

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Form N-Q

September 26, 2012

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

Washington, D.C. 20549

**FORM N-Q**

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

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

**Wells Fargo Advantage Income Opportunities Fund**

(Exact name of registrant as specified in charter)

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

(Address of principal executive offices) (Zip code)

**C. David Messman**

**Wells Fargo Funds Management, LLC**

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

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

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

Date of fiscal year end: **April 30, 2012**

Date of reporting period: **July 31, 2012**

ITEM 1. PORTFOLIO OF INVESTMENTS

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

Security Name	Shares	Value
<b>Common Stocks : 0.12%</b>		
<b>Consumer Discretionary : 0.00%</b>		
<b>Hotels, Restaurants &amp; Leisure : 0.00%</b>		
<i>Trump Entertainment Resorts Incorporated (i)</i>	2,149	\$ 8,596
<b>Telecommunication Services : 0.12%</b>		
<b>Diversified Telecommunication Services : 0.12%</b>		
<i>Fairpoint Communications Incorporated</i>	134,375	821,032
<b>Total Common Stocks (Cost \$3,109,765)</b>		829,628

	Interest Rate	Maturity Date	Principal	
<b>Corporate Bonds and Notes : 111.42%</b>				
<b>Consumer Discretionary : 25.33%</b>				
<b>Auto Components : 2.08%</b>				
<i>Allison Transmission Incorporated 144A</i>	7.13%	05/15/2019	\$ 6,075,000	6,386,344
<i>Cooper Tire &amp; Rubber Company</i>	7.63	03/15/2027	4,455,000	4,393,744
<i>Cooper Tire &amp; Rubber Company</i>	8.00	12/15/2019	150,000	160,688
<i>Goodyear Tire &amp; Rubber Company</i>	7.00	05/15/2022	700,000	714,875
<i>United Rentals Financing Escrow Corporation 144A</i>	5.75	07/15/2018	2,675,000	2,795,375
				14,451,026

<b>Diversified Consumer Services : 2.89%</b>				
<i>Carriage Services Incorporated</i>	7.88	01/15/2015	4,055,000	4,095,550
<i>Service Corporation International</i>	6.75	04/01/2016	1,250,000	1,381,250
<i>Service Corporation International</i>	7.00	05/15/2019	1,125,000	1,223,438
<i>Service Corporation International</i>	7.50	04/01/2027	9,376,000	9,797,920
<i>Service Corporation International</i>	7.63	10/01/2018	1,000,000	1,160,000
<i>Service Corporation International</i>	8.00	11/15/2021	880,000	1,036,200
<i>Service Corporation International</i>	7.00	06/15/2017	1,250,000	1,421,875
				20,116,233

<b>Hotels, Restaurants &amp; Leisure : 7.71%</b>				
<i>Ameristar Casinos Incorporated</i>	7.50	04/15/2021	5,502,000	5,928,405
<i>Burger King Corporation</i>	9.88	10/15/2018	1,600,000	1,834,000
<i>CCM Merger Incorporated 144A</i>	9.13	05/01/2019	6,890,000	6,993,350
<i>Chukchansi Economic Development Authority 144A ±</i>	9.75	05/30/2020	2,399,000	1,775,260
<i>CityCenter Holdings LLC</i>	7.63	01/15/2016	350,000	368,813
<i>CityCenter Holdings LLC 144A</i>	7.63	01/15/2016	1,700,000	1,787,125
<i>CityCenter Holdings LLC ¥</i>	10.75	01/15/2017	3,471,305	3,657,888
<i>Dineequity Incorporated</i>	9.50	10/30/2018	8,475,000	9,364,875
<i>Greektown Superholdings Incorporated Series A</i>	13.00	07/01/2015	6,812,000	7,408,050
<i>Greektown Superholdings Incorporated Series B</i>	13.00	07/01/2015	1,475,000	1,604,063
<i>NAI Entertainment Holdings LLC 144A</i>	8.25	12/15/2017	3,510,000	3,904,875
<i>Penn National Gaming Incorporated</i>	8.75	08/15/2019	1,499,000	1,658,269
<i>Ruby Tuesday Incorporated 144A</i>	7.63	05/15/2020	3,700,000	3,325,375
<i>Scientific Games Corporation</i>	9.25	06/15/2019	1,130,000	1,245,825
<i>Speedway Motorsports Incorporated</i>	6.75	02/01/2019	450,000	473,625
<i>Speedway Motorsports Incorporated</i>	8.75	06/01/2016	2,075,000	2,251,375
				53,581,173

<b>Household Durables : 0.15%</b>				
-----------------------------------	--	--	--	--

