcs Wireless Incorporated</i> | 6.63 | 11/15/2020 | 4,004,750 |
| 1,050,000 | <i>Metropcs Wireless Incorporated</i> | 7.88 | 09/01/2018 | 1,097,250 |
| 7,935,000 | <i>Nextel Communications Incorporated Series D</i> | 7.38 | 08/01/2015 | 7,994,513 |
| 6,065,000 | <i>Nextel Communications Incorporated Series F</i> | 5.95 | 03/15/2014 | 6,072,581 |
| | | | | 31,415,027 |

Utilities: 9.25%

Electric Utilities: 4.48%

| | | | | |
|------------|---|-------|------------|------------|
| 14,996,000 | <i>Aquila Incorporated Step Bond^{oo}</i> | 11.88 | 07/01/2012 | 16,939,313 |
| 150,000 | <i>Energy Future Holdings Corporation</i> | 10.00 | 12/01/2020 | 159,000 |
| 1,708,722 | <i>Energy Future Holdings Corporation@</i> | 11.25 | 11/01/2017 | 1,136,300 |
| 250,000 | <i>Mirant Americas Generation LLC</i> | 8.50 | 10/01/2021 | 263,750 |
| 7,560,525 | <i>Mirant Mid-Atlantic LLC Series C</i> | 10.06 | 12/30/2028 | 8,543,393 |
| 3,985,000 | <i>Otter Tail Corporation</i> | 9.00 | 12/15/2016 | 4,303,800 |
| | | | | 31,345,556 |

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Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

| Principal | Security Name | Interest Rate | Maturity Date | Value |
|--|---|----------------------|----------------------|--------------------|
| Gas Utilities: 0.23% | | | | |
| \$ 1,050,000 | <i>AmeriGas Partners LP</i> | 6.50% | 05/20/2021 | \$ 1,068,375 |
| 550,000 | <i>AmeriGas Partners LP</i> | 7.13 | 05/20/2016 | 573,375 |
| | | | | 1,641,750 |
| Independent Power Producers & Energy Traders: 4.54% | | | | |
| 2,045,000 | <i>AES Corporation</i> | 8.88 | 02/15/2011 | 2,045,000 |
| 7,569,000 | <i>Calpine Corporation</i> | 7.25 | 10/15/2017 | 7,739,303 |
| 4,850,000 | <i>Dynegy Holding Incorporated</i> | 7.63 | 10/15/2026 | 3,140,375 |
| 4,175,000 | <i>NRG Energy Incorporated</i> | 7.38 | 02/01/2016 | 4,321,125 |
| 5,650,000 | <i>NRG Energy Incorporated</i> | 7.38 | 01/15/2017 | 5,876,000 |
| 3,675,000 | <i>NRG Energy Incorporated</i> | 8.50 | 06/15/2019 | 3,831,188 |
| 1,020,000 | <i>RRI Energy Incorporated</i> | 7.63 | 06/15/2014 | 1,071,000 |
| 75,000 | <i>RRI Energy Incorporated</i> | 7.88 | 06/15/2017 | 75,563 |
| 2,617,955 | <i>RRI Energy Incorporated</i> | 9.24 | 07/02/2017 | 2,801,212 |
| 780,000 | <i>RRI Energy Incorporated</i> | 9.68 | 07/02/2026 | 842,400 |
| | | | | 31,743,166 |
| Total Corporate Bonds and Notes (Cost \$739,914,366) | | | | 783,060,089 |
| Yankee Corporate Bonds and Notes: 2.76% | | | | |
| Consumer Discretionary: 0.10% | | | | |
| Media: 0.10% | | | | |
| 100,000 | <i>Videotron Limited</i> | 6.38 | 12/15/2015 | 102,500 |
| 525,000 | <i>Videotron Limited</i> | 9.13 | 04/15/2018 | 587,344 |
| | | | | 689,844 |
| Energy: 1.27% | | | | |
| Oil, Gas & Consumable Fuels: 1.27% | | | | |
| 1,610,000 | <i>Connacher Oil & Gas Limited</i> | 10.25 | 12/15/2015 | 1,694,525 |
| 360,000 | <i>Connacher Oil & Gas Limited</i> | 11.75 | 07/15/2014 | 391,050 |
| 7,306,000 | <i>Griffin Coal Mining Company Limited</i> ^^ | 9.50 | 12/31/2049 | 6,118,775 |
| 1,115,000 | <i>OPTI Canada Incorporated</i> | 7.88 | 12/15/2014 | 666,213 |
| | | | | 8,870,563 |
| Financials: 0.36% | | | | |

Consumer Finance: 0.36%

| | | | | |
|-----------|------------------------------------|-------|------------|-----------|
| 2,205,000 | <i>Wind Acquisition Finance SA</i> | 11.75 | 07/15/2017 | 2,513,700 |
|-----------|------------------------------------|-------|------------|-----------|

