

WELLS FARGO INCOME OPPORTUNITIES FUND

Form N-CSRS

January 02, 2018

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSRS**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANIES**

**Investment Company Act file number: 811-21331**

**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, 2017

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**ITEM 1. REPORT TO STOCKHOLDERS**

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**Semi-Annual Report**

October 31, 2017

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

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The views expressed and any forward-looking statements are as of October 31, 2017, 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**

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2 Wells Fargo Income Opportunities Fund

Letter to shareholders (unaudited)

**Andrew Owen**

President

Wells Fargo Funds

**In a predominantly improving economic environment, global stocks delivered strong results; bond markets had smaller but positive results as well.**

**Dear Shareholder:**

We are pleased to offer you this semiannual report for the Wells Fargo Income Opportunities Fund for the six-month period that ended October 31, 2017. In a predominantly improving economic environment, global stocks delivered strong results; bond markets had smaller but positive results as well. U.S. and international stocks returned 9.10% and 12.02%, respectively, for the six-month period, as measured by the S&P 500 Index<sup>1</sup> and the MSCI ACWI ex USA Index (Net),<sup>2</sup> respectively; within fixed income, the Bloomberg Barclays U.S. Aggregate Bond Index<sup>3</sup> returned 1.58% and the Bloomberg Barclays Municipal Bond Index<sup>4</sup> returned 2.55%.

**Globally, stocks tended to deliver gains in May and June 2017.**

Stocks benefited from steady, albeit modest, economic growth both in the U.S. and internationally, and generally favorable corporate earnings announcements supported higher valuations. U.S. inflation trended lower despite a continued decline in the unemployment rate. However, a perceived delay in the enactment of progrowth policies promoted during the 2016 U.S. presidential campaign contributed to flattening of the yield curve, pressuring U.S. financial companies and leading to weakening of the U.S. dollar versus foreign currencies. As was widely expected, U.S. Federal Reserve officials (Fed) raised the target interest rate in June by a quarter percentage point to a range of 1.00% to 1.25%. In addition, the Fed indicated that it planned to start selling bonds that accumulated on its balance sheet during quantitative easing programs conducted since 2008.

**As global growth improved in the third quarter of 2017, financial markets generally advanced.**

Most stock markets worldwide moved higher during the quarter and ended the period at or near all-time highs. Moderate acceleration in global economic growth was supported by improving corporate earnings, low inflation

pressure, and still-low interest rates. Corporate earnings reports were favorable overall as companies continued to benefit from healthy operating leverage. Global commodity prices climbed during the quarter. Oil prices rebounded, partly due to a better balance between supply and demand. While North Korea's recent missile launches and nuclear testing raised serious concerns around the world, the heightened geopolitical risk had relatively minimal impact on the quarter's stock returns. In the U.S., economic data released during the quarter reflected a generally healthy economy. Second-quarter economic output grew at a 3.1% annual rate, and consumers displayed more willingness to spend. Meanwhile, the Fed maintained the target range for the federal funds rate at 1.00% to 1.25%, noting that inflation had remained below the Fed's 2.00% objective. Reflecting continued confidence in the U.S. economy, the Fed also stated the possibility of one more 0.25% increase in the federal funds rate by the end of 2017 and announced plans to begin the process of unwinding its \$4.5 trillion portfolio of bonds and other assets in October. Outside

<sup>1</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>2</sup> The Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) ex USA Index (Net) is a free-float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. You cannot invest directly in an index.

<sup>3</sup> The Bloomberg 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, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities, and commercial mortgage-backed securities. You cannot invest directly in an index.

<sup>4</sup> The Bloomberg Barclays Municipal Bond Index is an unmanaged index composed of long-term tax-exempt bonds with a minimum credit rating of Baa. You cannot invest directly in an index.

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Letter to shareholders (unaudited) Wells Fargo Income Opportunities Fund 3  
the U.S., stocks in the Asia Pacific region benefited from solid earnings reports and investors' willingness to take on risk despite the rising tensions between North Korea and the U.S. In Europe, markets were supported by better-than-expected economic growth, which has led to narrowing of the gap between Europe's growth rate and that of the U.S. In emerging markets, many countries benefited from stronger currencies versus the U.S. dollar. Also, commodity prices were on an upward trajectory, which benefited many companies that rely on natural resources for exports.

**Positive economic and market news continued into October.**

October proved to be a strong month for U.S. stocks. The S&P 500 Index delivered 11 record closes amid rising consumer confidence and signs the economy was continuing to gain momentum, including news in late October that economic output was estimated to have grown at a 3.0% annual rate in the third quarter. At its October meeting, the Fed, in a unanimous vote, left short-term interest rates unchanged but signaled it could make another rate increase before the end of 2017 if the economy remains on track. The Fed also began the process of unwinding its quantitative easing program. Outside the U.S., international stocks generally delivered positive results in October as global economic growth continued to strengthen.

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

Periods of investment 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,

Andrew Owen

President

Wells Fargo Funds



**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.**

#### **Notice to shareholders**

On November 10, 2017, the Fund announced an extension of its open-market share repurchase program (the Buyback Program). Under the extended Buyback Program, the Fund may repurchase up to 10% of its outstanding shares during the period in open market transactions beginning on January 1, 2018 and ending on December 31, 2018. The Fund's Board of Trustees has delegated to Wells Fargo Funds Management, LLC, the Fund's adviser, 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 further information about your Fund, 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.

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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.

**Strategy summary**

Under normal market conditions, the Fund invests at least 80% of its total assets in below-investment-grade (high yield) debt securities, loans and preferred stocks. These securities are rated Ba or lower by Moody's or BB or lower by S&P, or are unrated securities of comparable quality as determined by the adviser.

**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, 2017<sup>1</sup>**

|                                               | 6 months | 1 year | 5 year | 10 year |
|-----------------------------------------------|----------|--------|--------|---------|
| Based on market value                         | 2.58     | 13.60  | 5.33   | 7.33    |
| Based on net asset value (NAV)                | 4.71     | 12.30  | 8.37   | 7.45    |
| ICE BofAML U.S. High Yield Index <sup>2</sup> | 3.45     | 9.14   | 6.29   | 7.69    |

*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 March 6, 2018, 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 include 0.66% of interest expense, were 1.58% and 1.53%, respectively, for the six months ended October 31, 2017. Without this waiver and/or reimbursement, the Fund's returns would have been lower.

### Comparison of NAV vs. market value<sup>3</sup>

The Fund is leveraged through a revolving credit facility. 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.

**Please see footnotes on page 6.**

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

Wells Fargo Income Opportunities Fund 5

The Fund's return based on market value was 2.58% during the six-month period that ended October 31, 2017. During the same period, the Fund's return based on net asset value (NAV) was 4.71%. Relative to the ICE BofAML U.S. High Yield Index, which returned 3.45% over the same period, the Fund's market value return trailed the index while its NAV return outperformed the index.

**Overview**

With the exception of one extremely mild monthly pullback, the broad high yield markets as measured by the index rallied for the six-month period that ended October 31, 2017, by an annualized 6.97%, which was above the period's starting 5.65% yield-to-worst (which measures a bond's lowest yield). This was a continuation of the rally that began in February 2016. The increase primarily was driven by compression of the spreads between Treasury bonds and corporate credits, which offset higher Treasury yields. The spread compression and higher rates mirror the continued strength in the economy that had been building for a considerable amount of time. This moderate but prolonged economic growth should be an ideal backdrop for high-yield spreads to remain low and for rates to gradually rise. It should enable companies issuing high-yield bonds to meet or grow into their capital structures without pressure on the central banks to raise rates to slow the economy.

From a fundamental perspective, levels of corporate leverage among U.S. companies included in the index remained at elevated levels for this point in the credit cycle. However, the cash-flow impact from these higher leverage levels was somewhat offset by issuers' ability to pay low interest rates. The commodity-driven sell-off in the high-yield market in 2015 appeared to have slowed the growth in more aggressive high-yield bond deals for a period of time. This can be seen by the slower growth in the high-yield bond market relative to the loan market over the past couple of years. We believe many issuers chose to raise financing in the loan market rather than the bond market given the relative terms being offered in both markets.

While we continue to remain cautiously optimistic that this environment will continue in the near term, we are cognizant that ideal environments never last forever and that the longer spreads stay low, the risk of an ultimate sell-off increases.

**Ten largest holdings (%) as of October 31, 2017<sup>4</sup>**

|                                   |      |
|-----------------------------------|------|
| LPL Holdings Incorporated         | 2.62 |
| NGPL PipeCo LLC                   | 2.50 |
| Jabil Circuit Incorporated        | 2.10 |
| Tallgrass Energy Partners LP      | 1.97 |
| Pattern Energy Group Incorporated | 1.69 |
| NCR Corporation                   | 1.63 |
| Montreign Operating Company LLC   | 1.60 |
| Intelsat Jackson Holdings SA      | 1.53 |
| Diamond 1 Finance Corporation     | 1.48 |
| Service Corporation International | 1.48 |

**Credit quality as of October 31, 2017<sup>5</sup>**

**Detractors from performance**

The combination of security selection and an underweight to the banking industry restrained relative performance versus the index.

**Contributors to performance**

Overall industry selection did not have a meaningful impact on Fund performance during the six-month period that ended October 31, 2017. The combination of security selection and overweights to the pipeline, pharmaceuticals, and retail industries helped relative performance.

Maturity allocation did not have a meaningful impact on performance over the period. Ratings distribution had a slightly positive impact on performance.

**Please see footnotes on page 6.**

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|---------------------------------------------------------------------------|------------------------------------|
| 6 Wells Fargo Income Opportunities Fund                                   | Performance highlights (unaudited) |
| <b>Effective maturity distribution as of October 31, 2017<sup>6</sup></b> |                                    |

**Management outlook**

While some credit and economic fundamentals are mixed, on the whole, we view the current environment as better than average for high yield. That said, the rising discount rate and lower-than-average overall spreads will likely work against the market over the long run. As cycles go, that's what one would expect improving economic conditions with a corresponding tightening of interest rates in the U.S. by the Federal Reserve. Current spreads reflect these positive conditions, offering significantly less-than-average upside through price appreciation and

compression in spreads. But, one could argue that high-yield investors are receiving fair compensation for the current, rather favorable conditions, especially relative to the high valuations for most other asset classes.

In the short term, we expect solid economic growth, some of it coming from continued consumer strength in the U.S. combined with improving conditions globally. We believe geopolitical risks and other global macroeconomic imbalances are growing and could surprise the markets by creating incremental uncertainty about future government policies.

Across asset classes, virtually everything is trading rich in comparison with historical measures, and we expect that at some point in the future, there may be a better entry point to buy most asset classes, including high yield. High yield, however, is rather unique in that it has historically benefited from relatively high coupons, which cushioned downside risks of price declines. With a benign default outlook, high yield should continue to do well, on a relative basis, though idiosyncratic or individual bond risk is high. We lean toward spreads remaining flat from these levels in the short run before ultimately widening potentially significantly in the mid to longer term.

Over a full cycle, we believe the best way to insulate the Fund from periodic bouts of systemic fears and rebalancing is by following a bottom-up investment process that attempts to minimize downside risk while capturing the return potential of high-yield issuers.

<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 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> The ICE BofAML U.S. High Yield Index (formerly known as BofA Merrill Lynch U.S. High Yield 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 United States bond market. You cannot invest directly in an index.

- <sup>3</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 are included in the Fund's average annual total returns but have the effect of reducing the Fund's NAV.
- <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 distribution 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 the 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, ranging from 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 from SP-1 (highest) to SP-3 (lowest). Moody's rates the creditworthiness of bonds, ranging from 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.
- <sup>6</sup> Amounts are calculated based on the total investments of the Fund. These amounts are subject to change and may have changed since the date specified.

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Portfolio of investments October 31, 2017 (unaudited)

Wells Fargo Income Opportunities Fund 7

| Security name                                 | Shares | Value      |
|-----------------------------------------------|--------|------------|
| <b>Common Stocks: 0.06%</b>                   |        |            |
| <b>Energy: 0.06%</b>                          |        |            |
| <b>Oil, Gas &amp; Consumable Fuels: 0.06%</b> |        |            |
| <i>SilverBow Resources Incorporated</i>       | 16,268 | \$ 365,867 |
| <b>Materials: 0.00%</b>                       |        |            |
| <b>Chemicals: 0.00%</b>                       |        |            |
| <i>LyondellBasell Industries NV Class A</i>   | 7      | 725        |
| <b>Total Common Stocks (Cost \$3,650,172)</b> |        | 366,592    |

|                                               | Interest rate | Maturity date | Principal    |            |
|-----------------------------------------------|---------------|---------------|--------------|------------|
| <b>Corporate Bonds and Notes: 111.08%</b>     |               |               |              |            |
| <b>Consumer Discretionary: 23.35%</b>         |               |               |              |            |
| <b>Auto Components: 2.52%</b>                 |               |               |              |            |
| <i>Allison Transmission Incorporated 144A</i> | 4.75%         | 10-1-2027     | \$ 1,670,000 | 1,686,700  |
| <i>Allison Transmission Incorporated 144A</i> | 5.00          | 10-1-2024     | 8,125,000    | 8,470,313  |
| <i>Cooper Tire &amp; Rubber Company</i>       | 7.63          | 3-15-2027     | 5,190,000    | 5,942,550  |
| <i>Cooper Tire &amp; Rubber Company</i>       | 8.00          | 12-15-2019    | 400,000      | 442,000    |
|                                               |               |               |              | 16,541,563 |
| <b>Distributors: 0.39%</b>                    |               |               |              |            |
| <i>LKQ Corporation</i>                        | 4.75          | 5-15-2023     | 2,200,000    | 2,260,500  |
| <i>Spectrum Brands Incorporated</i>           | 6.63          | 11-15-2022    | 250,000      | 259,870    |
|                                               |               |               |              | 2,520,370  |
| <b>Diversified Consumer Services: 1.95%</b>   |               |               |              |            |
| <i>Service Corporation International</i>      | 7.50          | 4-1-2027      | 8,109,000    | 9,720,664  |
| <i>Service Corporation International</i>      | 7.63          | 10-1-2018     | 1,100,000    | 1,155,000  |
| <i>Service Corporation International</i>      | 8.00          | 11-15-2021    | 1,635,000    | 1,921,125  |



12,796,789

**Hotels, Restaurants & Leisure: 1.35%**

|                                                |      |           |           |           |
|------------------------------------------------|------|-----------|-----------|-----------|
| <i>Brinker International Incorporated 144A</i> | 5.00 | 10-1-2024 | 850,000   | 850,000   |
| <i>CCM Merger Incorporated 144A</i>            | 6.00 | 3-15-2022 | 6,161,000 | 6,407,440 |
| <i>Pinnacle Entertainment Incorporated</i>     | 5.63 | 5-1-2024  | 700,000   | 722,750   |
| <i>Speedway Motorsports Incorporated</i>       | 5.13 | 2-1-2023  | 825,000   | 853,875   |
|                                                |      |           |           | 8,834,065 |

**Leisure Products: 0.13%**

|                                   |      |           |         |         |
|-----------------------------------|------|-----------|---------|---------|
| <i>Vista Outdoor Incorporated</i> | 5.88 | 10-1-2023 | 850,000 | 877,625 |
|-----------------------------------|------|-----------|---------|---------|

**Media: 12.25%**

|                                             |      |           |           |           |
|---------------------------------------------|------|-----------|-----------|-----------|
| <i>Altice US Finance I Corporation 144A</i> | 5.38 | 7-15-2023 | 2,270,000 | 2,366,475 |
| <i>Altice US Finance I Corporation 144A</i> | 5.50 | 5-15-2026 | 2,200,000 | 2,288,000 |
| <i>CBS Radio Incorporated 144A</i>          | 7.25 | 11-1-2024 | 80,000    | 83,700    |
| <i>CCO Holdings LLC 144A</i>                | 4.00 | 3-1-2023  | 175,000   | 177,517   |
| <i>CCO Holdings LLC 144A</i>                | 5.00 | 2-1-2028  | 350,000   | 347,375   |