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

*American Greetings Corporation*

7.38

12/01/2021

950,000

1,007,000

1

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Security Name	Interest Rate	Maturity Date	Principal	Value
<b>Media : 10.89%</b>				
<i>Cablevision Systems Corporation</i>	8.63%	09/15/2017	\$ 2,975,000	\$ 3,398,938
<i>CCH II Capital Corporation</i>	13.50	11/30/2016	12,981,015	14,376,474
<i>CCO Holdings LLC</i>	6.50	04/30/2021	1,525,000	1,650,813
<i>CCO Holdings LLC</i>	7.00	01/15/2019	2,075,000	2,277,313
<i>CCO Holdings LLC</i>	7.88	04/30/2018	300,000	327,375
<i>CCO Holdings LLC</i>	8.13	04/30/2020	746,000	842,980
<i>Cinemark USA Incorporated</i>	7.38	06/15/2021	1,525,000	1,692,750
<i>Cinemark USA Incorporated</i>	8.63	06/15/2019	1,100,000	1,226,500
<i>CSC Holdings LLC</i>	7.63	07/15/2018	650,000	736,125
<i>CSC Holdings LLC</i>	7.88	02/15/2018	1,650,000	1,885,125
<i>CSC Holdings LLC</i>	8.50	04/15/2014	200,000	220,500
<i>DISH DBS Corporation</i>	7.88	09/01/2019	2,260,000	2,627,250
<i>EchoStar DBS Corporation</i>	7.13	02/01/2016	1,160,000	1,280,350
<i>EchoStar DBS Corporation</i>	7.75	05/31/2015	650,000	727,188
<i>Gray Television Incorporated</i>	10.50	06/29/2015	9,133,000	9,680,980
<i>Lamar Media Corporation</i>	5.88	02/01/2022	1,175,000	1,239,625
<i>Lamar Media Corporation</i>	7.88	04/15/2018	3,925,000	4,356,750
<i>Lamar Media Corporation Series C</i>	9.75	04/01/2014	925,000	1,037,156
<i>LIN Television Corporation</i>	8.38	04/15/2018	3,475,000	3,605,313
<i>Local TV Finance LLC 144A</i>	9.25	06/15/2015	7,825,000	7,981,500
<i>National CineMedia LLC 144A</i>	6.00	04/15/2022	1,725,000	1,785,375
<i>National CineMedia LLC</i>	7.88	07/15/2021	1,150,000	1,239,125
<i>Regal Cinemas Corporation</i>	8.63	07/15/2019	5,500,000	6,146,250
<i>Salem Communications Corporation</i>	9.63	12/15/2016	4,573,000	5,064,598
<i>Sirius XM Radio Incorporated 144A</i>	9.75	09/01/2015	250,000	263,594
				7,669,947
<b>Specialty Retail : 1.62%</b>				
<i>Gap Incorporated</i>	5.95	04/12/2021	1,175,000	1,242,121
<i>Limited Brands Incorporated</i>	6.63	04/01/2021	925,000	1,027,906
<i>RadioShack Corporation</i>	6.75	05/15/2019	3,925,000	2,512,000
<i>Rent-A-Center Incorporated</i>	6.63	11/15/2020	700,000	755,125
<i>Toys R Us Property Company LLC</i>	10.75	07/15/2017	1,225,000	1,353,625
<i>Toys R Us Property Company LLC</i>	8.50	12/01/2017	4,025,000	4,347,000
				11,237,777
<b>Consumer Staples : 1.32%</b>				
<b>Food Products : 1.32%</b>				
<i>B&amp;G Foods Incorporated</i>	7.63	01/15/2018	405,000	437,400
<i>Dole Food Company Incorporated</i>	13.88	03/15/2014	3,075,000	3,474,750
<i>Smithfield Foods Incorporated</i>	10.00	07/15/2014	4,465,000	5,257,538
				9,169,688
<b>Energy : 17.94%</b>				
<b>Energy Equipment &amp; Services : 6.74%</b>				
<i>Bristow Group Incorporated</i>	7.50	09/15/2017	3,210,000	3,330,375
<i>Dresser Rand Group Incorporated</i>	6.50	05/01/2021	1,825,000	1,916,250
<i>Gulfmark Offshore Incorporated 144A</i>	6.38	03/15/2022	3,475,000	3,553,188
<i>Hornbeck Offshore Services Incorporated Series B 144A</i>	5.88	04/01/2020	750,000	750,000
<i>Hornbeck Offshore Services Incorporated Series B</i>	8.00	09/01/2017	4,920,000	5,264,400
<i>NGPL PipeCo LLC 144A</i>	7.12	12/15/2017	625,000	642,188
<i>NGPL PipeCo LLC 144A</i>	7.77	12/15/2037	4,575,000	4,483,500

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

<i>NGPL PipeCo LLC 144A</i>	9.63	06/01/2019	4,250,000	4,621,875
<i>Oil States International Incorporated</i>	6.50	06/01/2019	3,354,000	3,530,085
<i>PHI Incorporated</i>	8.63	10/15/2018	5,725,000	5,911,063
<i>Pride International Incorporated</i>	8.50	06/15/2019	210,000	276,199
<i>Rockies Express Pipeline LLC 144A</i>	3.90	04/15/2015	3,475,000	3,388,125
<i>Rockies Express Pipeline LLC 144A</i>	5.63	04/15/2020	700,000	665,000