Diversified Financial Services: 0.00%

| | | | | |
|-----------|---|------|------------|-----|
| 1,540,000 | <i>Preferred Term Securities XII Limited ±^{^(i)}</i> | 0.00 | 12/24/2033 | 462 |
|-----------|---|------|------------|-----|

Materials: 0.78%

Metals & Mining: 0.17%

| | | | | |
|---------|-----------------------------|------|------------|---------|
| 630,000 | <i>Novelis Incorporated</i> | 7.25 | 02/15/2015 | 642,600 |
|---------|-----------------------------|------|------------|---------|

| | | | | |
|---------|------------------------------|------|------------|---------|
| 500,000 | <i>Vedanta Resources plc</i> | 9.50 | 07/18/2018 | 555,000 |
|---------|------------------------------|------|------------|---------|

1,197,600

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Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

| Principal | Security Name | Interest Rate | Maturity Date | Value |
|---|--|----------------------|----------------------|--------------|
| Paper & Forest Products: 0.61% | | | | |
| \$ 715,000 | <i>PE Paper Escrow GmbH</i> | 12.00% | 08/01/2014 | \$ 833,098 |
| 1,265,000 | <i>Sappi Limited</i> | 6.75 | 06/15/2012 | 1,299,825 |
| 2,355,000 | <i>Sappi Limited</i> | 7.50 | 06/15/2032 | 2,098,858 |
| | | | | 4,231,781 |
| Telecommunication Services: 0.25% | | | | |
| Wireless Telecommunication Services: 0.25% | | | | |
| 870,000 | <i>Digicel Group Limited</i> | 12.00 | 04/01/2014 | 1,014,638 |
| 690,000 | <i>Telesat Canada Incorporated</i> | 11.00 | 11/01/2015 | 774,525 |
| | | | | 1,789,163 |
| Total Yankee Corporate Bonds and Notes (Cost \$16,581,057) | | | | 19,293,113 |
| Convertible Debentures: 0.74% | | | | |
| Information Technology: 0.74% | | | | |
| Communications Equipment: 0.44% | | | | |
| 3,225,000 | <i>Lucent Technologies Incorporated Series B</i> | 2.88 | 06/15/2025 | 3,067,781 |
| Semiconductors & Semiconductor Equipment: 0.30% | | | | |
| 2,025,000 | <i>Advanced Micro Devices Incorporated</i> | 5.75 | 08/15/2012 | 2,098,406 |
| Total Convertible Debentures (Cost \$4,244,600) | | | | 5,166,187 |
| Shares | | | | |
| Closed End Mutual Funds: 0.43% | | | | |
| 92,340 | <i>Dreyfus High Yield Strategies Fund Incorporated</i> | | | 419,224 |
| 85,251 | <i>Eaton Vance Limited Duration Income Trust</i> | | | 1,359,753 |
| 29,726 | <i>LMP Corporate Loan Fund Incorporated</i> | | | 356,712 |
| 85,764 | <i>New America High Income Fund Incorporated</i> | | | 855,067 |
| Total Closed End Mutual Funds (Cost \$1,592,609) | | | | 2,990,756 |

Principal**Term Loans: 10.58%**

| | | | | |
|---|---|-------|------------|-------------------|
| \$ 900,000 | <i>Advantage Sales & Marketing Incorporated</i> | 9.25 | 06/18/2018 | 915,192 |
| 1,975,000 | <i>Barrington Broadcasting Company</i> | 4.53 | 08/12/2013 | 1,900,938 |
| 2,608,650 | <i>Blackstone Group LP</i> | 7.75 | 11/02/2014 | 2,686,910 |
| 6,109,380 | <i>Capital Automotive</i> | 5.00 | 12/14/2012 | 6,262,115 |
| 5,726,082 | <i>Coinmach Corporation[^]</i> | 3.28 | 11/20/2014 | 5,350,337 |
| 11,732,499 | <i>Fairpoint Communications Incorporated</i> | 0.00 | 03/31/2015 | 8,545,131 |
| 819,103 | <i>Federal Mogul Corporation</i> | 2.20 | 12/28/2015 | 795,849 |
| 823,458 | <i>Federal Mogul Corporation</i> | 2.20 | 12/29/2014 | 800,080 |
| 7,200,000 | <i>First Data Corporation</i> | 3.01 | 09/24/2014 | 6,800,746 |
| 1,819,319 | <i>Gray Television</i> | 3.77 | 12/31/2014 | 1,799,834 |
| 1,300,000 | <i>Level 3 Financing Incorporated</i> | 2.55 | 03/13/2014 | 1,270,750 |
| 3,186,847 | <i>Local TV Finance LLC</i> | 2.31 | 05/07/2013 | 3,083,274 |
| 1,901,672 | <i>Merisant Company (i)</i> | 7.50 | 01/08/2014 | 1,807,786 |
| 2,692,045 | <i>NCO Group Incorporated</i> | 7.50 | 11/15/2013 | 2,646,631 |
| 5,920,000 | <i>Newsday LLC</i> | 10.50 | 08/01/2013 | 6,286,330 |
| 484,688 | <i>Panolam Industries International</i> | 8.25 | 12/31/2013 | 437,431 |
| 2,375,000 | <i>Sugarhouse HSP Gaming Properties LP</i> | 11.25 | 09/23/2014 | 2,411,623 |
| 24,562,583 | <i>TXU Energy Company LLC[^]</i> | 3.76 | 10/10/2014 | 20,208,865 |
| Total Term Loans (Cost \$71,222,779) | | | | 74,009,822 |