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

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8 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2017 (unaudited)

| Security name                                       | Interest rate | Maturity date | Principal    | Value        |
|-----------------------------------------------------|---------------|---------------|--------------|--------------|
| <b>Media (continued)</b>                            |               |               |              |              |
| <i>CCO Holdings LLC</i>                             | 5.13%         | 2-15-2023     | \$ 2,266,000 | \$ 2,339,645 |
| <i>CCO Holdings LLC 144A</i>                        | 5.13          | 5-1-2023      | 2,965,000    | 3,091,013    |
| <i>CCO Holdings LLC 144A</i>                        | 5.13          | 5-1-2027      | 750,000      | 756,563      |
| <i>CCO Holdings LLC</i>                             | 5.25          | 9-30-2022     | 2,048,000    | 2,109,440    |
| <i>CCO Holdings LLC 144A</i>                        | 5.38          | 5-1-2025      | 7,195,000    | 7,464,813    |
| <i>CCO Holdings LLC 144A</i>                        | 5.50          | 5-1-2026      | 325,000      | 333,125      |
| <i>CCO Holdings LLC 144A</i>                        | 5.75          | 2-15-2026     | 5,675,000    | 5,932,361    |
| <i>CCO Holdings LLC 144A</i>                        | 5.88          | 4-1-2024      | 2,350,000    | 2,502,750    |
| <i>Cequel Communications Holdings I LLC 144A</i>    | 7.75          | 7-15-2025     | 3,625,000    | 3,960,313    |
| <i>Cinemark USA Incorporated</i>                    | 4.88          | 6-1-2023      | 600,000      | 611,250      |
| <i>CSC Holdings LLC</i>                             | 7.88          | 2-15-2018     | 1,525,000    | 1,548,058    |
| <i>CSC Holdings LLC</i>                             | 8.63          | 2-15-2019     | 635,000      | 680,244      |
| <i>E.W. Scripps Company 144A</i>                    | 5.13          | 5-15-2025     | 5,869,000    | 6,030,398    |
| <i>EMI Music Publishing Group 144A</i>              | 7.63          | 6-15-2024     | 950,000      | 1,062,813    |
| <i>Gray Television Incorporated 144A</i>            | 5.13          | 10-15-2024    | 2,400,000    | 2,393,280    |
| <i>Gray Television Incorporated 144A</i>            | 5.88          | 7-15-2026     | 6,650,000    | 6,816,250    |
| <i>Lamar Media Corporation</i>                      | 5.38          | 1-15-2024     | 725,000      | 761,250      |
| <i>Lamar Media Corporation</i>                      | 5.88          | 2-1-2022      | 1,785,000    | 1,831,856    |
| <i>Lin Television Corporation</i>                   | 5.88          | 11-15-2022    | 425,000      | 442,531      |
| <i>Live Nation Entertainment Incorporated 144A</i>  | 4.88          | 11-1-2024     | 2,300,000    | 2,379,741    |
| <i>Live Nation Entertainment Incorporated 144A</i>  | 5.38          | 6-15-2022     | 606,000      | 628,725      |
| <i>National CineMedia LLC</i>                       | 6.00          | 4-15-2022     | 7,000,000    | 7,140,000    |
| <i>Nexstar Broadcasting Group Incorporated 144A</i> | 5.63          | 8-1-2024      | 1,375,000    | 1,411,094    |
| <i>Nexstar Broadcasting Group Incorporated 144A</i> | 6.13          | 2-15-2022     | 2,815,000    | 2,920,563    |
| <i>Nielsen Finance LLC 144A</i>                     | 5.00          | 4-15-2022     | 1,595,000    | 1,642,651    |
| <i>Outfront Media Capital Corporation</i>           | 5.25          | 2-15-2022     | 320,000      | 330,400      |
| <i>Outfront Media Capital Corporation</i>           | 5.63          | 2-15-2024     | 735,000      | 773,588      |
| <i>Outfront Media Capital Corporation</i>           | 5.88          | 3-15-2025     | 1,275,000    | 1,350,703    |
| <i>Salem Media Group Incorporated 144A</i>          | 6.75          | 6-1-2024      | 5,617,000    | 5,869,765    |
|                                                     |               |               |              | 80,378,250   |

**Specialty Retail: 4.35%**

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|                                                    |      |            |           |            |
|----------------------------------------------------|------|------------|-----------|------------|
| <i>Asbury Automotive Group Incorporated</i>        | 6.00 | 12-15-2024 | 6,300,000 | 6,646,500  |
| <i>Group 1 Automotive Incorporated</i>             | 5.00 | 6-1-2022   | 2,259,000 | 2,331,740  |
| <i>Group 1 Automotive Incorporated 144A</i>        | 5.25 | 12-15-2023 | 2,000,000 | 2,060,000  |
| <i>Lithia Motors Incorporated 144A</i>             | 5.25 | 8-1-2025   | 3,675,000 | 3,854,156  |
| <i>Penske Auto Group Incorporated</i>              | 3.75 | 8-15-2020  | 1,045,000 | 1,065,900  |
| <i>Penske Auto Group Incorporated</i>              | 5.38 | 12-1-2024  | 5,273,000 | 5,404,825  |
| <i>Penske Auto Group Incorporated</i>              | 5.75 | 10-1-2022  | 2,100,000 | 2,166,297  |
| <i>Sonic Automotive Incorporated</i>               | 5.00 | 5-15-2023  | 3,200,000 | 3,136,000  |
| <i>Sonic Automotive Incorporated</i>               | 6.13 | 3-15-2027  | 1,799,000 | 1,857,468  |
|                                                    |      |            |           | 28,522,886 |
| <br>                                               |      |            |           |            |
| <b>Textiles, Apparel &amp; Luxury Goods: 0.41%</b> |      |            |           |            |
| <i>Wolverine World Wide Company 144A</i>           | 5.00 | 9-1-2026   | 2,700,000 | 2,696,625  |

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

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Portfolio of investments October 31, 2017 (unaudited)

Wells Fargo Income Opportunities Fund 9

| Security name                                 | Interest rate | Maturity date | Principal  | Value      |
|-----------------------------------------------|---------------|---------------|------------|------------|
| <b>Consumer Staples: 2.10%</b>                |               |               |            |            |
| <b>Beverages: 0.31%</b>                       |               |               |            |            |
| <i>Cott Beverages Incorporated</i>            | 5.38%         | 7-1-2022      | \$ 850,000 | \$ 885,594 |
| <i>Cott Beverages Incorporated 144A</i>       | 5.50          | 4-1-2025      | 1,125,000  | 1,160,156  |
|                                               |               |               |            | 2,045,750  |
| <b>Food Products: 1.60%</b>                   |               |               |            |            |
| <i>B&amp;G Foods Incorporated</i>             | 4.63          | 6-1-2021      | 670,000    | 683,400    |
| <i>B&amp;G Foods Incorporated</i>             | 5.25          | 4-1-2025      | 1,750,000  | 1,787,188  |
| <i>Darling Ingredients Incorporated</i>       | 5.38          | 1-15-2022     | 295,000    | 304,956    |
| <i>Lamb Weston Holdings Incorporated 144A</i> | 4.63          | 11-1-2024     | 75,000     | 78,375     |
| <i>Lamb Weston Holdings Incorporated 144A</i> | 4.88          | 11-1-2026     | 75,000     | 78,844     |
| <i>Pilgrim s Pride Corporation 144A</i>       | 5.75          | 3-15-2025     | 2,360,000  | 2,498,650  |
| <i>Pilgrim s Pride Corporation 144A</i>       | 5.88          | 9-30-2027     | 400,000    | 416,000    |
| <i>Pinnacle Foods Incorporated</i>            | 5.88          | 1-15-2024     | 100,000    | 106,500    |
| <i>Post Holdings Incorporated 144A</i>        | 5.00          | 8-15-2026     | 750,000    | 753,750    |
| <i>Post Holdings Incorporated 144A</i>        | 5.50          | 3-1-2025      | 875,000    | 910,000    |
| <i>Post Holdings Incorporated 144A</i>        | 5.75          | 3-1-2027      | 1,830,000  | 1,900,913  |
| <i>Prestige Brands Incorporated 144A</i>      | 6.38          | 3-1-2024      | 210,000    | 223,650    |
| <i>US Foods Incorporated 144A</i>             | 5.88          | 6-15-2024     | 670,000    | 707,688    |
|                                               |               |               |            | 10,449,914 |
| <b>Household Products: 0.19%</b>              |               |               |            |            |
| <i>Central Garden &amp; Pet Company</i>       | 6.13          | 11-15-2023    | 405,000    | 431,831    |
| <i>Spectrum Brands Incorporated</i>           | 5.75          | 7-15-2025     | 775,000    | 823,190    |
|                                               |               |               |            | 1,255,021  |
| <b>Energy: 28.29%</b>                         |               |               |            |            |
| <b>Energy Equipment &amp; Services: 8.10%</b> |               |               |            |            |
| <i>Bristow Group Incorporated</i>             | 6.25          | 10-15-2022    | 6,725,000  | 4,799,969  |
| <i>Era Group Incorporated</i>                 | 7.75          | 12-15-2022    | 3,895,000  | 3,680,775  |
| <i>Hilcorp Energy Company 144A</i>            | 5.00          | 12-1-2024     | 3,100,000  | 3,084,500  |
| <i>Hilcorp Energy Company 144A</i>            | 5.75          | 10-1-2025     | 4,195,000  | 4,294,631  |

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|                                                |      |            |            |            |
|------------------------------------------------|------|------------|------------|------------|
| <i>Hornbeck Offshore Services Incorporated</i> | 1.50 | 9-1-2019   | 7,847,000  | 6,091,234  |
| <i>Hornbeck Offshore Services Incorporated</i> | 5.00 | 3-1-2021   | 2,925,000  | 1,550,250  |
| <i>Hornbeck Offshore Services Incorporated</i> | 5.88 | 4-1-2020   | 4,562,000  | 3,010,920  |
| <i>NGPL PipeCo LLC 144A</i>                    | 4.38 | 8-15-2022  | 675,000    | 694,406    |
| <i>NGPL PipeCo LLC 144A</i>                    | 4.88 | 8-15-2027  | 1,050,000  | 1,086,750  |
| <i>NGPL PipeCo LLC 144A</i>                    | 7.77 | 12-15-2037 | 13,150,000 | 16,404,625 |
| <i>PHI Incorporated</i>                        | 5.25 | 3-15-2019  | 8,550,000  | 8,464,500  |
|                                                |      |            |            | 53,162,560 |
| <b>Oil, Gas &amp; Consumable Fuels: 20.19%</b> |      |            |            |            |
| <i>Andeavor Logistics LP</i>                   | 5.25 | 1-15-2025  | 1,150,000  | 1,236,250  |
| <i>Archrock Partners LP</i>                    | 6.00 | 10-1-2022  | 1,650,000  | 1,639,688  |
| <i>Carrizo Oil &amp; Gas Incorporated</i>      | 8.25 | 7-15-2025  | 1,550,000  | 1,670,125  |
| <i>Cheniere Energy Incorporated 144A</i>       | 5.25 | 10-1-2025  | 6,300,000  | 6,489,000  |
| <i>Continental Resources Incorporated</i>      | 3.80 | 6-1-2024   | 2,000,000  | 1,942,500  |
| <i>Continental Resources Incorporated</i>      | 5.00 | 9-15-2022  | 1,325,000  | 1,339,906  |

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

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10 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2017 (unaudited)

| Security name                                           | Interest rate | Maturity date | Principal    | Value        |
|---------------------------------------------------------|---------------|---------------|--------------|--------------|
| <b>Oil, Gas &amp; Consumable Fuels (continued)</b>      |               |               |              |              |
| <i>DCP Midstream Operating Company</i>                  | 2.70%         | 4-1-2019      | \$ 1,425,000 | \$ 1,416,094 |
| <i>Denbury Resources Incorporated</i>                   | 4.63          | 7-15-2023     | 3,200,000    | 1,816,000    |
| <i>Denbury Resources Incorporated</i>                   | 6.38          | 8-15-2021     | 6,205,000    | 4,250,425    |
| <i>Enable Midstream Partner LP</i>                      | 2.40          | 5-15-2019     | 5,475,000    | 5,463,190    |
| <i>Enable Midstream Partner LP</i>                      | 3.90          | 5-15-2024     | 3,150,000    | 3,175,759    |
| <i>Enable Oklahoma Intrastate Transmission LLC 144A</i> | 6.25          | 3-15-2020     | 1,100,000    | 1,171,519    |
| <i>EnLink Midstream LLC</i>                             | 4.15          | 6-1-2025      | 5,000,000    | 5,073,501    |
| <i>EnLink Midstream LLC</i>                             | 4.40          | 4-1-2024      | 5,400,000    | 5,598,405    |
| <i>Exterran Partners LP</i>                             | 6.00          | 4-1-2021      | 7,750,000    | 7,711,250    |
| <i>Gulfport Energy Corporation</i>                      | 6.00          | 10-15-2024    | 1,625,000    | 1,625,000    |
| <i>Gulfport Energy Corporation</i>                      | 6.63          | 5-1-2023      | 2,900,000    | 2,972,500    |
| <i>Kinder Morgan Incorporated</i>                       | 6.50          | 9-15-2020     | 1,155,000    | 1,269,811    |
| <i>Kinder Morgan Incorporated</i>                       | 7.42          | 2-15-2037     | 1,820,000    | 2,117,653    |
| <i>Matador Resources Company</i>                        | 6.88          | 4-15-2023     | 700,000      | 740,250      |
| <i>Murphy Oil Corporation</i>                           | 4.70          | 12-1-2022     | 3,125,000    | 3,148,438    |
| <i>Murphy Oil Corporation</i>                           | 5.75          | 8-15-2025     | 360,000      | 371,700      |
| <i>Murphy Oil Corporation</i>                           | 6.88          | 8-15-2024     | 1,425,000    | 1,531,875    |
| <i>Nabors Industries Limited</i>                        | 0.75          | 1-15-2024     | 2,850,000    | 2,101,875    |
| <i>Overseas Shipholding Group Incorporated</i>          | 8.13          | 3-30-2018     | 3,975,000    | 4,034,625    |
| <i>PDC Energy Incorporated</i>                          | 6.13          | 9-15-2024     | 950,000      | 991,563      |
| <i>Rockies Express Pipeline LLC 144A</i>                | 5.63          | 4-15-2020     | 7,320,000    | 7,759,200    |
| <i>Rockies Express Pipeline LLC 144A</i>                | 6.88          | 4-15-2040     | 5,300,000    | 5,909,500    |
| <i>Rockies Express Pipeline LLC 144A</i>                | 7.50          | 7-15-2038     | 1,150,000    | 1,328,250    |
| <i>Rose Rock Midstream LP</i>                           | 5.63          | 7-15-2022     | 2,450,000    | 2,413,250    |
| <i>Rose Rock Midstream LP</i>                           | 5.63          | 11-15-2023    | 1,375,000    | 1,344,063    |
| <i>Sabine Pass Liquefaction LLC</i>                     | 5.63          | 2-1-2021      | 2,275,000    | 2,467,535    |
| <i>Sabine Pass Liquefaction LLC</i>                     | 5.63          | 4-15-2023     | 2,820,000    | 3,131,675    |
| <i>Sabine Pass Liquefaction LLC</i>                     | 5.63          | 3-1-2025      | 740,000      | 822,073      |
| <i>Sabine Pass Liquefaction LLC</i>                     | 5.75          | 5-15-2024     | 2,300,000    | 2,576,198    |
| <i>Sabine Pass Liquefaction LLC</i>                     | 6.25          | 3-15-2022     | 3,415,000    | 3,844,332    |
| <i>SemGroup Corporation 144A</i>                        | 6.38          | 3-15-2025     | 5,625,000    | 5,540,625    |
| <i>SemGroup Corporation 144A</i>                        | 7.25          | 3-15-2026     | 2,758,000    | 2,826,950    |
| <i>Southern Star Central Corporation 144A</i>           | 5.13          | 7-15-2022     | 1,508,000    | 1,572,090    |
| <i>Southwestern Energy Company</i>                      | 4.10          | 3-15-2022     | 815,000      | 800,738      |
| <i>Southwestern Energy Company</i>                      | 6.70          | 1-23-2025     | 75,000       | 76,688       |