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

Security Name	Interest Rate	Maturity Date	Principal	Value
<b>Energy Equipment &amp; Services (continued)</b>				
Rockies Express Pipeline LLC 144A	6.88%	04/15/2040	\$ 8,035,000	\$ 7,251,588
Rockies Express Pipeline LLC 144A	7.50	07/15/2038	1,350,000	1,279,125
				46,862,961
<b>Oil, Gas &amp; Consumable Fuels : 11.20%</b>				
Coffeyville Resources Incorporated 144A	9.00	04/01/2015	1,947,000	2,068,688
Crestwood Midstream Partners LP	7.75	04/01/2019	1,350,000	1,370,250
Denbury Resources Incorporated	6.38	08/15/2021	700,000	750,750
Denbury Resources Incorporated	8.25	02/15/2020	2,975,000	3,346,875
El Paso Corporation	6.50	09/15/2020	1,155,000	1,295,863
El Paso Corporation	7.00	06/15/2017	2,938,000	3,367,280
El Paso Corporation	7.25	06/01/2018	3,149,000	3,633,467
El Paso Corporation	7.42	02/15/2037	1,820,000	1,952,787
El Paso Corporation	7.80	08/01/2031	3,050,000	3,551,127
Encore Acquisition Company	9.50	05/01/2016	700,000	766,500
Energy Transfer Equity LP	7.50	10/15/2020	5,950,000	6,797,875
Ferrellgas Finance Corporation	9.13	10/01/2017	4,925,000	5,269,750
Griffin Coal Mining Company Limited (s)	9.50	12/01/2016	652,804	554,067
Holly Corporation	9.88	06/15/2017	4,265,000	4,723,488
Inergy LP	6.88	08/01/2021	824,000	846,660
Inergy LP	7.00	10/01/2018	950,000	980,875
Petrohawk Energy Corporation	7.88	06/01/2015	2,045,000	2,126,800
Petrohawk Energy Corporation	10.50	08/01/2014	1,065,000	1,174,333
Pioneer Natural Resource Company	7.50	01/15/2020	3,170,000	3,941,955
Plains Exploration & Production Company	8.63	10/15/2019	6,380,000	7,177,500
Regency Energy Partners	6.88	12/01/2018	475,000	508,250
Sabine Pass LNG LP	7.25	11/30/2013	4,940,000	5,137,600
Sabine Pass LNG LP	7.50	11/30/2016	8,525,000	8,983,219
Ship Finance International Limited	8.50	12/15/2013	2,250,000	2,238,750
Suburban Propane Partners LP	7.38	03/15/2020	575,000	603,750
Susser Holdings LLC	8.50	05/15/2016	2,000,000	2,180,000
Tesoro Corporation	9.75	06/01/2019	2,185,000	2,479,975
				77,828,434
<b>Financials : 26.68%</b>				
<b>Capital Markets : 1.96%</b>				
E*TRADE Financial Corporation	12.50	11/30/2017	9,741,000	11,153,445
Oppenheimer Holdings Incorporated	8.75	04/15/2018	2,500,000	2,437,500
				13,590,945
<b>Commercial Banks : 2.90%</b>				
CIT Group Incorporated 144A	4.75	02/15/2015	3,475,000	3,614,372
CIT Group Incorporated	5.00	05/15/2017	425,000	444,125
CIT Group Incorporated 144A	5.25	04/01/2014	7,275,000	7,584,188
CIT Group Incorporated	5.25	03/15/2018	875,000	926,406
CIT Group Incorporated 144A	5.50	02/15/2019	2,225,000	2,347,375
Emigrant Bancorp Incorporated 144A(i)	6.25	06/15/2014	5,725,000	5,262,620
				20,179,086
<b>Consumer Finance : 14.49%</b>				
Ally Financial Incorporated	5.50	02/15/2017	1,325,000	1,380,673
Ally Financial Incorporated	6.75	12/01/2014	2,344,000	2,528,590

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

<i>Ally Financial Incorporated</i>	6.88	08/28/2012	2,862,000	2,867,724
<i>Ally Financial Incorporated</i>	7.50	12/31/2013	6,855,000	7,376,254
<i>Ally Financial Incorporated</i>	8.30	02/12/2015	8,820,000	9,801,225
<i>American General Finance Corporation</i>	5.40	12/01/2015	2,800,000	2,408,000
<i>American General Finance Corporation</i>	5.75	09/15/2016	2,325,000	1,918,125
<i>American General Finance Corporation</i>	6.50	09/15/2017	550,000	446,875

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Security Name	Interest Rate	Maturity Date	Principal	Value
<b>Consumer Finance (continued)</b>				
<i>Clearwire Communications Finance Corporation 144A</i>	12.00%	12/01/2015	\$ 5,420,000	\$ 5,110,500
<i>Ford Motor Credit Company LLC</i>	7.00	10/01/2013	500,000	531,889
<i>Ford Motor Credit Company LLC</i>	8.00	12/15/2016	200,000	236,446
<i>General Motors Financial Company</i>	6.75	06/01/2018	2,325,000	2,560,506
<i>Homer City Funding LLC</i>	8.73	10/01/2026	2,817,836	2,712,167
<i>International Lease Finance Corporation</i>	6.38	03/25/2013	865,000	886,625
<i>International Lease Finance Corporation 144A</i>	6.75	09/01/2016	2,200,000	2,414,500
<i>International Lease Finance Corporation 144A</i>	7.13	09/01/2018	300,000	339,375
<i>International Lease Finance Corporation</i>	8.63	09/15/2015	1,700,000	1,916,750
<i>JBS USA Finance Incorporated</i>	11.63	05/01/2014	8,465,000	9,597,194
<i>Level 3 Financing Incorporated</i>	10.00	02/01/2018	4,555,000	4,976,338
<i>Nielsen Finance LLC Company</i>	11.50	05/01/2016	1,170,000	1,316,250
<i>Nielson Finance LLC Company</i>	7.75	10/15/2018	11,270,000	12,678,750
<i>Springleaf Finance Corporation</i>	6.90	12/15/2017	7,050,000	5,745,750
<i>Sprint Capital Corporation</i>	6.88	11/15/2028	16,375,000	14,696,563
<i>Sprint Capital Corporation</i>	8.75	03/15/2032	6,270,000	6,254,325
				100,701,394
<b>Diversified Financial Services : 4.38%</b>				
<i>Dolphin Subsidiary II Incorporated 144A</i>	7.25	10/15/2021	4,700,000	5,346,250
<i>Hub International Holdings Incorporated 144A</i>	10.25	06/15/2015	6,650,000	6,683,250
<i>Neuberger Berman Group 144A</i>	5.63	03/15/2020	900,000	942,750
<i>Neuberger Berman Group 144A</i>	5.88	03/15/2022	1,125,000	1,189,688
<i>Nuveen Investments Incorporated</i>	5.50	09/15/2015	5,800,000	5,220,000
<i>Nuveen Investments Incorporated</i>	10.50	11/15/2015	7,795,000	7,911,925
<i>USI Holdings Corporation ±144A</i>	4.34	11/15/2014	1,175,000	1,104,500
<i>USI Holdings Corporation 144A</i>	9.75	05/15/2015	2,055,000	2,075,550
				30,473,913
<b>Real Estate Management &amp; Development : 0.45%</b>				
<i>Ashtead Capital Incorporated 144A</i>	6.50	07/15/2022	3,025,000	3,146,000
<b>REITs : 2.50%</b>				
<i>Dupont Fabros Technology Incorporated</i>	8.50	12/15/2017	11,580,000	12,766,950
<i>Host Hotels &amp; Resorts Incorporated</i>	9.00	05/15/2017	490,000	540,225
<i>Omega Healthcare Investors Incorporated 144A</i>	5.88	03/15/2024	325,000	347,750
<i>Omega Healthcare Investors Incorporated</i>	6.75	10/15/2022	3,375,000	3,729,375
				17,384,300
<b>Health Care : 5.39%</b>				
<b>Health Care Equipment &amp; Supplies : 0.53%</b>				
<i>Biomet Incorporated ¥</i>	10.38	10/15/2017	1,215,000	1,300,050
<i>Fresenius Medical Care Incorporated</i>	6.88	07/15/2017	700,000	796,250
<i>Hologic Incorporated 144A</i>	6.25	08/01/2020	1,495,000	1,580,963
				3,677,263
<b>Health Care Providers &amp; Services : 4.17%</b>				
<i>Apria Healthcare Group Incorporated</i>	11.25	11/01/2014	1,340,000	1,400,300
<i>Aviv Healthcare Incorporated</i>	7.75	02/15/2019	3,725,000	3,850,719
<i>Centene Corporation</i>	5.75	06/01/2017	1,925,000	2,018,844
<i>Community Health Systems Incorporated</i>	7.13	07/15/2020	1,325,000	1,387,938
<i>Community Health Systems Incorporated</i>	8.88	07/15/2015	765,000	780,300