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Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

| Shares | Security Name | Value |
|---|--|------------------------|
| Short-Term Investments: 5.28% | | |
| 36,979,607 | <i>Wells Fargo Advantage Cash Investment Money Market Fund##(l)(u)</i> | \$ 36,979,607 |
| Total Short-Term Investments (Cost \$36,979,607) | | 36,979,607 |
| Total Investments in Securities | | |
| (Cost \$870,535,018)* | | 131.74% 921,499,574 |
| <i>Other Assets and Liabilities, Net</i> | | (31.74) (222,013,795) |
| Total Net Assets | | 100.00% \$ 699,485,779 |

Footnote Legend: 0.00%

All or a portion of this security has been segregated for when-issued, delayed delivery securities and/or unfunded loans.

^ *All or a portion of the position represents an unfunded loan commitment.*

°° *Stepped coupon bond. Interest rate presented is yield to maturity.*

@ *Payment-in-kind (PIK) securities are securities 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.*

(l) *Investment in an affiliate.*

Securities that may be resold to qualified institutional buyers under Rule 144A or securities offered pursuant to Section 4(2) of the Securities Act of 1933, as amended.

± *Variable rate investments.*

^^ *This 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*

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

* *Cost for federal income tax purposes is \$875,350,350 and net unrealized appreciation (depreciation) consists of:*

| | |
|--------------------------------------|---------------|
| <i>Gross unrealized appreciation</i> | \$ 60,488,971 |
| <i>Gross unrealized depreciation</i> | (14,339,747) |
| <i>Net unrealized appreciation</i> | \$ 46,149,224 |

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Wells Fargo Advantage Income Opportunities Fund

Notes to Portfolio of Investments January 31, 2011 (unaudited)

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 Valuation 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 Trust's 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.

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 January 31, 2011, the Fund had unfunded loan commitments of \$1,849,000.

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

| Investments in Securities | Quoted Prices (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|---|--|--|--|----------------|
| Corporate bonds and notes | \$ 0 | \$ 771,045,023 | \$ 12,015,066 | \$ 783,060,089 |
| Yankee corporate bonds and notes | 0 | 19,292,651 | 462 | 19,293,113 |
| Convertible debentures | 0 | 5,166,187 | 0 | 5,166,187 |
| Investment companies | 2,990,756 | 0 | 0 | 2,990,756 |
| Term loans | 0 | 74,009,822 | 0 | 74,009,822 |
| Short-term investments | | | | |
| <i>Investment companies</i> | 36,979,607 | 0 | 0 | 36,979,607 |
| Total | \$ 39,970,363 | \$ 869,513,683 | \$ 12,015,528 | \$ 921,499,574 |

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

| | Corporate bonds and notes | Yankee corporate bonds and notes | Term loans | Total |
|---|--|---|-------------------|---------------|
| Balance as of April 30, 2010 | \$ 817,002 | \$ 0 | \$ 13,198,721 | \$ 14,015,723 |
| Accrued discounts (premiums) | 157 | 0 | 50,444 | 50,601 |
| Realized gains (losses) | (962,719) | 0 | (101,472) | (1,064,191) |
| Change in unrealized gains (losses) | 1,025,056 | 0 | (335,812) | 689,244 |
| Purchases | 0 | 0 | 1,731,631 | 1,731,631 |
| Sales | (879,496) | 0 | (14,543,512) | (15,423,008) |
| Transfers into Level 3 | 12,015,066 | 462 | 0 | 12,015,528 |
| Transfers out of Level 3 | 0 | 0 | 0 | 0 |
| Balance as of January 31, 2011 | \$ 12,015,066 | \$ 462 | \$ 0 | \$ 12,015,528 |
| Change in unrealized gains (losses) included in earnings relating to securities still held at January 31, 2011 | \$ 0 | \$ 0 | | \$ 0 |

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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.

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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: March 29, 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: March 29, 2011

By: /s/ Kasey L. Phillips

Kasey L. Phillips
Treasurer

Date: March 29, 2011