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|                                          |      |            |            |             |
|------------------------------------------|------|------------|------------|-------------|
| <i>Southwestern Energy Company</i>       | 7.50 | 4-1-2026   | 750,000    | 778,125     |
| <i>Southwestern Energy Company</i>       | 7.75 | 10-1-2027  | 750,000    | 780,000     |
| <i>Summit Midstream Holdings LLC</i>     | 5.75 | 4-15-2025  | 400,000    | 408,000     |
| <i>Tallgrass Energy Partners LP 144A</i> | 5.50 | 9-15-2024  | 12,525,000 | 12,947,719  |
| <i>Tesoro Logistics LP</i>               | 6.13 | 10-15-2021 | 350,000    | 361,375     |
| <i>Tesoro Logistics LP</i>               | 6.38 | 5-1-2024   | 725,000    | 793,875     |
| <i>Ultra Resources Incorporated 144A</i> | 6.88 | 4-15-2022  | 1,200,000  | 1,212,000   |
| <i>Ultra Resources Incorporated 144A</i> | 7.13 | 4-15-2025  | 1,150,000  | 1,150,000   |
| <i>Western Gas Partners LP</i>           | 4.00 | 7-1-2022   | 300,000    | 309,600     |
| <i>Western Gas Partners LP</i>           | 5.38 | 6-1-2021   | 375,000    | 401,779     |
|                                          |      |            |            | 132,454,542 |

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

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Portfolio of investments October 31, 2017 (unaudited)

Wells Fargo Income Opportunities Fund 11

| Security name                                      | Interest rate | Maturity date | Principal  | Value      |
|----------------------------------------------------|---------------|---------------|------------|------------|
| <b>Financials: 10.31%</b>                          |               |               |            |            |
| <b>Consumer Finance: 4.60%</b>                     |               |               |            |            |
| <i>Ally Financial Incorporated</i>                 | 7.50%         | 9-15-2020     | \$ 300,000 | \$ 337,875 |
| <i>Ally Financial Incorporated</i>                 | 8.00          | 12-31-2018    | 1,300,000  | 1,379,625  |
| <i>Ally Financial Incorporated</i>                 | 8.00          | 3-15-2020     | 3,016,000  | 3,389,230  |
| <i>FirstCash Incorporated 144A</i>                 | 5.38          | 6-1-2024      | 1,575,000  | 1,645,403  |
| <i>Navient Corporation</i>                         | 8.00          | 3-25-2020     | 2,725,000  | 3,004,313  |
| <i>Navient Corporation</i>                         | 8.45          | 6-15-2018     | 3,110,000  | 3,226,625  |
| <i>OneMain Financial Group LLC 144A</i>            | 7.25          | 12-15-2021    | 6,900,000  | 7,176,000  |
| <i>Springleaf Finance Corporation</i>              | 6.00          | 6-1-2020      | 1,375,000  | 1,440,313  |
| <i>Springleaf Finance Corporation</i>              | 6.90          | 12-15-2017    | 6,950,000  | 6,976,410  |
| <i>Springleaf Finance Corporation</i>              | 8.25          | 12-15-2020    | 75,000     | 84,563     |
| <i>Springleaf Finance Corporation</i>              | 8.25          | 10-1-2023     | 1,342,000  | 1,528,203  |
|                                                    |               |               |            | 30,188,560 |
| <b>Diversified Financial Services: 3.87%</b>       |               |               |            |            |
| <i>Infinity Acquisition LLC 144A</i>               | 7.25          | 8-1-2022      | 1,590,000  | 1,574,100  |
| <i>Ladder Capital Securities LLC 144A</i>          | 5.25          | 10-1-2025     | 700,000    | 697,375    |
| <i>LPL Holdings Incorporated 144A</i>              | 5.75          | 9-15-2025     | 16,500,000 | 17,160,000 |
| <i>NewStar Financial Incorporated</i>              | 7.25          | 5-1-2020      | 4,075,000  | 4,238,000  |
| <i>Tempo Acquisition LLC 144A</i>                  | 6.75          | 6-1-2025      | 1,700,000  | 1,721,250  |
|                                                    |               |               |            | 25,390,725 |
| <b>Insurance: 1.84%</b>                            |               |               |            |            |
| <i>Hub Holdings LLC (PIK at 8.88%) 144A</i>        | 8.13          | 7-15-2019     | 3,405,000  | 3,413,513  |
| <i>Hub International Limited 144A</i>              | 7.88          | 10-1-2021     | 6,900,000  | 7,181,727  |
| <i>USIS Merger Subordinate Incorporated 144A</i>   | 6.88          | 5-1-2025      | 1,425,000  | 1,478,438  |
|                                                    |               |               |            | 12,073,678 |
| <b>Health Care: 9.33%</b>                          |               |               |            |            |
| <b>Health Care Equipment &amp; Supplies: 1.88%</b> |               |               |            |            |
| <i>Hill-Rom Holdings Incorporated 144A</i>         | 5.00          | 2-15-2025     | 925,000    | 945,813    |
| <i>Hill-Rom Holdings Incorporated 144A</i>         | 5.75          | 9-1-2023      | 325,000    | 342,063    |



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|                                                  |      |            |           |            |
|--------------------------------------------------|------|------------|-----------|------------|
| <i>Hologic Incorporated 144A</i>                 | 4.38 | 10-15-2025 | 1,325,000 | 1,346,200  |
| <i>Hologic Incorporated 144A</i>                 | 5.25 | 7-15-2022  | 1,500,000 | 1,565,625  |
| <i>Kinetics Concepts Incorporated 144A</i>       | 7.88 | 2-15-2021  | 4,000,000 | 4,170,000  |
| <i>Surgery Center Holdings Incorporated 144A</i> | 6.75 | 7-1-2025   | 950,000   | 866,875    |
| <i>Surgery Center Holdings Incorporated 144A</i> | 8.88 | 4-15-2021  | 3,050,000 | 3,118,625  |
|                                                  |      |            |           | 12,355,201 |

**Health Care Providers & Services: 6.10%**

|                                               |      |            |           |           |
|-----------------------------------------------|------|------------|-----------|-----------|
| <i>Acadia Healthcare Company Incorporated</i> | 6.50 | 3-1-2024   | 310,000   | 326,663   |
| <i>Community Health Systems Incorporated</i>  | 6.25 | 3-31-2023  | 1,175,000 | 1,128,000 |
| <i>HCA Incorporated</i>                       | 5.88 | 3-15-2022  | 750,000   | 821,250   |
| <i>HCA Incorporated</i>                       | 6.50 | 2-15-2020  | 6,525,000 | 7,030,688 |
| <i>HealthSouth Corporation</i>                | 5.75 | 9-15-2025  | 1,725,000 | 1,778,906 |
| <i>Mednax Incorporated 144A</i>               | 5.25 | 12-1-2023  | 1,000,000 | 1,040,000 |
| <i>MPH Acquisition Holdings LLC 144A</i>      | 7.13 | 6-1-2024   | 4,150,000 | 4,466,438 |
| <i>MPT Operating Partnership LP</i>           | 5.00 | 10-15-2027 | 2,150,000 | 2,209,125 |

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

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12 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2017 (unaudited)

| Security name                                           | Interest rate | Maturity date | Principal    | Value        |
|---------------------------------------------------------|---------------|---------------|--------------|--------------|
| <b>Health Care Providers &amp; Services (continued)</b> |               |               |              |              |
| <i>MPT Operating Partnership LP</i>                     | 5.25%         | 8-1-2026      | \$ 2,050,000 | \$ 2,134,419 |
| <i>MPT Operating Partnership LP</i>                     | 6.38          | 3-1-2024      | 170,000      | 183,813      |
| <i>Select Medical Corporation</i>                       | 6.38          | 6-1-2021      | 6,730,000    | 6,923,488    |
| <i>Tenet Healthcare Corporation 144A</i>                | 4.63          | 7-15-2024     | 614,000      | 604,023      |
| <i>Tenet Healthcare Corporation</i>                     | 6.00          | 10-1-2020     | 3,325,000    | 3,491,250    |
| <i>Vizient Incorporated 144A</i>                        | 10.38         | 3-1-2024      | 6,885,000    | 7,848,900    |
|                                                         |               |               |              | 39,986,963   |
| <b>Health Care Technology: 1.04%</b>                    |               |               |              |              |
| <i>Change Healthcare Holdings Incorporated 144A</i>     | 5.75          | 3-1-2025      | 4,879,000    | 4,988,778    |
| <i>Quintiles IMS Holdings Incorporated 144A</i>         | 4.88          | 5-15-2023     | 1,375,000    | 1,430,000    |
| <i>Quintiles IMS Holdings Incorporated 144A</i>         | 5.00          | 10-15-2026    | 375,000      | 398,438      |
|                                                         |               |               |              | 6,817,216    |
| <b>Pharmaceuticals: 0.31%</b>                           |               |               |              |              |
| <i>Endo Finance LLC 144A</i>                            | 5.38          | 1-15-2023     | 1,275,000    | 1,026,375    |
| <i>Endo Finance LLC 144A</i>                            | 5.75          | 1-15-2022     | 1,180,000    | 1,032,500    |
|                                                         |               |               |              | 2,058,875    |
| <b>Industrials: 5.09%</b>                               |               |               |              |              |
| <b>Airlines: 0.38%</b>                                  |               |               |              |              |
| <i>Aviation Capital Group Corporation 144A</i>          | 6.75          | 4-6-2021      | 2,190,000    | 2,471,303    |
| <b>Commercial Services &amp; Supplies: 4.48%</b>        |               |               |              |              |
| <i>Acco Brands Corporation 144A</i>                     | 5.25          | 12-15-2024    | 725,000      | 751,281      |
| <i>Advanced Disposal Services Incorporated 144A</i>     | 5.63          | 11-15-2024    | 5,675,000    | 5,902,000    |
| <i>Aramark Services Incorporated</i>                    | 5.13          | 1-15-2024     | 1,245,000    | 1,316,588    |
| <i>Covanta Holding Corporation</i>                      | 5.88          | 3-1-2024      | 5,393,000    | 5,406,483    |
| <i>Covanta Holding Corporation</i>                      | 5.88          | 7-1-2025      | 1,500,000    | 1,485,000    |
| <i>Covanta Holding Corporation</i>                      | 6.38          | 10-1-2022     | 3,205,000    | 3,309,163    |
| <i>KAR Auction Services Incorporated 144A</i>           | 5.13          | 6-1-2025      | 9,375,000    | 9,703,125    |

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|                                                                  |      |            |            |            |
|------------------------------------------------------------------|------|------------|------------|------------|
| <i>Multi-Color Corporation 144A</i>                              | 4.88 | 11-1-2025  | 100,000    | 101,000    |
| <i>Plastipak Holdings Incorporated 144A</i>                      | 6.25 | 10-15-2025 | 750,000    | 764,063    |
| <i>Wrangler Buyer Corporation 144A</i>                           | 6.00 | 10-1-2025  | 625,000    | 639,063    |
|                                                                  |      |            |            | 29,377,766 |
| <b>Professional Services: 0.07%</b>                              |      |            |            |            |
| <i>Ascent Capital Group Incorporated</i>                         | 4.00 | 7-15-2020  | 600,000    | 471,000    |
| <b>Trading Companies &amp; Distributors: 0.16%</b>               |      |            |            |            |
| <i>International Lease Finance Corporation 144A</i>              | 7.13 | 9-1-2018   | 1,015,000  | 1,057,378  |
| <b>Information Technology: 11.98%</b>                            |      |            |            |            |
| <b>Communications Equipment: 0.25%</b>                           |      |            |            |            |
| <i>CommScope Technologies Finance LLC 144A</i>                   | 6.00 | 6-15-2025  | 1,550,000  | 1,635,250  |
| <b>Electronic Equipment, Instruments &amp; Components: 2.26%</b> |      |            |            |            |
| <i>Jabil Circuit Incorporated</i>                                | 8.25 | 3-15-2018  | 13,532,000 | 13,802,640 |
| <i>Zebra Technologies Corporation</i>                            | 7.25 | 10-15-2022 | 996,000    | 1,052,025  |
|                                                                  |      |            |            | 14,854,665 |

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

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Portfolio of investments October 31, 2017 (unaudited)

Wells Fargo Income Opportunities Fund 13

| Security name                                                | Interest rate | Maturity date | Principal    | Value        |
|--------------------------------------------------------------|---------------|---------------|--------------|--------------|
| <b>Internet Software &amp; Services: 1.60%</b>               |               |               |              |              |
| <i>Infor Software Parent LLC (PIK at 7.88%)</i>              |               |               |              |              |
| <i>144A</i>                                                  | 7.13%         | 5-1-2021      | \$ 1,260,000 | \$ 1,294,650 |
| <i>Infor U.S. Incorporated</i>                               | 6.50          | 5-15-2022     | 875,000      | 914,200      |
| <i>Zayo Group LLC 144A</i>                                   | 5.75          | 1-15-2027     | 1,950,000    | 2,054,813    |
| <i>Zayo Group LLC</i>                                        | 6.00          | 4-1-2023      | 620,000      | 651,775      |
| <i>Zayo Group LLC</i>                                        | 6.38          | 5-15-2025     | 5,171,000    | 5,565,858    |
|                                                              |               |               |              | 10,481,296   |
| <b>IT Services: 2.90%</b>                                    |               |               |              |              |
| <i>Cardtronics Incorporated</i>                              | 5.13          | 8-1-2022      | 2,925,000    | 2,983,500    |
| <i>Cardtronics Incorporated 144A</i>                         | 5.50          | 5-1-2025      | 2,400,000    | 2,388,000    |
| <i>First Data Corporation 144A</i>                           | 5.00          | 1-15-2024     | 2,100,000    | 2,181,375    |
| <i>First Data Corporation 144A</i>                           | 5.38          | 8-15-2023     | 525,000      | 546,000      |
| <i>First Data Corporation 144A</i>                           | 5.75          | 1-15-2024     | 2,070,000    | 2,165,738    |
| <i>First Data Corporation 144A</i>                           | 7.00          | 12-1-2023     | 3,525,000    | 3,771,821    |
| <i>Gartner Incorporated 144A</i>                             | 5.13          | 4-1-2025      | 4,725,000    | 4,996,688    |
|                                                              |               |               |              | 19,033,122   |
| <b>Semiconductors &amp; Semiconductor Equipment: 0.42%</b>   |               |               |              |              |
| <i>Micron Technology Incorporated 144A</i>                   | 5.25          | 8-1-2023      | 600,000      | 628,020      |
| <i>Micron Technology Incorporated 144A</i>                   | 5.25          | 1-15-2024     | 1,325,000    | 1,392,906    |
| <i>Micron Technology Incorporated</i>                        | 5.50          | 2-1-2025      | 659,000      | 700,188      |
|                                                              |               |               |              | 2,721,114    |
| <b>Software: 0.52%</b>                                       |               |               |              |              |
| <i>CDK Global Incorporated 144A</i>                          | 4.88          | 6-1-2027      | 425,000      | 443,063      |
| <i>CDK Global Incorporated</i>                               | 5.00          | 10-15-2024    | 1,050,000    | 1,123,710    |
| <i>SS&amp;C Technologies Incorporated</i>                    | 5.88          | 7-15-2023     | 1,430,000    | 1,510,438    |
| <i>Symantec Corporation 144A</i>                             | 5.00          | 4-15-2025     | 325,000      | 339,625      |
|                                                              |               |               |              | 3,416,836    |
| <b>Technology Hardware, Storage &amp; Peripherals: 4.03%</b> |               |               |              |              |