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

<i>Emergency Medical Services Corporation</i>	8.13	06/01/2019	800,000	851,000
<i>HCA Incorporated</i>	5.88	03/15/2022	750,000	807,188
<i>HCA Incorporated</i>	6.50	02/15/2020	5,675,000	6,341,813
<i>HCA Incorporated</i>	7.50	11/15/2095	1,350,000	1,100,250
<i>HCA Incorporated</i>	8.50	04/15/2019	375,000	422,578

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

Security Name	Interest Rate	Maturity Date	Principal	Value
<b>Health Care Providers &amp; Services (continued)</b>				
<i>Health Management Associates Incorporated</i>	6.13%	04/15/2016	\$ 475,000	\$ 510,031
<i>HealthSouth Corporation</i>	7.25	10/01/2018	750,000	812,813
<i>HealthSouth Corporation</i>	7.75	09/15/2022	750,000	815,625
<i>MPT Operating Partnership LP</i>	6.38	02/15/2022	775,000	802,125
<i>MPT Operating Partnership LP</i>	6.88	05/01/2021	3,175,000	3,373,438
<i>PSS World Medical Incorporated</i>	6.38	03/01/2022	450,000	470,250
<i>Sabra Health Care LP</i>	8.13	11/01/2018	2,850,000	3,063,750
<i>Tenet Healthcare Corporation</i>	10.00	05/01/2018	150,000	174,000
				28,982,962
<b>Pharmaceuticals : 0.69%</b>				
<i>Mylan Incorporated 144A</i>	6.00	11/15/2018	1,300,000	1,400,750
<i>Mylan Incorporated 144A</i>	7.63	07/15/2017	1,400,000	1,561,875
<i>Mylan Incorporated 144A</i>	7.88	07/15/2020	1,625,000	1,848,438
				4,811,063
<b>Industrials : 5.67%</b>				
<b>Aerospace &amp; Defense : 1.25%</b>				
<i>Alliant Techsystems Incorporated</i>	6.75	04/01/2016	4,470,000	4,581,750
<i>GeoEye Incorporated</i>	9.63	10/01/2015	1,140,000	1,262,550
<i>L-3 Communications Holdings Incorporated</i>	6.38	10/15/2015	1,338,000	1,366,433
<i>TransDigm Group Incorporated</i>	7.75	12/15/2018	1,300,000	1,449,500
				8,660,233
<b>Commercial Services &amp; Supplies : 2.78%</b>				
<i>Casella Waste Systems Incorporated</i>	11.00	07/15/2014	4,385,000	4,648,100
<i>Corrections Corporation of America</i>	7.75	06/01/2017	2,110,000	2,285,394
<i>Covanta Holding Corporation</i>	6.38	10/01/2022	900,000	966,596
<i>Crown Cork &amp; Seal Company Incorporated (i)</i>	7.50	12/15/2096	1,225,000	1,058,094
<i>Geo Group Incorporated</i>	7.75	10/15/2017	2,955,000	3,184,013
<i>Interface Incorporated</i>	7.63	12/01/2018	300,000	321,000
<i>Iron Mountain Incorporated</i>	8.38	08/15/2021	3,520,000	3,898,400
<i>KAR Holdings Incorporated ±</i>	4.47	05/01/2014	3,013,000	3,001,701
				19,363,298
<b>Machinery : 1.03%</b>				
<i>Cleaver-Brooks Incorporated 144A</i>	12.25	05/01/2016	1,440,000	1,537,200
<i>Columbus McKinnon Corporation</i>	7.88	02/01/2019	1,575,000	1,669,500
<i>CPM Holdings Incorporated</i>	10.63	09/01/2014	3,025,000	3,206,500
<i>Titan International Incorporated</i>	7.88	10/01/2017	700,000	724,500
				7,137,700
<b>Professional Services : 0.52%</b>				
<i>Affinia Group Incorporated 144A</i>	10.75	08/15/2016	184,000	199,410
<i>Interactive Data Corporation</i>	10.25	08/01/2018	3,005,000	3,403,163
				3,602,573
<b>Transportation Infrastructure : 0.09%</b>				
<i>Overseas Shipholding Group</i>	7.50	02/15/2024	1,250,000	625,000
<b>Information Technology : 9.20%</b>				

**Communications Equipment : 0.96%**

<i>Allbritton Communications Company</i>	8.00	05/15/2018	3,274,000	3,478,625
<i>Lucent Technologies Incorporated</i>	6.45	03/15/2029	3,100,000	1,767,000