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|                                           |      |            |            |            |
|-------------------------------------------|------|------------|------------|------------|
| <i>Dell International LLC 144A</i>        | 5.88 | 6-15-2021  | 5,125,000  | 5,367,164  |
| <i>Diamond 1 Finance Corporation 144A</i> | 4.42 | 6-15-2021  | 250,000    | 262,841    |
| <i>Diamond 1 Finance Corporation 144A</i> | 7.13 | 6-15-2024  | 8,825,000  | 9,740,458  |
| <i>NCR Corporation</i>                    | 5.88 | 12-15-2021 | 380,000    | 392,825    |
| <i>NCR Corporation</i>                    | 6.38 | 12-15-2023 | 10,038,000 | 10,691,072 |
|                                           |      |            |            | 26,454,360 |

**Materials: 2.90%**

**Chemicals: 0.18%**

|                                    |      |           |         |           |
|------------------------------------|------|-----------|---------|-----------|
| <i>Celanese U.S. Holdings LLC</i>  | 5.88 | 6-15-2021 | 440,000 | 485,187   |
| <i>Valvoline Incorporated 144A</i> | 5.50 | 7-15-2024 | 625,000 | 662,500   |
|                                    |      |           |         | 1,147,687 |

**Containers & Packaging: 2.72%**

|                                   |      |            |         |         |
|-----------------------------------|------|------------|---------|---------|
| <i>Ball Corporation</i>           | 5.25 | 7-1-2025   | 305,000 | 335,119 |
| <i>Berry Plastics Corporation</i> | 5.13 | 7-15-2023  | 700,000 | 735,000 |
| <i>Berry Plastics Corporation</i> | 6.00 | 10-15-2022 | 350,000 | 370,563 |

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

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14 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2017 (unaudited)

| Security name                                           | Interest rate | Maturity date | Principal    | Value        |
|---------------------------------------------------------|---------------|---------------|--------------|--------------|
| <b>Containers &amp; Packaging (continued)</b>           |               |               |              |              |
| <i>Crown Cork &amp; Seal Company Incorporated</i>       | 7.38%         | 12-15-2026    | \$ 2,910,000 | \$ 3,419,250 |
| <i>Owens-Brockway Glass Container Incorporated 144A</i> | 5.88          | 8-15-2023     | 1,300,000    | 1,426,750    |
| <i>Owens-Illinois Incorporated 144A</i>                 | 5.38          | 1-15-2025     | 925,000      | 987,438      |
| <i>Owens-Illinois Incorporated 144A</i>                 | 6.38          | 8-15-2025     | 6,210,000    | 7,017,300    |
| <i>Sealed Air Corporation 144A</i>                      | 5.13          | 12-1-2024     | 2,350,000    | 2,520,375    |
| <i>Silgan Holdings Incorporated</i>                     | 5.00          | 4-1-2020      | 784,000      | 792,820      |
| <i>Silgan Holdings Incorporated</i>                     | 5.50          | 2-1-2022      | 225,000      | 231,188      |
|                                                         |               |               |              | 17,835,803   |
| <b>Metals &amp; Mining: 0.00%</b>                       |               |               |              |              |
| <i>Indalex Holdings Corporation (a)</i>                 | 11.50         | 2-1-2020      | 5,985,000    | 0            |
| <b>Real Estate: 6.75%</b>                               |               |               |              |              |
| <b>Equity REITs: 6.75%</b>                              |               |               |              |              |
| <i>CoreCivic Incorporated</i>                           | 4.63          | 5-1-2023      | 800,000      | 818,000      |
| <i>CoreCivic Incorporated</i>                           | 5.00          | 10-15-2022    | 2,175,000    | 2,270,156    |
| <i>Crown Castle International Corporation</i>           | 4.88          | 4-15-2022     | 760,000      | 823,394      |
| <i>Crown Castle International Corporation</i>           | 5.25          | 1-15-2023     | 4,385,000    | 4,844,185    |
| <i>Equinix Incorporated</i>                             | 5.75          | 1-1-2025      | 1,075,000    | 1,152,938    |
| <i>Equinix Incorporated</i>                             | 5.88          | 1-15-2026     | 2,350,000    | 2,546,813    |
| <i>ESH Hospitality Incorporated 144A</i>                | 5.25          | 5-1-2025      | 7,500,000    | 7,753,125    |
| <i>Iron Mountain Incorporated 144A</i>                  | 4.38          | 6-1-2021      | 2,500,000    | 2,575,000    |
| <i>Iron Mountain Incorporated 144A</i>                  | 5.38          | 6-1-2026      | 2,175,000    | 2,272,875    |
| <i>Iron Mountain Incorporated</i>                       | 6.00          | 8-15-2023     | 5,185,000    | 5,457,213    |
| <i>MGM Growth Properties LLC 144A</i>                   | 4.50          | 1-15-2028     | 775,000      | 773,063      |
| <i>Sabra Health Care REIT Incorporated</i>              | 5.38          | 6-1-2023      | 2,100,000    | 2,168,250    |
| <i>Sabra Health Care REIT Incorporated</i>              | 5.50          | 2-1-2021      | 2,285,000    | 2,356,406    |
| <i>The Geo Group Incorporated</i>                       | 5.13          | 4-1-2023      | 1,586,000    | 1,613,755    |
| <i>The Geo Group Incorporated</i>                       | 5.88          | 1-15-2022     | 2,595,000    | 2,682,581    |
| <i>The Geo Group Incorporated</i>                       | 5.88          | 10-15-2024    | 2,925,000    | 3,057,503    |
| <i>The Geo Group Incorporated</i>                       | 6.00          | 4-15-2026     | 1,085,000    | 1,133,825    |
|                                                         |               |               |              | 44,299,082   |

**Telecommunication Services: 5.57%****Diversified Telecommunication Services: 2.12%**

|                                       |      |           |           |            |
|---------------------------------------|------|-----------|-----------|------------|
| <i>GCI Incorporated</i>               | 6.75 | 6-1-2021  | 2,625,000 | 2,690,625  |
| <i>Level 3 Financing Incorporated</i> | 5.13 | 5-1-2023  | 1,595,000 | 1,632,881  |
| <i>Level 3 Financing Incorporated</i> | 5.25 | 3-15-2026 | 1,050,000 | 1,085,123  |
| <i>Level 3 Financing Incorporated</i> | 5.38 | 8-15-2022 | 2,545,000 | 2,622,063  |
| <i>Level 3 Financing Incorporated</i> | 5.38 | 1-15-2024 | 1,125,000 | 1,168,594  |
| <i>Level 3 Financing Incorporated</i> | 5.38 | 5-1-2025  | 1,595,000 | 1,666,775  |
| <i>Level 3 Financing Incorporated</i> | 5.63 | 2-1-2023  | 1,275,000 | 1,316,438  |
| <i>Level 3 Financing Incorporated</i> | 6.13 | 1-15-2021 | 1,690,000 | 1,724,003  |
|                                       |      |           |           | 13,906,502 |

**Wireless Telecommunication Services: 3.45%**

|                                            |      |           |           |           |
|--------------------------------------------|------|-----------|-----------|-----------|
| <i>SBA Communications Corporation 144A</i> | 4.00 | 10-1-2022 | 1,550,000 | 1,573,250 |
| <i>SBA Communications Corporation</i>      | 4.88 | 7-15-2022 | 1,485,000 | 1,533,263 |

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

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Portfolio of investments October 31, 2017 (unaudited)

Wells Fargo Income Opportunities Fund 15

| Security name                                                         | Interest rate | Maturity date | Principal    | Value        |
|-----------------------------------------------------------------------|---------------|---------------|--------------|--------------|
| <b>Wireless Telecommunication Services (continued)</b>                |               |               |              |              |
| <i>SBA Communications Corporation</i>                                 | 4.88%         | 9-1-2024      | \$ 1,025,000 | \$ 1,053,188 |
| <i>Sprint Capital Corporation</i>                                     | 6.88          | 11-15-2028    | 6,100,000    | 6,507,938    |
| <i>Sprint Capital Corporation</i>                                     | 8.75          | 3-15-2032     | 1,830,000    | 2,218,875    |
| <i>Sprint Communications Incorporated</i>                             | 7.00          | 8-15-2020     | 380,000      | 410,400      |
| <i>T-Mobile USA Incorporated</i>                                      | 4.00          | 4-15-2022     | 1,075,000    | 1,111,953    |
| <i>T-Mobile USA Incorporated</i>                                      | 5.13          | 4-15-2025     | 725,000      | 759,220      |
| <i>T-Mobile USA Incorporated</i>                                      | 5.38          | 4-15-2027     | 350,000      | 378,875      |
| <i>T-Mobile USA Incorporated</i>                                      | 6.00          | 3-1-2023      | 500,000      | 526,875      |
| <i>T-Mobile USA Incorporated</i>                                      | 6.00          | 4-15-2024     | 275,000      | 294,250      |
| <i>T-Mobile USA Incorporated</i>                                      | 6.13          | 1-15-2022     | 140,000      | 145,600      |
| <i>T-Mobile USA Incorporated</i>                                      | 6.38          | 3-1-2025      | 2,800,000    | 3,024,000    |
| <i>T-Mobile USA Incorporated</i>                                      | 6.50          | 1-15-2024     | 140,000      | 149,450      |
| <i>T-Mobile USA Incorporated</i>                                      | 6.63          | 4-1-2023      | 1,050,000    | 1,102,500    |
| <i>T-Mobile USA Incorporated</i>                                      | 6.84          | 4-28-2023     | 1,765,000    | 1,862,075    |
|                                                                       |               |               |              | 22,651,712   |
| <b>Utilities: 5.41%</b>                                               |               |               |              |              |
| <b>Electric Utilities: 0.05%</b>                                      |               |               |              |              |
| <i>NextEra Energy Incorporated 144A</i>                               | 4.25          | 9-15-2024     | 350,000      | 353,500      |
| <b>Gas Utilities: 0.35%</b>                                           |               |               |              |              |
| <i>AmeriGas Partners LP</i>                                           | 5.75          | 5-20-2027     | 2,250,000    | 2,297,813    |
| <b>Independent Power &amp; Renewable Electricity Producers: 5.01%</b> |               |               |              |              |
| <i>NSG Holdings LLC 144A</i>                                          | 7.75          | 12-15-2025    | 8,141,392    | 8,843,587    |
| <i>Pattern Energy Group Incorporated 144A</i>                         | 5.88          | 2-1-2024      | 10,418,000   | 11,069,125   |
| <i>TerraForm Power Operating LLC 144A</i>                             | 6.38          | 2-1-2023      | 9,190,000    | 9,626,525    |
| <i>TerraForm Power Operating LLC 144A</i>                             | 6.63          | 6-15-2025     | 3,050,000    | 3,309,250    |
|                                                                       |               |               |              | 32,848,487   |
| <b>Total Corporate Bonds and Notes (Cost \$701,119,916)</b>           |               |               |              | 728,721,854  |



**Loans: 5.79%**

**Consumer Discretionary: 2.26%**

**Auto Components: 0.53%**

*Federal-Mogul Corporation (1 Month LIBOR +3.75%) ±*

|      |           |           |           |
|------|-----------|-----------|-----------|
| 4.99 | 4-15-2021 | 3,408,159 | 3,437,981 |
|------|-----------|-----------|-----------|

**Hotels, Restaurants & Leisure: 1.73%**

*CCM Merger Incorporated (1 Month LIBOR +2.75%) ±*

|      |          |         |         |
|------|----------|---------|---------|
| 3.99 | 8-8-2021 | 850,945 | 856,000 |
|------|----------|---------|---------|

*Montreign Operating Company LLC (1 Month LIBOR +8.25%) ±<*

|      |           |            |            |
|------|-----------|------------|------------|
| 9.49 | 12-7-2022 | 10,425,000 | 10,516,219 |
|------|-----------|------------|------------|

11,372,219

**Energy: 0.55%**

**Energy Equipment & Services: 0.12%**

*Hummel Station (1 Month LIBOR +6.00%) ±*

|      |            |         |         |
|------|------------|---------|---------|
| 7.24 | 10-27-2022 | 893,917 | 820,169 |
|------|------------|---------|---------|

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

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16 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2017 (unaudited)

| Security name                                                                         | Interest rate | Maturity date | Principal  | Value      |
|---------------------------------------------------------------------------------------|---------------|---------------|------------|------------|
| <b>Oil, Gas &amp; Consumable Fuels: 0.43%</b>                                         |               |               |            |            |
| <i>Chesapeake Energy Corporation (3 Month LIBOR +7.50%) ±</i>                         | 8.81%         | 8-23-2021     | \$ 725,000 | \$ 776,961 |
| <i>Ultra Resources Incorporated (2 Month LIBOR +3.00%) ±</i>                          | 4.31          | 4-12-2024     | 2,025,000  | 2,024,494  |
|                                                                                       |               |               |            | 2,801,455  |
| <b>Financials: 0.32%</b>                                                              |               |               |            |            |
| <b>Diversified Financial Services: 0.32%</b>                                          |               |               |            |            |
| <i>Resolute Investment Managers Incorporated (3 Month LIBOR +7.50%) ±&lt;</i>         | 0.00          | 4-30-2023     | 1,100,000  | 1,100,000  |
| <i>Resolute Investment Managers Incorporated (3 Month LIBOR +8.75%) ±</i>             | 10.13         | 3-3-2023      | 1,010,000  | 1,012,525  |
|                                                                                       |               |               |            | 2,112,525  |
| <b>Health Care: 0.31%</b>                                                             |               |               |            |            |
| <b>Health Care Providers &amp; Services: 0.31%</b>                                    |               |               |            |            |
| <i>Press Ganey Holdings Incorporated (1 Month LIBOR +3.00%) ±&lt;</i>                 | 0.00          | 10-23-2023    | 1,850,000  | 1,863,875  |
| <i>Press Ganey Holdings Incorporated (1 Month LIBOR +6.50%) ±</i>                     | 7.74          | 10-21-2024    | 168,330    | 170,434    |
|                                                                                       |               |               |            | 2,034,309  |
| <b>Industrials: 0.39%</b>                                                             |               |               |            |            |
| <b>Commercial Services &amp; Supplies: 0.39%</b>                                      |               |               |            |            |
| <i>Advantage Sales &amp; Marketing LLC (3 Month LIBOR +6.50%) ±</i>                   | 7.88          | 7-25-2022     | 2,025,000  | 1,687,250  |
| <i>WASH Multifamily Laundry Systems LLC 2015 Term Loan B (1 Month LIBOR +3.25%) ±</i> | 4.49          | 5-14-2022     | 565,639    | 568,467    |
| <i>WASH Multifamily Laundry Systems LLC 1st Lien Term (1 Month LIBOR +3.25%) ±</i>    | 4.49          | 5-14-2022     | 99,060     | 99,555     |
|                                                                                       | 8.24          | 5-12-2023     | 29,808     | 29,510     |

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|                                                                                    |      |           |         |           |
|------------------------------------------------------------------------------------|------|-----------|---------|-----------|
| <i>WASH Multifamily Laundry Systems LLC 2nd Lien Term (1 Month LIBOR +7.00%) ±</i> |      |           |         |           |
| <i>WASH Multifamily Laundry Systems LLC 2nd Lien Term (1 Month LIBOR +7.00%) ±</i> | 8.24 | 5-14-2023 | 170,192 | 168,490   |
|                                                                                    |      |           |         | 2,553,272 |

**Information Technology: 1.22%**

**Internet Software & Services: 1.22%**

|                                                           |      |            |           |           |
|-----------------------------------------------------------|------|------------|-----------|-----------|
| <i>Ancestry.com Incorporated (1 Month LIBOR +3.25%) ±</i> | 4.49 | 10-19-2023 | 4,900,500 | 4,951,563 |
| <i>Ancestry.com Incorporated (1 Month LIBOR +8.25%) ±</i> | 9.49 | 10-19-2024 | 2,970,000 | 3,036,825 |
|                                                           |      |            |           | 7,988,388 |

**Real Estate: 0.21%**

**Real Estate Management & Development: 0.21%**

|                                                       |      |           |           |           |
|-------------------------------------------------------|------|-----------|-----------|-----------|
| <i>Capital Automotive LP (1 Month LIBOR +6.00%) ±</i> | 7.25 | 3-24-2025 | 1,328,633 | 1,361,849 |
|-------------------------------------------------------|------|-----------|-----------|-----------|

**Telecommunication Services: 0.39%**

**Diversified Telecommunication Services: 0.39%**

|                                                                     |      |           |           |           |
|---------------------------------------------------------------------|------|-----------|-----------|-----------|
| <i>Frontier Communications Corporation (1 Month LIBOR +3.75%) ±</i> | 4.99 | 6-15-2024 | 2,712,500 | 2,578,313 |
|---------------------------------------------------------------------|------|-----------|-----------|-----------|

**Utilities: 0.14%**

**Independent Power & Renewable Electricity Producers: 0.14%**

|                                                           |      |            |         |         |
|-----------------------------------------------------------|------|------------|---------|---------|
| <i>Vistra Energy Corporation (1 Month LIBOR +2.75%) ±</i> | 4.01 | 12-14-2023 | 918,063 | 924,434 |
|-----------------------------------------------------------|------|------------|---------|---------|

|                                        |  |  |  |            |
|----------------------------------------|--|--|--|------------|
| <b>Total Loans (Cost \$37,971,407)</b> |  |  |  | 37,984,914 |
|----------------------------------------|--|--|--|------------|

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

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Portfolio of investments October 31, 2017 (unaudited)

Wells Fargo Income Opportunities Fund 17

| Security name                                                         | Expiration date | Shares  | Value      |
|-----------------------------------------------------------------------|-----------------|---------|------------|
| <b>Rights: 0.06%</b>                                                  |                 |         |            |
| <b>Utilities: 0.06%</b>                                               |                 |         |            |
| <b>Independent Power &amp; Renewable Electricity Producers: 0.06%</b> |                 |         |            |
| <i>Vistra Energy Corporation</i>                                      | 12-14-2023      | 559,650 | \$ 419,738 |
| <b>Total Rights (Cost \$615,615)</b>                                  |                 |         | 419,738    |

|                                                       | Interest rate | Maturity date | Principal    |            |
|-------------------------------------------------------|---------------|---------------|--------------|------------|
| <b>Yankee Corporate Bonds and Notes: 11.70%</b>       |               |               |              |            |
| <b>Energy: 2.98%</b>                                  |               |               |              |            |
| <b>Energy Equipment &amp; Services: 0.73%</b>         |               |               |              |            |
| <i>Ensco plc</i>                                      | 5.75%         | 10-1-2044     | \$ 6,902,000 | 4,710,615  |
| <i>Trinidad Drilling Limited 144A</i>                 | 6.63          | 2-15-2025     | 100,000      | 97,250     |
|                                                       |               |               |              | 4,807,865  |
| <b>Oil, Gas &amp; Consumable Fuels: 2.25%</b>         |               |               |              |            |
| <i>Baytex Energy Corporation 144A</i>                 | 5.13          | 6-1-2021      | 3,600,000    | 3,411,000  |
| <i>Baytex Energy Corporation 144A</i>                 | 5.63          | 6-1-2024      | 1,759,000    | 1,635,870  |
| <i>Griffin Coal Mining Company Limited 144A(a)(p)</i> | 9.50          | 12-1-2016     | 2,119,383    | 8,478      |
| <i>Griffin Coal Mining Company Limited (a)(p)</i>     | 9.50          | 12-1-2016     | 290,088      | 1,160      |
| <i>Teekay Corporation</i>                             | 8.50          | 1-15-2020     | 9,583,000    | 9,690,809  |
|                                                       |               |               |              | 14,747,317 |
| <b>Financials: 0.75%</b>                              |               |               |              |            |
| <b>Banks: 0.55%</b>                                   |               |               |              |            |
| <i>Nielsen Holding and Finance BV 144A</i>            | 5.00          | 2-1-2025      | 2,775,000    | 2,872,125  |
| <i>Nielsen Holding and Finance BV 144A</i>            | 5.50          | 10-1-2021     | 700,000      | 721,000    |
| <i>Preferred Term Securities XII Limited (a)</i>      | 0.00          | 12-24-2033    | 1,540,000    | 0          |

3,593,125

**Diversified Financial Services: 0.20%**

|                                     |      |           |           |           |
|-------------------------------------|------|-----------|-----------|-----------|
| <i>Sensata Technologies BV 144A</i> | 6.25 | 2-15-2026 | 1,225,000 | 1,344,438 |
|-------------------------------------|------|-----------|-----------|-----------|

**Health Care: 3.15%****Pharmaceuticals: 3.15%**

|                                                                |      |            |           |            |
|----------------------------------------------------------------|------|------------|-----------|------------|
| <i>Endo Finance LLC 144A</i>                                   | 5.88 | 10-15-2024 | 400,000   | 419,000    |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.50 | 3-1-2023   | 3,825,000 | 3,213,000  |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.50 | 11-1-2025  | 900,000   | 919,125    |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.63 | 12-1-2021  | 1,178,000 | 1,074,925  |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.88 | 5-15-2023  | 3,600,000 | 3,037,500  |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.13 | 4-15-2025  | 7,880,000 | 6,619,200  |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.38 | 10-15-2020 | 1,453,000 | 1,443,919  |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.50 | 3-15-2022  | 525,000   | 557,156    |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.75 | 8-15-2021  | 700,000   | 678,125    |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 7.00 | 3-15-2024  | 975,000   | 1,055,438  |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 7.25 | 7-15-2022  | 100,000   | 96,125     |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 7.50 | 7-15-2021  | 1,541,000 | 1,519,811  |
|                                                                |      |            |           | 20,633,324 |

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

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18 Wells Fargo Income Opportunities Fund

Portfolio of investments October 31, 2017 (unaudited)

| Security name                                         | Interest rate | Maturity date | Principal  | Value      |
|-------------------------------------------------------|---------------|---------------|------------|------------|
| <b>Industrials: 1.93%</b>                             |               |               |            |            |
| <b>Commercial Services &amp; Supplies: 1.66%</b>      |               |               |            |            |
| <i>GFL Environmental Incorporated 144A</i>            | 5.63%         | 5-1-2022      | \$ 925,000 | \$ 959,688 |
| <i>GFL Environmental Incorporated 144A</i>            | 9.88          | 2-1-2021      | 1,050,000  | 1,116,938  |
| <i>Ritchie Brothers Auctioneers Incorporated 144A</i> | 5.38          | 1-15-2025     | 8,400,000  | 8,841,000  |
|                                                       |               |               |            | 10,917,626 |
| <b>Machinery: 0.08%</b>                               |               |               |            |            |
| <i>Sensata Technologies BV 144A</i>                   | 5.00          | 10-1-2025     | 485,000    | 516,525    |
| <b>Professional Services: 0.19%</b>                   |               |               |            |            |
| <i>IHS Markit Limited 144A</i>                        | 4.75          | 2-15-2025     | 1,150,000  | 1,216,125  |
| <b>Materials: 0.90%</b>                               |               |               |            |            |
| <b>Containers &amp; Packaging: 0.77%</b>              |               |               |            |            |
| <i>Ardagh Packaging Finance plc 144A</i>              | 4.25          | 9-15-2022     | 600,000    | 618,000    |
| <i>Ardagh Packaging Finance plc 144A</i>              | 6.00          | 2-15-2025     | 2,950,000  | 3,130,688  |
| <i>Ardagh Packaging Finance plc 144A</i>              | 7.25          | 5-15-2024     | 1,175,000  | 1,291,031  |
|                                                       |               |               |            | 5,039,719  |
| <b>Metals &amp; Mining: 0.13%</b>                     |               |               |            |            |
| <i>ArcelorMittal SA</i>                               | 6.13          | 6-1-2025      | 450,000    | 519,062    |
| <i>Novelis Corporation 144A</i>                       | 6.25          | 8-15-2024     | 325,000    | 342,875    |
|                                                       |               |               |            | 861,937    |
| <b>Telecommunication Services: 1.99%</b>              |               |               |            |            |
| <b>Diversified Telecommunication Services: 1.99%</b>  |               |               |            |            |
| <i>Intelsat Jackson Holdings SA</i>                   | 5.50          | 8-1-2023      | 11,740,000 | 10,023,025 |
| <i>Intelsat Luxembourg SA</i>                         | 7.75          | 6-1-2021      | 3,825,000  | 2,400,150  |
| <i>Virgin Media Finance plc 144A</i>                  | 6.38          | 4-15-2023     | 605,000    | 630,713    |

|                                                                         |                |                       |
|-------------------------------------------------------------------------|----------------|-----------------------|
|                                                                         |                | 13,053,888            |
| <b>Total Yankee Corporate Bonds and Notes (Cost \$77,081,725)</b>       |                | 76,731,889            |
|                                                                         | <b>Yield</b>   | <b>Shares</b>         |
| <b>Short-Term Investments: 5.88%</b>                                    |                |                       |
| <b>Investment Companies: 5.88%</b>                                      |                |                       |
| <i>Wells Fargo Government Money Market<br/>Fund Select Class (l)(u)</i> | 0.96           | 38,600,274            |
|                                                                         |                | 38,600,274            |
| <b>Total Short-Term Investments (Cost \$38,600,274)</b>                 |                | 38,600,274            |
| <b>Total investments in securities (Cost<br/>\$859,039,109)</b>         | 134.57%        | 882,825,261           |
| <i>Other assets and liabilities, net</i>                                | (34.57)        | (226,780,110)         |
| <b>Total net assets</b>                                                 | <b>100.00%</b> | <b>\$ 656,045,151</b> |

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

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Portfolio of investments October 31, 2017 (unaudited)

Wells Fargo Income Opportunities Fund 19

Non-income-earning 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.

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

< All or a portion of the position represents an unfunded loan commitment. The rate represents the current interest rate if the loan is partially funded.

Security is valued using significant unobservable inputs.

(p) Issuer is undergoing bankruptcy proceedings.

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

(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.

**Investments in Affiliates**

An affiliated investment is an investment in which the Fund owns at least 5% of the outstanding voting shares of the issuer or as a result of other relationships, such as the Fund and the issuer having the same investment manager. Transactions with issuers that were either affiliated persons of the Fund at the beginning of the period or the end of the period were as follows:



|                                                   | Shares,<br>beginning of<br>period | Shares<br>purchased | Shares<br>sold | Shares,<br>end of<br>period | Net<br>change<br>realized<br>gains<br>(losses) | Net<br>in<br>Income<br>realized<br>gains<br>from<br>affiliated<br>securities | Value,<br>end<br>of period | % of<br>net<br>assets |
|---------------------------------------------------|-----------------------------------|---------------------|----------------|-----------------------------|------------------------------------------------|------------------------------------------------------------------------------|----------------------------|-----------------------|
| <b>Short-Term<br/>Investments</b>                 |                                   |                     |                |                             |                                                |                                                                              |                            |                       |
| <b>Investment<br/>companies</b>                   |                                   |                     |                |                             |                                                |                                                                              |                            |                       |
| Wells Fargo<br>Government<br>Money<br>Market Fund |                                   |                     |                |                             |                                                |                                                                              |                            |                       |
| Select Class                                      | 47,815,404                        | 112,918,318         | 122,133,448    | 38,600,274                  | \$ 0 \$ 0                                      | \$ 157,031                                                                   | \$ 38,600,274              | 5.88%                 |

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

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| 20 Wells Fargo Income Opportunities Fund                                                                   | Statement of assets and liabilities | October 31, 2017<br>(unaudited) |
|------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------|
| <b>Assets</b>                                                                                              |                                     |                                 |
| Investments in unaffiliated securities, at value (cost \$820,438,835)                                      |                                     | \$ 844,224,987                  |
| Investments in affiliated securities, at value (cost \$38,600,274)                                         |                                     | 38,600,274                      |
| Receivable for investments sold                                                                            |                                     | 2,788,702                       |
| Receivable for interest                                                                                    |                                     | 12,093,796                      |
| Prepaid expenses and other assets                                                                          |                                     | 67,532                          |
| <b>Total assets</b>                                                                                        |                                     | <b>897,775,291</b>              |
| <b>Liabilities</b>                                                                                         |                                     |                                 |
| Secured borrowing payable                                                                                  |                                     | 230,000,000                     |
| Payable for investments purchased                                                                          |                                     | 6,728,767                       |
| Dividends payable                                                                                          |                                     | 3,962,746                       |
| Advisory fee payable                                                                                       |                                     | 428,162                         |
| Payable for Fund shares repurchased                                                                        |                                     | 236,247                         |
| Administration fee payable                                                                                 |                                     | 37,721                          |
| Trustees' fees and expenses payable                                                                        |                                     | 2,115                           |
| Accrued expenses and other liabilities                                                                     |                                     | 334,382                         |
| <b>Total liabilities</b>                                                                                   |                                     | <b>241,730,140</b>              |
| <b>Total net assets</b>                                                                                    |                                     | <b>\$ 656,045,151</b>           |
| <b>NET ASSETS CONSIST OF</b>                                                                               |                                     |                                 |
| Paid-in capital                                                                                            |                                     | \$ 835,794,927                  |
| Overdistributed net investment income                                                                      |                                     | (10,716,701)                    |
| Accumulated net realized losses on investments                                                             |                                     | (192,819,227)                   |
| Net unrealized gains on investments                                                                        |                                     | 23,786,152                      |
| <b>Total net assets</b>                                                                                    |                                     | <b>\$ 656,045,151</b>           |
| <b>NET ASSET VALUE PER SHARE</b>                                                                           |                                     |                                 |
| Based on \$656,045,151 divided by 70,105,916 shares issued and outstanding (100,000,000 shares authorized) |                                     | \$9.36                          |

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

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Statement of operations six months ended October 31, 2017 (unaudited)Wells Fargo Income Opportunities Fund 21

**Investment income**

|                                   |               |
|-----------------------------------|---------------|
| Interest                          | \$ 26,727,557 |
| Income from affiliated securities | 157,031       |
| Dividends                         | 13            |

|                         |            |
|-------------------------|------------|
| Total investment income | 26,884,601 |
|-------------------------|------------|

**Expenses**

|                             |           |
|-----------------------------|-----------|
| Advisory fee                | 2,679,077 |
| Administration fee          | 223,256   |
| Custody and accounting fees | 12,773    |
| Professional fees           | 43,615    |
| Shareholder report expenses | 33,380    |
| Trustees' fees and expenses | 10,958    |
| Transfer agent fees         | 17,392    |
| Interest expense            | 2,186,455 |
| Other fees and expenses     | 5,271     |

|                                                 |           |
|-------------------------------------------------|-----------|
| Total expenses                                  | 5,212,177 |
| Less: Fee waivers and/or expense reimbursements | (138,285) |

|              |           |
|--------------|-----------|
| Net expenses | 5,073,892 |
|--------------|-----------|

|                       |            |
|-----------------------|------------|
| Net investment income | 21,810,709 |
|-----------------------|------------|

**REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS**

|                                                        |              |
|--------------------------------------------------------|--------------|
| Net realized losses on investments                     | (28,014,299) |
| Net change in unrealized gains (losses) on investments | 34,093,499   |

|                                                           |           |
|-----------------------------------------------------------|-----------|
| Net realized and unrealized gains (losses) on investments | 6,079,200 |
|-----------------------------------------------------------|-----------|

|                                                             |                      |
|-------------------------------------------------------------|----------------------|
| <b>Net increase in net assets resulting from operations</b> | <b>\$ 27,889,909</b> |
|-------------------------------------------------------------|----------------------|