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Security Name	Interest Rate	Maturity Date	Principal	Value
<b>Communications Equipment (continued)</b>				
<i>Seagate Technology Holdings</i>	6.80%	10/01/2016	\$ 1,275,000	\$ 1,418,438
				6,664,063
<b>Computers &amp; Peripherals : 0.50%</b>				
<i>Seagate HDD Cayman</i>	6.88	05/01/2020	650,000	701,188
<i>Seagate HDD Cayman</i>	7.75	12/15/2018	2,500,000	2,768,750
				3,469,938
<b>Electronic Equipment, Instruments &amp; Components : 2.78%</b>				
<i>CDW Financial Corporation</i>	12.54	10/12/2017	2,900,000	3,110,250
<i>Jabil Circuit Incorporated</i>	8.25	03/15/2018	13,532,000	16,238,400
				19,348,650
<b>Internet Software &amp; Services : 0.36%</b>				
<i>Equinix Incorporated</i>	7.00	07/15/2021	125,000	139,063
<i>Equinix Incorporated</i>	8.13	03/01/2018	2,125,000	2,353,438
				2,492,501
<b>IT Services : 4.60%</b>				
<i>Audatex North America Incorporated 144A</i>	6.75	06/15/2018	1,375,000	1,467,813
<i>Fidelity National Information Services Incorporated 144A</i>	5.00	03/15/2022	500,000	527,500
<i>Fidelity National Information Services Incorporated</i>	7.63	07/15/2017	550,000	607,750
<i>Fidelity National Information Services Incorporated 144A</i>	7.63	07/15/2017	325,000	357,500
<i>Fidelity National Information Services Incorporated</i>	7.88	07/15/2020	2,450,000	2,762,375
<i>First Data Corporation 144A</i>	7.38	06/15/2019	1,325,000	1,382,969
<i>First Data Corporation</i>	11.25	03/31/2016	10,125,000	9,644,063
<i>SunGard Data Systems Incorporated</i>	7.38	11/15/2018	3,750,000	3,984,375
<i>SunGard Data Systems Incorporated</i>	7.63	11/15/2020	550,000	590,563
<i>SunGard Data Systems Incorporated</i>	10.25	08/15/2015	7,664,750	7,846,788
<i>TW Telecommunications Holdings Incorporated</i>	8.00	03/01/2018	1,272,000	1,421,460
<i>Unisys Corporation</i>	12.50	01/15/2016	185,000	197,025
<i>Unisys Corporation 144A</i>	12.75	10/15/2014	1,068,000	1,153,440
				31,943,621
<b>Materials : 1.91%</b>				
<b>Chemicals : 0.60%</b>				
<i>Huntsman International LLC</i>	5.50	06/30/2016	2,855,000	2,862,138
<i>Solutia Incorporated</i>	7.88	03/15/2020	989,000	1,169,493
<i>Solutia Incorporated</i>	8.75	11/01/2017	100,000	113,250
				4,144,881
<b>Containers &amp; Packaging : 0.61%</b>				
<i>Ball Corporation</i>	5.00	03/15/2022	475,000	502,313
<i>Ball Corporation</i>	6.75	09/15/2020	375,000	415,313
<i>Crown Americas LLC</i>	7.63	05/15/2017	950,000	1,030,750
<i>Owens Brockway Glass Container Incorporated</i>	7.38	05/15/2016	740,000	834,350
<i>Silgan Holdings Incorporated 144A</i>	5.00	04/01/2020	1,450,000	1,497,125
				4,279,851
<b>Metals &amp; Mining : 0.00%</b>				

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

<i>Indalex Holdings Corporation (s)(i)(a)</i>	11.50	02/01/2014	5,985,000	1
<b>Paper &amp; Forest Products : 0.70%</b>				
<i>Clearwater Paper Corporation</i>	10.63	06/15/2016	1,175,000	1,310,125

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

Security Name	Interest Rate	Maturity Date	Principal	Value
<b>Paper &amp; Forest Products (continued)</b>				
<i>Georgia-Pacific Corporation</i>	8.88%	05/15/2031	\$ 2,430,000	\$ 3,566,671
				4,876,796
<b>Telecommunication Services : 11.07%</b>				
<b>Diversified Telecommunication Services : 7.18%</b>				
<i>Avaya Incorporated</i>	9.75	11/01/2015	1,150,000	897,000
<i>Citizens Communications Company</i>	7.88	01/15/2027	4,205,000	3,773,988
<i>FairPoint Communications Incorporated 144A</i>	10.88	04/01/2017	2,550,000	2,836,875
<i>Frontier Communications Corporation</i>	8.13	10/01/2018	1,980,000	2,158,200
<i>Frontier Communications Corporation</i>	8.25	04/15/2017	2,380,000	2,606,100
<i>Frontier Communications Corporation</i>	8.50	04/15/2020	1,000,000	1,082,500
<i>GCI Incorporated</i>	6.75	06/01/2021	1,075,000	1,042,750
<i>GCI Incorporated</i>	8.63	11/15/2019	8,675,000	9,217,188
<i>Intelsat Jackson Holdings Company</i>	7.25	10/15/2020	1,700,000	1,814,750
<i>Intelsat Jackson Holdings Company 144A</i>	7.25	10/15/2020	1,525,000	1,620,313
<i>Qwest Corporation</i>	7.63	08/03/2021	440,000	470,981
<i>SBA Telecommunications Incorporated 144A</i>	5.75	07/15/2020	250,000	263,125
<i>SBA Telecommunications Incorporated</i>	8.00	08/15/2016	709,000	754,376
<i>SBA Telecommunications Incorporated</i>	8.25	08/15/2019	543,000	604,088
<i>Syniverse Holdings Incorporated</i>	9.13	01/15/2019	7,875,000	8,603,438
<i>Telesat Canada Incorporated 144A</i>	6.00	05/15/2017	1,225,000	1,267,875
<i>U.S. West Communications Incorporated</i>	7.13	11/15/2043	1,810,000	1,814,525
<i>U.S. West Communications Incorporated</i>	7.25	09/15/2025	2,755,000	3,165,906
<i>Windstream Corporation</i>	7.88	11/01/2017	5,380,000	5,911,275
				49,905,253
<b>Wireless Telecommunication Services : 3.89%</b>				
<i>CC Holdings LLC 144A</i>	7.75	05/01/2017	650,000	704,438
<i>Cricket Communications Incorporated</i>	7.75	05/15/2016	3,355,000	3,556,300
<i>Cricket Communications Incorporated</i>	7.75	10/15/2020	3,200,000	3,056,000
<i>Crown Castle International Corporation</i>	7.13	11/01/2019	165,000	181,088
<i>Crown Castle International Corporation</i>	9.00	01/15/2015	650,000	708,906
<i>Intelsat Limited</i>	11.25	06/15/2016	4,265,000	4,488,913
<i>iPCS Incorporated ¥</i>	3.72	05/01/2014	2,607,559	2,561,927
<i>MetroPCS Communications Incorporated</i>	6.63	11/15/2020	4,975,000	5,024,750
<i>MetroPCS Communications Incorporated</i>	7.88	09/01/2018	1,050,000	1,113,000
<i>Sprint Nextel Corporation 144A</i>	9.00	11/15/2018	750,000	875,625
<i>Sprint Nextel Corporation 144A</i>	11.50	11/15/2021	1,200,000	1,440,000
<i>Sprint Nextel Corporation Series F</i>	5.95	03/15/2014	3,315,000	3,323,288
				27,034,235
<b>Utilities : 6.91%</b>				
<b>Electric Utilities : 2.65%</b>				
<i>Energy Future Holdings Corporation</i>	10.00	12/01/2020	150,000	165,188
<i>IPALCO Enterprises Incorporated</i>	5.00	05/01/2018	1,750,000	1,802,500
<i>IPALCO Enterprises Incorporated 144A</i>	7.25	04/01/2016	3,528,000	3,933,720
<i>Mirant Mid-Atlantic LLC Series C</i>	10.06	12/30/2028	7,560,525	8,203,169
<i>Otter Tail Corporation</i>	9.00	12/15/2016	3,985,000	4,323,725
				18,428,302
<b>Gas Utilities : 0.28%</b>				