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

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| 22 Wells Fargo Income Opportunities Fund               | Statement of changes in net assets |                       |
|--------------------------------------------------------|------------------------------------|-----------------------|
|                                                        | Six months ended                   | Year ended            |
|                                                        | October 31, 2017<br>(unaudited)    | April 30,<br>2017     |
| <b>Operations</b>                                      |                                    |                       |
| Net investment income                                  | \$ 21,810,709                      | \$ 52,134,683         |
| Net realized gains (losses) on investments             | (28,014,299)                       | 8,164,400             |
| Net change in unrealized gains (losses) on investments | 34,093,499                         | 49,157,949            |
| Net increase in net assets resulting from operations   | 27,889,909                         | 109,457,032           |
| <b>Distributions to shareholders from</b>              |                                    |                       |
| Net investment income                                  | (24,805,393)                       | (55,989,068)          |
| Tax basis return of capital                            | 0                                  | (639,057)             |
| Total distributions to shareholders                    | (24,805,393)                       | (56,628,125)          |
| <b>Capital share transactions</b>                      |                                    |                       |
| Cost of shares repurchased                             | (3,556,134)                        | (3,749,231)           |
| Total increase (decrease) in net assets                | (471,618)                          | 49,079,676            |
| <b>Net assets</b>                                      |                                    |                       |
| <b>Beginning of period</b>                             | <b>656,516,769</b>                 | <b>607,437,093</b>    |
| <b>End of period</b>                                   | <b>\$ 656,045,151</b>              | <b>\$ 656,516,769</b> |
| <b>Overdistributed net investment income</b>           | <b>\$ (10,716,701)</b>             | <b>\$ (4,287,689)</b> |

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

**Table of Contents**Statement of cash flows six months ended October 31,  
2017

Wells Fargo Income Opportunities Fund 23

**Cash flows from operating activities:**

Net increase in net assets resulting from operations \$ 27,889,909

**Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:**

Purchase of securities (175,547,475)

Proceeds from sales of securities 177,613,488

Amortization (1,224,702)

Proceeds from sales of short-term securities, net 9,215,130

Increase in receivable for investments sold (2,254,577)

Decrease in receivable for interest 207,562

Increase in prepaid expenses and other assets (32,863)

Decrease in payable for investments purchased (1,099,770)

Decrease in advisory fee payable (7,736)

Increase in administration fee payable 1,396

Increase in trustees' fees and expenses payable 2,115

Increase in accrued expenses and other liabilities 22,414

Litigation payments received 1,436

Net realized losses on investments 28,014,299

Net change in unrealized gains (losses) on investments (34,093,499)

Net cash provided by operating activities 28,707,127

**Cash flows from financing activities:**

Payment for shares repurchased (3,643,063)

Cash distributions paid (25,064,064)

Net cash used in financing activities (28,707,127)

Net increase in cash 0

**Cash:**

Beginning of period 0

End of period 0

**Supplemental cash disclosure**

Cash paid for interest \$ 2,121,497

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

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24 Wells Fargo Income Opportunities Fund  
(For a share outstanding throughout each period)

Financial highlights

|                                                           | Six months ended        | Year ended April 30     |                   |                   |                   |                   |
|-----------------------------------------------------------|-------------------------|-------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                           | October 31,<br>2017     | 2016                    | 2015              | 2014              | 2013              |                   |
|                                                           | (unaudited)             | 2017                    | 2016              | 2015              | 2014              | 2013              |
| <b>Net asset value, beginning of period</b>               | <b>\$9.31</b>           | <b>\$8.56</b>           | <b>\$9.75</b>     | <b>\$10.04</b>    | <b>\$10.18</b>    | <b>\$9.67</b>     |
| Net investment income                                     | 0.31 <sup>1</sup>       | 0.74 <sup>1</sup>       | 0.77 <sup>1</sup> | 0.77 <sup>1</sup> | 0.82 <sup>1</sup> | 0.88 <sup>1</sup> |
| Net realized and unrealized gains (losses) on investments | 0.09                    | 0.81                    | (1.14)            | (0.24)            | (0.14)            | 0.54              |
| Total from investment operations                          | 0.40                    | 1.55                    | (0.37)            | 0.53              | 0.68              | 1.42              |
| <b>Distributions to shareholders from</b>                 |                         |                         |                   |                   |                   |                   |
| Net investment income                                     | (0.35)                  | (0.79)                  | (0.82)            | (0.82)            | (0.82)            | (0.91)            |
| Tax basis return of capital                               | 0.00                    | (0.01)                  | 0.00              | 0.00              | 0.00              | 0.00              |
| Total distributions to shareholders                       | (0.35)                  | (0.80)                  | (0.82)            | (0.82)            | (0.82)            | (0.91)            |
| <b>Anti-dilutive effect of shares repurchased</b>         | <b>0.00<sup>2</sup></b> | <b>0.00<sup>2</sup></b> | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b>       |
| <b>Net asset value, end of period</b>                     | <b>\$9.36</b>           | <b>\$9.31</b>           | <b>\$8.56</b>     | <b>\$9.75</b>     | <b>\$10.04</b>    | <b>\$10.18</b>    |
| <b>Market value, end of period</b>                        | <b>\$8.51</b>           | <b>\$8.64</b>           | <b>\$7.76</b>     | <b>\$8.93</b>     | <b>\$9.52</b>     | <b>\$10.23</b>    |
| <b>Total return based on market value<sup>3</sup></b>     | <b>2.58%</b>            | <b>22.55%</b>           | <b>(3.47)%</b>    | <b>2.59%</b>      | <b>1.60%</b>      | <b>8.90%</b>      |
| <b>Ratios to average net assets (annualized)</b>          |                         |                         |                   |                   |                   |                   |



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|                                                        |           |           |           |           |           |           |
|--------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Gross expenses <sup>4</sup>                            | 1.58%     | 1.40%     | 1.30%     | 1.23%     | 1.27%     | 1.29%     |
| Net expenses <sup>4</sup>                              | 1.53%     | 1.23%     | 1.10%     | 0.96%     | 1.01%     | 1.05%     |
| Net investment income                                  | 3.33%     | 8.15%     | 8.76%     | 7.85%     | 8.35%     | 8.89%     |
| <b>Supplemental data</b>                               |           |           |           |           |           |           |
| Portfolio turnover rate                                | 16%       | 43%       | 25%       | 33%       | 31%       | 27%       |
| Net assets, end of period (000s omitted)               | \$656,045 | \$656,517 | \$607,437 | \$692,169 | \$712,781 | \$722,555 |
| Borrowings outstanding, end of period (000s omitted)   | \$230,000 | \$230,000 | \$230,000 | \$230,000 | \$230,000 | \$230,000 |
| Asset coverage per \$1,000 of borrowing, end of period | \$3,852   | \$3,854   | \$3,641   | \$4,009   | \$4,099   | \$4,142   |

<sup>1</sup> Calculated based upon average shares outstanding

<sup>2</sup> Amount is less than \$0.005.

<sup>3</sup> Total return is calculated assuming a purchase of common stock on the first day and a sale on the last day of the period reported. Dividends and distributions, if any, are assumed for the purposes of these calculations to be reinvested at prices obtained under the Fund's Automatic Dividend Reinvestment Plan. Total return does not reflect brokerage commissions or sales charges.

<sup>4</sup> Ratios include interest expense relating to interest associated with borrowings and/or leverage transactions as follows:

|                                               |       |
|-----------------------------------------------|-------|
| Six months ended October 31, 2017 (unaudited) | 0.66% |
| Year ended April 30, 2017                     | 0.48% |
| Year ended April 30, 2016                     | 0.37% |
| Year ended April 30, 2015                     | 0.10% |
| Year ended April 30, 2014                     | 0.07% |
| Year ended April 30, 2013                     | 0.08% |

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

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Notes to financial statements (unaudited)

Wells Fargo Income Opportunities Fund 25

**1. ORGANIZATION**

Wells Fargo Income Opportunities Fund (the Fund) was organized as a statutory trust under the laws of the state of Delaware on December 3, 2002 and is registered as a diversified closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). As an investment company, the Fund follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services - Investment Companies*.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The following significant accounting policies, which are consistently followed in the preparation of the financial statements of the Fund, are in conformity with U.S. generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Securities valuation**

All investments are valued each business day as of the close of regular trading on the New York Stock Exchange (generally 4 p.m. Eastern Time), although the Fund may deviate from this calculation time under unusual or unexpected circumstances.

Debt securities are valued at the evaluated bid price provided by an independent pricing service or, if a reliable price is not available, the quoted bid price from an independent broker-dealer.

Equity securities that are listed on a foreign or domestic exchange or market are valued at the official closing price or, if none, the last sales price. If no sale occurs on the principal exchange or market that day, a fair value price will be determined in accordance with the Fund's Valuation Procedures.

Investments in registered open-end investment companies are 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 in good faith by the Board of Trustees of the Fund. 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 or appropriate, including determining the fair value of portfolio securities, unless the determination 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 Valuation Procedures as it deems appropriate. On a quarterly basis, the Board of Trustees receives reports on any valuation actions taken by the Valuation Committee or the Management Valuation Team which may include items for ratification.

Valuations of fair valued securities are compared to the next actual sales price when available, or other appropriate market values, to assess the continued appropriateness of the fair valuation methodologies 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 inputs considered in the valuation process until there is a readily available price provided on

an exchange or by an independent pricing service. Valuations received from an independent pricing service or independent broker-dealer 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 subadviser. 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.

#### **Loans**

The Fund may invest in direct debt instruments which are interests in amounts owed to lenders by corporate or other borrowers. The loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. Investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third

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26 Wells Fargo Income Opportunities Fund Notes to financial statements (unaudited)

parties. When the Fund purchases participations, it generally has no rights to enforce compliance with terms of the loan agreement with the borrower. As a result, the Fund assumes the credit risk of both the borrower and the lender that is selling the participation. When the Fund purchases assignments from lenders, it acquires direct rights against the borrower on the loan and may enforce compliance by the borrower with the terms of the loan agreement. Loans may include fully funded term loans or unfunded loan commitments, which are contractual obligations for future funding.

### **Security transactions and income recognition**

Securities transactions are recorded on a trade date basis. Realized gains or losses are recorded on the basis of identified cost.

Interest income is accrued daily and bond discounts are accreted and premiums are amortized daily based on the effective interest method. To the extent debt obligations are placed on non-accrual status, any related interest income may be reduced by writing off interest receivables when the collection of all or a portion of interest has been determined to be doubtful based on consistently applied procedures and the fair value has decreased. If the issuer subsequently resumes interest payments or when the collectability of interest is reasonably assured, the debt obligation is removed from non-accrual status.

Dividend income is recognized on the ex-dividend date.

### **Distributions to shareholders**

Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-dividend date. Such distributions are determined in accordance with income tax regulations and may differ from U.S. generally accepted accounting principles. Dividend sources are estimated at the time of declaration. The tax character of distributions is determined as of the Fund's fiscal year end. Therefore, a portion of the Fund's distributions made prior to the Fund's fiscal year end may be categorized as a tax return of capital.

### **Federal and other taxes**

The Fund intends to continue to qualify as a regulated investment company by distributing substantially all of its investment company taxable income and any net realized capital gains (after reduction for capital loss carryforwards) sufficient to relieve it from all, or substantially all, federal income taxes. Accordingly, no provision for federal income taxes was required.

The Fund's income and federal excise tax returns and all financial records supporting those returns for the prior three fiscal years are subject to examination by the federal and Delaware revenue authorities. Management has analyzed the Fund's tax positions taken on federal, state, and foreign tax returns for all open tax years and does not believe that there are any uncertain tax positions that require recognition of a tax liability.

As of October 31, 2017, the aggregate cost of all investments for federal income tax purposes was \$868,635,032 and the unrealized gains (losses) consisted of:

|                         |               |
|-------------------------|---------------|
| Gross unrealized gains  | \$ 37,855,379 |
| Gross unrealized losses | (23,665,150)  |
| Net unrealized gains    | \$ 14,190,229 |

Capital loss carryforwards that do not expire are required to be utilized prior to capital loss carryforwards that expire. As of April 30, 2017, capital loss carryforwards available to offset future net realized capital gains were as follows through the indicated expiration dates:

|                 |               |
|-----------------|---------------|
|                 | No expiration |
| 2018            | Long-term     |
| (\$155,329,141) | (\$7,589,482) |

### 3. 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:

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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 investments in securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets and liabilities as of October 31, 2017:

|                                         | Quoted prices<br>(Level 1) | Other significant<br>observable inputs<br>(Level 2) | Significant<br>unobservable inputs<br>(Level 3) | Total                 |
|-----------------------------------------|----------------------------|-----------------------------------------------------|-------------------------------------------------|-----------------------|
| <b>Assets</b>                           |                            |                                                     |                                                 |                       |
| <b>Investments in:</b>                  |                            |                                                     |                                                 |                       |
| <b>Common stocks</b>                    |                            |                                                     |                                                 |                       |
| <i>Energy</i>                           | \$ 365,867                 | \$ 0                                                | \$ 0                                            | \$ 365,867            |
| <i>Materials</i>                        | 725                        | 0                                                   | 0                                               | 725                   |
| <b>Corporate bonds and notes</b>        | 0                          | 728,721,854                                         | 0                                               | 728,721,854           |
| <b>Loans</b>                            | 0                          | 24,076,152                                          | 13,908,762                                      | 37,984,914            |
| <b>Rights</b>                           |                            |                                                     |                                                 |                       |
| <i>Utilities</i>                        | 0                          | 419,738                                             | 0                                               | 419,738               |
| <b>Yankee corporate bonds and notes</b> | 0                          | 76,722,251                                          | 9,638                                           | 76,731,889            |
| <b>Short-term investments</b>           |                            |                                                     |                                                 |                       |
| <i>Investment companies</i>             | 38,600,274                 | 0                                                   | 0                                               | 38,600,274            |
| <b>Total assets</b>                     | <b>\$ 38,966,866</b>       | <b>\$ 829,939,995</b>                               | <b>\$ 13,918,400</b>                            | <b>\$ 882,825,261</b> |

The Fund recognizes transfers between levels within the fair value hierarchy at the end of the reporting period. At October 31, 2017, the Fund did not have any transfers between 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:

| Loans | Total |
|-------|-------|
|-------|-------|

|                                                                                                  |               | Yankee corporate<br>bonds and<br>notes |               |
|--------------------------------------------------------------------------------------------------|---------------|----------------------------------------|---------------|
| <b>Balance as of April 30, 2017</b>                                                              | \$ 11,209,715 | \$ 9,638                               | \$ 11,219,353 |
| Accrued discounts (premiums)                                                                     | 13,436        | 0                                      | 13,436        |
| Realized gains (losses)                                                                          | 749           | 0                                      | 749           |
| Change in unrealized gains (losses)                                                              | (85,655)      | 0                                      | (85,655)      |
| Purchases                                                                                        | 4,356,688     | 0                                      | 4,356,688     |
| Sales                                                                                            | (85,070)      | 0                                      | (85,070)      |
| Transfers into Level 3                                                                           | 1,361,849     | 0                                      | 1,361,849     |
| Transfers out of Level 3                                                                         | (2,862,950)   | 0                                      | (2,862,950)   |
| <b>Balance as of October 31, 2017</b>                                                            | \$ 13,908,762 | \$ 9,638                               | \$ 13,918,400 |
| <b>Change in unrealized gains (losses) relating to securities still held at October 31, 2017</b> | \$ (93,999)   | \$ 0                                   | \$ (93,999)   |

The loan obligations in the Level 3 table were valued using indicative broker quotes. These indicative broker quotes are considered Level 3 inputs. Quantitative unobservable inputs used by the brokers are often proprietary and not provided to the Fund and therefore the disclosure that would address these inputs is not included above.

The yankee corporate bonds and notes obligations in the Level 3 table represents two positions which were valued based on an analysis of the expected final distribution available to bondholders from asset sales.

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**Table of Contents****28 Wells Fargo Income Opportunities Fund**  
**4. TRANSACTIONS WITH AFFILIATES**

Notes to financial statements (unaudited)

**Advisory fee**

Funds Management, an indirect wholly owned subsidiary of Wells Fargo & Company ( Wells Fargo ), is the adviser to the Fund and is entitled to receive a fee at an annual rate of 0.60% of the Fund's average daily total assets. Total assets consist of the net assets of the Fund plus borrowings or other leverage for investment purposes to the extent excluded in calculating net assets. Funds Management has committed through March 6, 2018 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. Funds Management contractually waived its advisory fee in the amount of \$138,285 for the six months ended October 31, 2017.

Funds Management has retained the services of a subadviser to provide daily portfolio management to the Fund. The fee for subadvisory services is borne by Funds Management. Wells Capital Management Incorporated, an affiliate of Funds Management and an indirect wholly owned subsidiary of Wells Fargo, is the subadviser to the Fund and is entitled to receive a fee from Funds Management at an annual rate of 0.40% of the Fund's average daily total assets.

**Administration fee**

Funds Management also serves as the administrator to the Fund, providing the Fund with a wide range of administrative services necessary to the operation of the Fund. Funds Management is entitled to receive an annual administration fee from the Fund equal to 0.05% of the Fund's average daily total assets.

**Interfund transactions**

The Fund may purchase or sell portfolio investment securities to certain other Wells Fargo affiliates pursuant to Rule 17a-7 under the 1940 Act and under procedures adopted by the Board of Trustees. The procedures have been designed to ensure that these interfund transactions, which do not incur broker commissions, are effected at current market prices.

**5. CAPITAL SHARE TRANSACTIONS**

The Fund has authorized capital of 100,000,000 shares with no par value. For the six months ended October 31, 2017 and the year ended April 30, 2017, the Fund did not issue any shares.

On November 23, 2016, the Fund announced an extension of its open-market share repurchase program (the Buyback Program ). Under the Buyback Program, the Fund is authorized to repurchase up to 10% of its outstanding shares in open market transactions during the period beginning on December 17, 2016 and ending on December 31, 2017. The Fund's Board of Trustees has delegated to Funds Management 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. During the six months ended October 31, 2017, the Fund purchased 413,338 of its shares on the open market at a total cost of \$3,556,134 (weighted average price per share of \$11.31). The weighted average discount of these repurchased shares was 8.28%.



## **6. BORROWINGS**

The Fund has borrowed \$230 million through a revolving credit facility administered by a major financial institution (the Facility). The Facility has a commitment amount of \$230 million with no specific contract expiration date but the Facility can be terminated upon 180 days' notice. The Fund is charged interest at London Interbank Offered Rate (LIBOR) plus 0.70% and a commitment fee of 0.30% of the average daily unutilized amount of the commitment which may be waived if the amount drawn on the Facility is over 75% of the committed amount. The financial institution holds a security interest in all the assets of the Fund as collateral for the borrowing.

During the six months ended October 31, 2017, the Fund had average borrowings outstanding of \$230,000,000 at an average interest rate of 1.89% and paid interest in the amount of \$2,186,455, which represents 0.66% of its average daily net assets (on an annualized basis).

## **7. INVESTMENT PORTFOLIO TRANSACTIONS**

Purchases and sales of investments, excluding U.S. government obligations (if any) and short-term securities, for the six months ended October 31, 2017 were \$175,547,475 and \$177,471,749, respectively.

As of October 31, 2017, the Fund had unfunded term loan commitments of \$4,984,188.

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Notes to financial statements (unaudited)

Wells Fargo Income Opportunities Fund 29

**8. INDEMNIFICATION**

Under the Fund's organizational documents, the officers and Trustees have been granted certain indemnification rights against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund may enter into contracts with service providers that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated.

**9. NEW ACCOUNTING PRONOUNCEMENTS**

In August 2016, FASB issued Accounting Standard Update (ASU) No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments (a Consensus of the Emerging Issues Task Force)*, which is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. Management has evaluated the impact of adopting this ASU and determine that it will not result in any material changes to the disclosures in the financial statements. This ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those financial years, with early adoption permitted.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash (a Consensus of the Emerging Issues Task Force)*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts described as restricted cash and restricted cash equivalents should be included with the cash and cash equivalents in reconciling the beginning and end of period total amounts shown on the statement of cash flows. Management has evaluated the impact of adopting this ASU and determine that it will not result in any material changes to the disclosures in the financial statements. This ASU is effective for interim and annual reporting periods beginning after December 15, 2017.

**10. SUBSEQUENT DISTRIBUTIONS**

The Fund declared the following distributions to common shareholders:

| Declaration date  | Record date       | Payable date     | Per share amount |
|-------------------|-------------------|------------------|------------------|
| October 27, 2017  | November 15, 2017 | December 1, 2017 | \$0.056          |
| November 10, 2017 | December 13, 2017 | January 2, 2018  | 0.056            |

These distributions are not reflected in the accompanying financial statements.

**Table of Contents****30 Wells Fargo Income Opportunities Fund  
PROXY VOTING INFORMATION**

Other information (unaudited)

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, upon request, by calling **1-800-222-8222**, visiting our website at **wellsfargofunds.com**, or visiting the SEC website at [sec.gov](http://sec.gov). Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on the Fund's website at **wellsfargofunds.com** or by visiting the SEC website at [sec.gov](http://sec.gov).

**ANNUAL MEETING OF SHAREHOLDERS**

On August 7, 2017, an Annual Meeting of Shareholders for the Fund was held to consider the following proposal. The results of the proposal are indicated below.

**Proposal 1** Election of Trustees:

|                           |                    |                |
|---------------------------|--------------------|----------------|
| Net assets voted For      | Isaiah Harris, Jr. | \$ 526,681,098 |
| Net assets voted Withhold |                    | \$ 15,202,070  |
| Net assets voted For      | David F. Larcker   | \$ 526,647,735 |
| Net assets voted Withhold |                    | \$ 15,235,433  |
| Net assets voted For      | Olivia S. Mitchell | \$ 525,614,101 |
| Net assets voted Withhold |                    | \$ 16,269,067  |

**PORTFOLIO HOLDINGS INFORMATION**

The complete portfolio holdings for the Fund are publicly available monthly on the Fund's website (**wellsfargofunds.com**), on a one-month delayed basis. The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, which is available by visiting the SEC website at [sec.gov](http://sec.gov). In addition, the Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and at regional offices in New York City, at 233 Broadway, and in Chicago, at 175 West Jackson Boulevard, Suite 900. Information about the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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Other information (unaudited)

Wells Fargo Income Opportunities Fund 31

**BOARD OF TRUSTEES AND OFFICERS**

The following table provides basic information about the Board of Trustees (the Trustees) and Officers of the Fund. Each of the Trustees and Officers<sup>1</sup> listed below acts in identical capacities for each fund in the Wells Fargo family of funds, which consists of 152 mutual funds comprising the Wells Fargo Funds Trust, Wells Fargo Variable Trust, Wells Fargo Master Trust, and four closed-end funds, including the Fund (collectively the Fund Complex). The mailing address of each Trustee and Officer is 525 Market Street, 12th Floor, San Francisco, CA 94105. The Board of Trustees is classified into three classes of which one is elected annually. Each Trustee serves a three-year term concurrent with the class from which the Trustee is elected. Each Officer serves an indefinite term.

**Independent Trustees**

| Name and<br>year of birth                                                                   | Position held and<br>length of service | Principal occupations during past five years or longer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Current other<br>public company<br>or<br>investment<br>company<br>directorships |
|---------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| <b>Class I - Non-Interested Trustees to serve until 2020 Annual Meeting of Shareholders</b> |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                 |
| Isaiah Harris, Jr.<br>(Born 1952)                                                           | Trustee, since 2010                    | Retired. Chairman of the Board of CIGNA Corporation since 2009, and Director since 2005. From 2003 to 2011, Director of Deluxe Corporation. Prior thereto, President and CEO of BellSouth Advertising and Publishing Corp. from 2005 to 2007, President and CEO of BellSouth Enterprises from 2004 to 2005 and President of BellSouth Consumer Services from 2000 to 2003. Emeritus member of the Iowa State University Foundation Board of Governors. Emeritus Member of the Advisory Board of Iowa State University School of Business. Advisory Board Member, Palm Harbor Academy (charter school). Advisory Board Member, Child Evangelism Fellowship (non-profit). Mr. Harris is a certified public accountant (inactive status). | CIGNA Corporation;<br>Asset Allocation Trust                                    |
| David F. Larcker<br>(Born 1950)                                                             | Trustee, since 2010                    | James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, Director of the Corporate Governance Research Initiative and Senior Faculty of The Rock Center for Corporate Governance since 2006. From 2005 to 2008, Professor of Accounting at the Graduate School of Business, Stanford University. Prior thereto, Ernst & Young Professor of Accounting at The Wharton School, University of Pennsylvania from 1985 to 2005.                                                                                                                                                                                                                                                                  | Asset Allocation Trust                                                          |

|                                                                                              |                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                           |
|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Olivia S. Mitchell*<br>(Born 1953)                                                           | Trustee, since 2010;<br>Governance<br>Committee<br>Chairman, effective<br>2018 | International Foundation of Employee Benefit Plans<br>Professor, Wharton School of the University of<br>Pennsylvania since 1993. Director of Wharton's Pension<br>Research Council and Boettner Center on Pensions &<br>Retirement Research, and Research Associate at the<br>National Bureau of Economic Research. Previously,<br>Cornell University Professor from 1978 to 1993.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Asset<br>Allocation Trust |
| <b>Class II - Non-Interested Trustees to serve until 2018 Annual Meeting of Shareholders</b> |                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                           |
| William R. Ebsworth<br>(Born 1957)                                                           | Trustee, since 2015                                                            | Retired. From 1984 to 2013, equities analyst, portfolio<br>manager, research director and chief investment officer<br>at Fidelity Management and Research Company in<br>Boston, Tokyo, and Hong Kong, and retired in 2013 as<br>Chief Investment Officer of Fidelity Strategic Advisers,<br>Inc. where he led a team of investment professionals<br>managing client assets. Prior thereto, Board member of<br>Hong Kong Securities Clearing Co., Hong Kong Options<br>Clearing Corp., the Thailand International Fund, Ltd.,<br>Fidelity Investments Life Insurance Company, and<br>Empire Fidelity Investments Life Insurance Company.<br>Board member of the Forté Foundation (non-profit<br>organization) and the Vincent Memorial Hospital<br>Endowment (non-profit organization), where he serves<br>on the Investment Committee and as Chair of the Audit<br>Committee. Mr. Ebsworth is a CFA® charterholder. | Asset<br>Allocation Trust |
| Jane A. Freeman**<br>(Born 1953)                                                             | Trustee, since 2015;<br>Chair Liaison,<br>effective 2018                       | Retired. From 2012 to 2014 and 1999 to 2008, Chief<br>Financial Officer of Scientific Learning<br>Corporation. From 2008 to 2012, Ms. Freeman provided<br>consulting services related to strategic business<br>projects. Prior to 1999, Portfolio Manager at Rockefeller<br>& Co. and Scudder, Stevens & Clark. Board member of<br>the Harding Loevner Funds from 1996 to 2014, serving<br>as both Lead Independent Director and chair of the Audit<br>Committee. Board member of the Russell Exchange<br>Traded Funds Trust from 2011 to 2012 and the chair of<br>the Audit Committee. Ms. Freeman is a Board Member<br>of Ruth Bancroft Garden (non-profit organization) and<br>an inactive chartered financial analyst.                                                                                                                                                                                          | Asset<br>Allocation Trust |

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| 32 Wells Fargo Income Opportunities Fund                                                      |                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Other information (unaudited)                                    |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Name and year of birth                                                                        | Position held and length of service                                             | Principal occupations during past five years or longer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Current other public company or investment company directorships |
| Judith M. Johnson<br>(Born 1949)                                                              | Trustee, since 2010;<br>Audit Committee<br>Chairman, since 2010                 | Retired. Prior thereto, Chief Executive Officer and Chief Investment Officer of Minneapolis Employees Retirement Fund from 1996 to 2008. Ms. Johnson is an attorney, certified public accountant and a certified managerial accountant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Asset Allocation Trust                                           |
| <b>Class III - Non-Interested Trustees to serve until 2019 Annual Meeting of Shareholders</b> |                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                  |
| Peter G. Gordon***<br>(Born 1942)                                                             | Trustee, from 2010 to 2017; Chairman, from 2005 to 2017                         | Co-Founder, Retired Chairman, President and CEO of Crystal Geysers Water Company. Trustee Emeritus, Colby College.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Asset Allocation Trust                                           |
| Timothy J. Penny****<br>(Born 1951)                                                           | Trustee, since 2010; Chairman, effective 2018; Vice Chairman, from 2017 to 2018 | President and Chief Executive Officer of Southern Minnesota Initiative Foundation, a non-profit organization, since 2007 and Senior Fellow at the Humphrey Institute Policy Forum at the University of Minnesota since 1995. Member of the Board of Trustees of NorthStar Education Finance, Inc., a non-profit organization, since 2007.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Asset Allocation Trust                                           |
| James G. Polisson*****<br>(Born 1959)                                                         | Trustee, effective 2018; Advisory Board Member, from 2017 to 2018               | Retired. Chief Marketing Officer, Source (ETF) UK Services, Ltd, from 2015 to 2017. From 2012 to 2015, Principal of The Polisson Group, LLC, a management consulting, corporate advisory and principal investing company. Chief Executive Officer and Managing Director at Russell Investments, Global Exchange Traded Funds from 2010 to 2012. Managing Director of Barclays Global Investors from 1998 to 2010 and Global Chief Marketing Officer for iShares and Barclays Global Investors from 2000 to 2010. Prior thereto, Vice President, Fidelity Retail Mutual Fund Group from 1996 to 1998 and Risk Management Practice Manager, Fidelity Consulting from 1995 to 1996. Board member of the Russell Exchange Traded Fund Trust from 2011 to 2012. Director of Barclays Global Investors Holdings Deutschland GmbH from 2006 to 2009. Mr. Polisson is an attorney and has a retired status with the Massachusetts and District of Columbia Bar Associations. | Asset Allocation Trust                                           |
| Michael S. Scofield                                                                           | Trustee, since 2003                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                  |

|                                     |                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                        |
|-------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| (Born 1943)                         |                                                                   | Served on the Investment Company Institute's Board of Governors and Executive Committee from 2008-2011 as well the Governing Council of the Independent Directors Council from 2006-2011 and the Independent Directors Council Executive Committee from 2008-2011. Trustee of the Evergreen Funds complex (and its predecessors) from 1984 to 2010. Chairman of the Evergreen Funds from 2000-2010. Former Trustee of the Mentor Funds. Retired Attorney, Law Offices of Michael S. Scofield.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Asset Allocation Trust |
| Pamela Wheelock*****<br>(Born 1959) | Trustee, effective 2018; Advisory Board Member, from 2017 to 2018 | Chief Operating Officer, Twin Cities Habitat for Humanity, since January, 2017. Vice President of University Services, University of Minnesota from 2012 to 2017. Prior thereto, Interim President and Chief Executive Officer of Blue Cross Blue Shield of Minnesota from 2010 to 2011, Chairman of the Board from 2009 to 2011 and Board Director from 2003 to 2015. Vice President, Leadership and Community Engagement, Bush Foundation, Saint Paul, Minnesota (a private foundation) from 2009 to 2011. Executive Vice President and Chief Financial Officer, Minnesota Sports and Entertainment from 2004 to 2009 and Senior Vice President from 2002 to 2004. Commissioner of Finance, State of Minnesota, from 1999 to 2002. Currently on the Board of Directors, Governance Committee and Finance Committee, for the Minnesota Philanthropy Partners (Saint Paul Foundation) since 2012 and Board Chair of the Minnesota Wild Foundation since 2010. | Asset Allocation Trust |

\* Olivia Mitchell will become Chairman of the Governance Committee effective January 1, 2018.

\*\* Jane Freeman will become Chair Liaison effective January 1, 2018.