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

<i>AmeriGas Finance LLC</i>	6.75	05/20/2020	900,000	951,750
<i>AmeriGas Finance LLC</i>	7.00	05/20/2022	925,000	982,813
				1,934,563

**Independent Power Producers & Energy Traders : 3.98%**

<i>Calpine Construction Finance Corporation 144A</i>	8.00	06/01/2016	2,700,000	2,926,125
--	------	------------	-----------	-----------

7

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Security Name	Interest Rate	Maturity Date	Principal	Value
<b>Independent Power Producers &amp; Energy Traders (continued)</b>				
<i>Calpine Corporation 144A</i>	7.25%	10/15/2017	\$ 9,694,000	\$ 10,493,755
<i>NRG Energy Incorporated</i>	7.38	01/15/2017	6,050,000	6,276,875
<i>NRG Energy Incorporated</i>	8.50	06/15/2019	3,675,000	3,932,250
<i>RRI Energy Incorporated</i>	7.63	06/15/2014	1,020,000	1,086,300
<i>RRI Energy Incorporated</i>	9.24	07/02/2017	2,021,662	2,112,637
<i>RRI Energy Incorporated</i>	9.68	07/02/2026	780,000	819,000
				27,646,942
<b>Total Corporate Bonds and Notes (Cost \$737,395,756)</b>				774,429,566

	Dividend Yield	Shares
<b>Preferred Stocks : 0.19%</b>		
<b>Financials : 0.19%</b>		
<b>Consumer Finance : 0.19%</b>		
<i>GMAC Capital Trust ±</i>	8.13	53,000
		1,292,140
<b>Total Preferred Stocks (Cost \$1,325,000)</b>		1,292,140

	Interest Rate	Principal
<b>Term Loans : 12.02%</b>		
<i>Advantage Sales &amp; Marketing Incorporated</i>	9.25	900,000
		895,500
<i>Capital Automotive LP</i>	5.25	6,963,608
		6,951,979
<i>CCM Merger Incorporated</i>	6.00	6,296,169
		6,222,692
<i>Coinmach Corporation</i>	3.25	6,555,327
		6,284,919
<i>Energy Transfer Equity LP</i>	3.75	3,250,000
		3,198,553
<i>Fairpoint Communications Incorporated</i>	6.50	5,366,061
		4,833,909
<i>Federal Mogul Corporation</i>	2.18	2,576,222
		2,446,200
<i>Federal Mogul Corporation</i>	2.19	1,707,201
		1,621,039
<i>First Data Corporation B1</i>	3.00	2,867,975
		2,783,141
<i>First Data Corporation B2</i>	3.00	5,354,373
		5,195,990
<i>First Data Corporation B3</i>	3.00	1,485,523
		1,441,581
<i>Focus Brands Incorporated</i>	10.25	2,900,000
		2,918,125
<i>Gray Television Incorporated</i>	3.75	1,791,186
		1,776,068
<i>HHI Holdings Limited</i>	7.00	2,221,886
		2,221,886
<i>Level 3 Financing Incorporated</i>	2.65	1,300,000
		1,294,800
<i>Merisant Company (i)</i>	7.50	1,355,162
		1,341,611
<i>Newsday LLC</i>	10.50	5,920,000
		5,999,565
<i>Panoram Industries International (i)</i>	8.25	416,315
		407,989
<i>Springleaf Finance Corporation</i>	5.50	1,350,000
		1,288,683
<i>Texas Competitive Electric Holdings Company LLC</i>	4.75	29,862,911
		20,782,794
<i>Texas Competitive Electric Holdings Company LLC</i>	3.75	675,000
		428,551
<i>United Surgical Partners International</i>	6.00	2,244,375
		2,249,986
<i>WASH Multifamily Laundry Systems LLC</i>	7.00	984,655
		974,808
<b>Total Term Loans (Cost \$88,426,989)</b>		83,560,369

**Yankee Corporate Bonds and Notes : 4.02%**

**Consumer Discretionary : 0.73%**

**Media : 0.73%**

<i>Intelsat Limited ¥</i>	11.50	02/04/2017	2,650,000	2,756,000
<i>Videotron Limited</i>	5.00	07/15/2022	500,000	522,500
<i>Videotron Limited</i>	6.38	12/15/2015	100,000	102,250
<i>Videotron Limited</i>	9.13	04/15/2018	1,525,000	1,666,063



Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

Security Name	Interest Rate	Maturity Date	Principal	Value
<b>Energy : 0.58%</b>				
<b>Oil, Gas &amp; Consumable Fuels : 0.58%</b>				
<i>Griffin Coal Mining Company Limited 144A(s)</i>	9.50%	12/01/2016	\$ 4,769,384	\$ 4,048,015
<b>Financials : 0.00%</b>				
<b>Diversified Financial Services : 0.00%</b>				
<i>Preferred Term Securities XII Limited ±(s)(i)</i>	1.97	12/24/2033	1,540,000	462
<b>Information Technology : 0.11%</b>				
<b>Computers &amp; Peripherals : 0.11%</b>				
<i>Seagate HDD Cayman Company</i>	7.00	11/01/2021	725,000	787,531
<b>Materials : 1.01%</b>				
<b>Metals &amp; Mining : 0.65%</b>				
<i>Novelis Incorporated</i>	7.25	02/15/2015	630,000	630,000
<i>Novelis Incorporated</i>	8.38	12/15/2017	1,100,000	1,204,500
<i>Novelis Incorporated</i>	8.75	12/15/2020	2,425,000	2,691,750
				4,526,250
<b>Paper &amp; Forest Products : 0.36%</b>				
<i>PE Paper Escrow GmbH 144A</i>	12.00	08/01/2014	715,000	759,402
<i>Sappi Limited 144A</i>	7.50	06/15/2032	2,155,000	1,756,325
				2,515,727
<b>Telecommunication Services : 1.59%</b>				
<b>Wireless Telecommunication Services : 1.59%</b>				
<i>Digicel Group Limited 144A</i>	12.00	04/01/2014	870,000	967,875
<i>Intelsat Jackson Holdings</i>	7.25	04/01/2019	5,475,000	5,851,406
<i>Intelsat Jackson Holdings</i>	7.50	04/01/2021	2,214,000	2,368,980
<i>Wind Acquisition Finance SA 144A</i>	11.75	07/15/2017	2,205,000	1,830,123
				11,018,384
<b>Total Yankee Corporate Bonds and Notes (Cost \$26,831,901)</b>				27,943,182
<b>Short-Term Investments : 3.94%</b>				
	<b>Yield</b>		<b>Shares</b>	
<b>Investment Companies : 3.94%</b>				
<i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)</i>	0.16		27,409,174	27,409,174
<b>Total Short-Term Investments (Cost \$27,409,174)</b>				27,409,174
<b>Total Investments in Securities</b>				
<b>(Cost \$884,498,585)*</b>	131.71%			915,464,059
<i>Other Assets and Liabilities, Net</i>	(31.71)			(220,381,354)
<b>Total Net Assets</b>	100.00%			\$ 695,082,705

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

± *Variable rate investment*

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

*Non-income earning security*

¥ *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.*

PORTFOLIO OF INVESTMENTS July 31, 2012 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

- (s) *Security is currently in default with regards to scheduled interest and/or principal payments. The Fund has stopped accruing interest on this security.*
- (i) *Illiquid security*
- (a) *Security is fair valued by the Management Valuation Team, and in certain instances by the Board of Trustees, in accordance with procedures approved by the Board of Trustees.*
- (l) *Investment in an affiliate*
- (u) *Rate shown is the 7-day annualized yield at period end.*
- \* *Cost for federal income tax purposes is \$894,130,445 and unrealized appreciation (depreciation) consists of:*

<i>Gross unrealized appreciation</i>	<i>\$ 41,185,778</i>
<i>Gross unrealized depreciation</i>	<i>(19,852,164)</i>
<i>Net unrealized appreciation</i>	<i>\$ 21,333,614</i>

**WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND**

NOTES TO PORTFOLIO OF INVESTMENTS JULY 31, 2012 (UNAUDITED)

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

**Securities valuation**

Investments in equity 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 Valuation Procedures.

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

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

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

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 Board of Trustees has established a Valuation Committee comprised of the Trustees and has delegated to it the authority to take any actions regarding the valuation of portfolio securities that the Valuation Committee deems necessary in determining the fair value of portfolio securities, unless the responsibility has been delegated to the Management Valuation Team of Wells Fargo Funds Management, LLC ( Funds Management ). The Board of Trustees retains the authority to make or ratify any valuation decisions or approve any changes to the Fair Value Procedures as it deems appropriate. On a quarterly basis, the Board of Trustees considers for ratification any valuation actions taken by the Valuation Committee or the Management Valuation Team.

Valuations of fair valued securities are compared to the next actual sales price when available, or other appropriate market information to assess the continued appropriateness of the fair valuation methodology used. These securities are fair valued on a day-to-day basis, taking into consideration changes to appropriate market information and any significant changes to the input factors considered in the valuation process until there is a readily available price provided on the exchange or by an independent pricing service. Valuations received from an independent pricing service or broker quotes are periodically validated by comparisons to most recent trades and valuations provided by other independent pricing services in addition to the review of prices by the adviser and/or sub-adviser. Unobservable inputs used in determining fair valuations are identified based on the type of security, taking into consideration factors utilized by market participants in valuing the investment, knowledge about the issuer and the current market environment.

**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 in an amount at least equal in value to the Fund s commitment to purchase when-issued securities. 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**

## Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

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.

### **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 significant 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)

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

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

As of July 31, 2012, the inputs used in valuing the Fund's assets, which are carried at fair value, were as follows:

	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Investments in Securities</b>				
<b>Equity securities</b>				
<i>Common stocks</i>	\$ 821,032	\$ 0	\$ 8,596	\$ 829,628
<i>Preferred stocks</i>	1,292,140	0	0	1,292,140
<b>Corporate bonds and notes</b>	0	774,429,566	0	774,429,566
<b>Term loans</b>	0	75,762,383	7,797,986	83,560,369
<b>Yankee corporate bonds and notes</b>	0	27,943,182	0	27,943,182
<b>Short-term investments</b>				
<i>Investment companies</i>	27,409,174	0	0	27,409,174
	<b>\$ 29,522,346</b>	<b>\$ 878,135,131</b>	<b>\$ 7,806,582</b>	<b>\$ 915,464,059</b>

Transfers in and transfers out are recognized at the end of the reporting period. For the three months ended July 31, 2012, the Fund did not have any transfers into/out of Level 1 and Level 2.

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

	Common stocks	Term Loans	Total
<b>Balance as of April 30, 2012</b>	\$ 9,671	\$ 5,611,506	\$ 5,621,177
Accrued discounts (premiums)	0	4,080	4,080
Realized gains (losses)	0	285	285
Change in unrealized gains (losses)	(1,075)	(56,036)	(57,111)
Purchases	0	0	0
Sales	0	(11,835)	(11,835)
Transfers into Level 3	0	2,249,986	2,249,986
Transfers out of Level 3	0	0	0
<b>Balance as of July 31, 2012</b>	<b>\$ 8,596</b>	<b>\$ 7,797,986</b>	<b>\$ 7,806,582</b>
<b>Change in unrealized gains (losses) relating to securities still held at July 31, 2012</b>	<b>(\$ 1,075)</b>	<b>(\$ 52,529)</b>	<b>(\$ 53,604)</b>

The investments types categorized above were valued using indicative broker quotes and are therefore considered Level 3 inputs.

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

ACB Agricultural Credit Bank

ADR American Depository Receipt

ADS American Depository Shares

AGC-ICC Assured Guaranty Corporation - Insured Custody Certificates

AGM Assured Guaranty Municipal

AMBAC American Municipal Bond Assurance Corporation

AMT Alternative Minimum Tax

AUD Australian Dollar

BAN Bond Anticipation Notes

BHAC Berkshire Hathaway Assurance Corporation

BRL Brazil Real

CAB Capital Appreciation Bond

CAD Canadian Dollar

CCAB Convertible Capital Appreciation Bond

CDA Community Development Authority

CDO Collateralized Debt Obligation

CHF Swiss Franc

COP Certificate of Participation

CR Custody Receipts

DKK Danish Krone

DRIVER Derivative Inverse Tax-Exempt Receipts

DW&P Department of Water & Power

DWR Department of Water Resources

ECFA Educational & Cultural Facilities Authority

EDA Economic Development Authority

EDFA Economic Development Finance Authority

ETF Exchange-Traded Fund

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

EUR Euro

FFCB Federal Farm Credit Bank

FGIC Financial Guaranty Insurance Corporation

FGLMC Federal Government Loan Mortgage Company

FHA Federal Housing Authority

FHLB Federal Home Loan Bank

FHLMC Federal Home Loan Mortgage Corporation

FICO The Financing Corporation

FNMA Federal National Mortgage Association

FSA Farm Service Agency

GBP Great British Pound

GDR Global Depository Receipt

GNMA Government National Mortgage Association

GO General Obligation

HCFR Healthcare Facilities Revenue

HEFA Health & Educational Facilities Authority

HEFAR Higher Education Facilities Authority Revenue

HFA Housing Finance Authority

HFFA Health Facilities Financing Authority

HKD Hong Kong Dollar

HUF Hungarian Forint

IBC Insured Bond Certificate

IDA Industrial Development Authority

IDAG Industrial Development Agency

IDR Industrial Development Revenue

IEP Irish Pound

JPY Japanese Yen

KRW Republic of Korea Won

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

LIBOR London Interbank Offered Rate

LIQ Liquidity Agreement

LLC Limited Liability Company

LLP Limited Liability Partnership

LOC Letter of Credit

LP Limited Partnership

MBIA Municipal Bond Insurance Association

MFHR Multi-Family Housing Revenue

MSTR Municipal Securities Trust Receipts

MTN Medium Term Note

MUD Municipal Utility District

MXN Mexican Peso

MYR Malaysian Ringgit

NATL-RE National Public Finance Guarantee Corporation

NOK Norwegian Krone

NZD New Zealand Dollar

PCFA Pollution Control Finance Authority

PCR Pollution Control Revenue

PFA Public Finance Authority

PFFA Public Facilities Financing Authority

PFOTER Puttable Floating Option Tax-Exempt Receipts

plc Public Limited Company

PLN Polish Zloty

PUTTER Puttable Tax-Exempt Receipts

R&D Research & Development

RDA Redevelopment Authority

RDFA Redevelopment Finance Authority

REIT Real Estate Investment Trust

ROC Reset Option Certificates

SAVRS Select Auction Variable Rate Securities

SBA Small Business Authority

SEK Swedish Krona

SFHR Single Family Housing Revenue

SFMR Single Family Mortgage Revenue

SGD Singapore Dollar

SKK Slovakian Koruna

SPA Standby Purchase Agreement

SPDR Standard & Poor's Depository Receipts

STRIPS Separate Trading of Registered Interest and Principal Securities

TAN Tax Anticipation Notes

TBA To Be Announced

TIPS Treasury Inflation-Protected Securities

TRAN Tax Revenue Anticipation Notes

TCR Transferable Custody Receipts

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

TRY Turkish Lira

TTFA Transportation Trust Fund Authority

TVA Tennessee Valley Authority

XLCA XL Capital Assurance

ZAR South African Rand

ITEM 2. CONTROLS AND PROCEDURES

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

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

**SIGNATURES**

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

Wells Fargo Advantage Income Opportunities Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch  
President

Date: September 24, 2012

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

Wells Fargo Advantage Income Opportunities Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch  
President

Date: September 24, 2012

By: /s/ Nancy Wiser

Nancy Wiser  
Treasurer

Date: September 24, 2012