\*\*\* Peter Gordon will retire on December 31, 2017.

\*\*\*\* Timothy Penny will become Chairman effective January 1, 2018.

\*\*\*\*\* James Polisson and Pamela Wheelock each will become a Trustee effective January 1, 2018.

**Table of Contents**Other information (unaudited)  
**Officers**

Wells Fargo Income Opportunities Fund 33

| Name and year of birth                     | Position held and length of service                    | Principal occupations during past five years or longer                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Andrew Owen<br>(Born 1960)                 | President, since 2017                                  | Executive Vice President of Wells Fargo & Company and Head of Affiliated Managers, Wells Fargo Asset Management, since 2014. In addition, Mr. Owen is currently President, Chief Executive Officer and Director of Wells Fargo Funds Management, LLC since 2017. Prior thereto, Executive Vice President responsible for marketing, investments and product development for Wells Fargo Funds Management, LLC, from 2009 to 2014. |
| Jeremy DePalma <sup>1</sup><br>(Born 1974) | Treasurer, since 2012                                  | Senior Vice President of Wells Fargo Funds Management, LLC since 2009. Senior Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010 and head of the Fund Reporting and Control Team within Fund Administration from 2005 to 2010.                                                                                                                                                                      |
| C. David Messman<br>(Born 1960)            | Secretary, since 2010; Chief Legal Officer, since 2010 | Senior Vice President and Secretary of Wells Fargo Funds Management, LLC since 2001. Assistant General Counsel of Wells Fargo Bank, N.A. since 2013 and Vice President and Managing Counsel of Wells Fargo Bank, N.A. from 1996 to 2013.                                                                                                                                                                                          |
| Michael H. Whitaker<br>(Born 1967)         | Chief Compliance Officer, since 2016                   | Senior Vice President and Chief Compliance Officer since 2016. Senior Vice President and Chief Compliance Officer for Fidelity Investments from 2007 to 2016.                                                                                                                                                                                                                                                                     |
| David Berardi<br>(Born 1975)               | Assistant Treasurer, since 2009                        | Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Manager of Fund Reporting and Control for Evergreen Investment Management Company, LLC from 2004 to 2010.                                                                                                                                                                       |

<sup>1</sup>Jeremy DePalma acts as Treasurer of 76 funds and Assistant Treasurer of 76 funds in the Fund Complex.



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| 34 Wells Fargo Income Opportunities Fund                                       | Other information (unaudited) |
| <b>BOARD CONSIDERATION OF INVESTMENT ADVISORY AND SUB-ADVISORY AGREEMENTS:</b> |                               |

Under the Investment Company Act of 1940 (the 1940 Act ), the Board of Trustees (the Board ) of Wells Fargo Income Opportunities Fund (the Fund ) must determine whether to approve the continuation of the Fund's investment advisory and sub-advisory agreements. In this regard, at an in-person meeting held on May 16-17, 2017 (the Meeting ), the Board, all the members of which have no direct or indirect interest in the investment advisory and sub-advisory agreements and are not interested persons of the Fund, as defined in the 1940 Act (the Independent Trustees ), reviewed and approved: (i) an investment advisory agreement with Wells Fargo Funds Management, LLC ( Funds Management ), and (ii) an investment sub-advisory agreement with Wells Capital Management Incorporated (the Sub-Adviser ), an affiliate of Funds Management. The investment advisory agreement with Funds Management and the investment sub-advisory agreement with the Sub-Adviser are collectively referred to as the Advisory Agreements.

At the Meeting, the Board considered the factors and reached the conclusions described below relating to the selection of Funds Management and the Sub-Adviser and the continuation of the Advisory Agreements. Prior to the Meeting, including at an in-person meeting in April 2017, the Trustees conferred extensively among themselves and with representatives of Funds Management about these matters. Also, the Board has adopted a team-based approach, with each team consisting of a sub-set of Trustees, to assist the full Board in the discharge of its duties in reviewing performance and other matters throughout the year. The Independent Trustees were assisted in their evaluation of the Advisory Agreements by independent legal counsel, from whom they received separate legal advice and with whom they met separately.

In providing information to the Board, Funds Management and the Sub-Adviser were guided by a detailed set of requests for information submitted to them by independent legal counsel on behalf of the Independent Trustees at the start of the Board's annual contract renewal process earlier in 2017. In considering and approving the Advisory Agreements, the Trustees considered the information they believed relevant, including but not limited to the information discussed below. The Board considered not only the specific information presented in connection with the Meeting, but also the knowledge gained over time through interaction with Funds Management and the Sub-Adviser about various topics. In this regard, the Board reviewed reports of Funds Management at each of its quarterly meetings, which included, among other things, portfolio reviews and performance reports. In addition, the Board and the teams mentioned above confer with portfolio managers at various times throughout the year. The Board did not identify any particular information or consideration that was all-important or controlling, and each individual Trustee may have attributed different weights to various factors.

After its deliberations, the Board unanimously approved the continuation of the Advisory Agreements and determined that the compensation payable to Funds Management and the Sub-Adviser is reasonable. The Board considered the continuation of the Advisory Agreements for the Fund as part of its consideration of agreements for funds across the complex, but its approvals were made on a fund-by-fund basis. The following summarizes a number of important, but not necessarily all, factors considered by the Board in support of its approvals.

**Nature, extent and quality of services**

The Board received and considered various information regarding the nature, extent and quality of services provided to the Fund by Funds Management and the Sub-Adviser under the Advisory Agreements. This information included, among other things, a summary of the background and experience of senior management of Funds Management, a summary of certain organizational and personnel changes involving Funds Management and the Sub-Adviser, and a

description of Funds Management's and the Sub-Adviser's business continuity planning programs and of their approaches to data privacy and cybersecurity. The Board also considered the qualifications, background, tenure and responsibilities of each of the portfolio managers primarily responsible for the day-to-day portfolio management of the Fund.

The Board evaluated the ability of Funds Management and the Sub-Adviser to attract and retain qualified investment professionals, including research, advisory and supervisory personnel. The Board further considered the compliance programs and compliance records of Funds Management and the Sub-Adviser. In addition, the Board took into account the full range of services provided to the Fund by Funds Management and its affiliates.

### **Fund performance and expenses**

The Board considered the performance results for the Fund over various time periods ended December 31, 2015. The Board considered these results in comparison to the performance of funds in a Universe that was determined by Broadridge Inc. (Broadridge) to be similar to the Fund (the Universe), and in comparison to the Fund's benchmark index and to other comparative data. The Board received a description of the methodology used by Broadridge to select the funds in the performance Universe. The Board noted that the performance of the Fund was higher than the average

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Other information (unaudited) Wells Fargo Income Opportunities Fund 35  
performance of the Universe for all periods under review except for the period since inception. The Board also noted that the performance of the Fund was higher than its benchmark, the ICE BofAML U.S. High Yield Index, for all periods under review except for the period since inception.

The Board also received and considered information regarding the Fund's net operating expense ratio and its various components, including actual management fees, and custodian and other non-management fees. The Board considered this ratio in comparison to the median ratio of funds in an expense group that was determined by Broadridge to be similar to the Fund (the Group). Broadridge is an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the funds in the expense Group and an explanation of how funds comprising expense groups and their expense ratios may vary from year-to-year. Based on the Broadridge reports, the Board noted that the net operating expense ratio of the Fund was lower than the median net operating expense ratio of the expense Group.

The Board took into account the Fund performance and expense information provided to it among the factors considered in deciding to re-approve the Advisory Agreements.

### **Investment advisory and sub-advisory fee rates**

The Board reviewed and considered the contractual investment advisory fee rate that is payable by the Fund to Funds Management for investment advisory services (the Advisory Agreement Rate), both on a stand-alone basis and on a combined basis with the Fund's contractual administration fee rate (the Management Rate). The Board also reviewed and considered the contractual investment sub-advisory fee rate that is payable by Funds Management to the Sub-Adviser for investment sub-advisory services (the Sub-Advisory Agreement Rate).

Among other information reviewed by the Board was a comparison of the Management Rate of the Fund with those of other funds in the expense Group at a common asset level. The Board noted that the Management Rate of the Fund was lower than the average rate for the Fund's expense Group.

The Board also received and considered information about the portion of the total advisory fee that was retained by Funds Management after payment of the fee to the Sub-Adviser for sub-advisory services. In assessing the reasonableness of this amount, the Board received and evaluated information about the nature and extent of responsibilities retained and risks assumed by Funds Management and not delegated to or assumed by the Sub-Adviser, and about Funds Management's on-going oversight services. Given the affiliation between Funds Management and the Sub-Adviser, the Board ascribed limited relevance to the allocation of the advisory fee between them.

Based on its consideration of the factors and information it deemed relevant, including those described here, the Board determined that the Advisory Agreement Rate and the Sub-Advisory Agreement Rate was reasonable.

### **Profitability**

The Board received and considered information concerning the profitability of Funds Management, as well as the profitability of Wells Fargo as a whole, from providing services to the Fund and the fund family as a whole. The Board also received and considered information concerning the profitability of the Sub-Adviser from providing services to the fund family as a whole, noting that the Sub-Adviser's profitability information with respect to providing

services to the Fund was subsumed in the Wells Fargo and Funds Management profitability analysis.

Funds Management reported on the methodologies and estimates used in calculating profitability, including a description of the methodology used to allocate certain expenses. Among other things, the Board noted that the levels of profitability reported on a fund-by-fund basis varied widely, depending on factors such as the size and type of fund. Based on its review, the Board did not deem the profits reported by Funds Management or Wells Fargo from its services to the Fund to be at a level that would prevent it from approving the continuation of the Advisory Agreements.

### **Economies of scale**

The Board considered the extent to which there may be sharing with the Fund of potential economies of scale in the provision of advisory services to the Fund. The Board noted that, as is typical of closed-end funds, there are no breakpoints in the Management Rate. Although the Fund would not share in any potential economies of scale through contractual breakpoints, the Board noted that competitive management fee rates set at the outset without regard to breakpoints and fee waiver and expense reimbursement arrangements are means of sharing potential economies of scale with shareholders of the Fund. The Board concluded that the Fund's fee waiver and expense arrangements constituted a reasonable approach to sharing potential economies of scale with the Fund and its shareholders. The Board also noted that it would have opportunities to revisit the Management Rate as part of future contract reviews.

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|                                                               |                               |
|---------------------------------------------------------------|-------------------------------|
| 36 Wells Fargo Income Opportunities Fund                      | Other information (unaudited) |
| <b>Other benefits to Funds Management and the Sub-Adviser</b> |                               |

The Board received and considered information regarding potential fall-out or ancillary benefits received by Funds Management and its affiliates, including the Sub-Adviser, as a result of their relationships with the Fund. Ancillary benefits could include, among others, benefits directly attributable to other relationships with the Fund and benefits potentially derived from an increase in Funds Management's and the Sub-Adviser's business as a result of their relationships with the Fund. The Board also reviewed information about soft dollar credits earned and utilized by the Sub-Adviser and commissions earned by affiliated brokers from portfolio transactions.

Based on its consideration of the factors and information it deemed relevant, including those described here, the Board did not find that any ancillary benefits received by Funds Management and its affiliates, including the Sub-Adviser, were unreasonable.

**Conclusion**

At the Meeting, after considering the above-described factors and based on its deliberations and its evaluation of the information described above, the Board unanimously approved the continuation of the Advisory Agreements for an additional one-year period and determined that the compensation payable to Funds Management and the Sub-Adviser is reasonable.

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Automatic dividend reinvestment plan

Wells Fargo Income Opportunities Fund 37

**AUTOMATIC DIVIDEND REINVESTMENT PLAN**

All common shareholders are eligible to participate in the Automatic Dividend Reinvestment Plan ( the Plan ). Pursuant to the Plan, unless a common shareholder is ineligible or elects otherwise, all cash dividends and capital gains distributions are automatically reinvested by Computershare Trust Company, N.A., as agent for shareholders in administering the Plan ( Plan Agent ), in additional common shares of the Fund. Whenever the Fund declares an ordinary income dividend or a capital gain dividend (collectively referred to as dividends ) payable either in shares or in cash, nonparticipants in the Plan will receive cash, and participants in the Plan will receive the equivalent in common shares. The shares are acquired by the Plan Agent for the participant s account, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized common shares from the Fund ( newly issued common shares ) or (ii) by purchase of outstanding common shares on the open-market (open-market purchases) on the NYSE Amex or elsewhere. If, on the payment date for any dividend or distribution, the net asset value per share of the common shares is equal to or less than the market price per common share plus estimated brokerage commissions ( market premium ), the Plan Agent will invest the amount of such dividend or distribution in newly issued shares on behalf of the participant. The number of newly issued common shares to be credited to the participant s account will be determined by dividing the dollar amount of the dividend by the net asset value per share on the date the shares are issued, provided that the maximum discount from the then current market price per share on the date of issuance may not exceed 5%. If on the dividend payment date the net asset value per share is greater than the market value ( market discount ), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participant in open-market purchases. There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or capital gains distributions payable either in shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent s open-market purchases in connection with the reinvestment of dividends. The automatic reinvestment of dividends and distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. All correspondence concerning the Plan should be directed to the Plan Agent at P.O. Box 505000, Louisville, KY 40233 or by calling 1-800-730-6001.

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38 Wells Fargo Income Opportunities Fund List of abbreviations  
 The following is a list of common abbreviations for terms and entities that may have appeared in this report.

|        |                                             |
|--------|---------------------------------------------|
| ACA    | ACA Financial Guaranty Corporation          |
| ADR    | American depositary receipt                 |
| ADS    | American depositary shares                  |
| AGC    | Assured Guaranty Corporation                |
| AGM    | Assured Guaranty Municipal                  |
| Ambac  | Ambac Financial Group Incorporated          |
| AMT    | Alternative minimum tax                     |
| AUD    | Australian dollar                           |
| BAN    | Bond anticipation notes                     |
| BHAC   | Berkshire Hathaway Assurance Corporation    |
| BRL    | Brazilian real                              |
| CAB    | Capital appreciation bond                   |
| CAD    | Canadian dollar                             |
| CCAB   | Convertible capital appreciation bond       |
| CDA    | Community Development Authority             |
| CDO    | Collateralized debt obligation              |
| CHF    | Swiss franc                                 |
| CLO    | Collateralized loan obligation              |
| CLP    | Chilean peso                                |
| COP    | Colombian peso                              |
| 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                        |
| EUR    | Euro                                        |
| FDIC   | Federal Deposit Insurance Corporation       |
| FFCB   | Federal Farm Credit Banks                   |
| FGIC   | Financial Guaranty Insurance Corporation    |
| FHA    | Federal Housing Administration              |
| 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 depositary receipt                   |
| GNMA   | Government National Mortgage Association    |

|          |                                               |
|----------|-----------------------------------------------|
| GO       | General obligation                            |
| HCFR     | Healthcare facilities revenue                 |
| HEFA     | Health & Educational Facilities Authority     |
| HEFAR    | Higher education facilities authority revenue |
| HFA      | Housing Finance Authority                     |
| HFFA     | Health Facilities Financing Authority         |
| HKD      | Hong Kong dollar                              |
| HUD      | Department of Housing and Urban Development   |
| HUF      | Hungarian forint                              |
| IDA      | Industrial Development Authority              |
| IDAG     | Industrial Development Agency                 |
| IDR      | Indonesian rupiah                             |
| IEP      | Irish pound                                   |
| JPY      | Japanese yen                                  |
| KRW      | Republic of Korea won                         |
| LIBOR    | London Interbank Offered Rate                 |
| LIFER    | Long Inverse Floating Exempt Receipts         |
| LIQ      | Liquidity agreement                           |
| LLC      | Limited liability company                     |
| LLLP     | Limited liability limited partnership         |
| LLP      | Limited liability partnership                 |
| LOC      | Letter of credit                              |
| LP       | Limited partnership                           |
| MBIA     | Municipal Bond Insurance Association          |
| MFHR     | Multifamily housing revenue                   |
| MSTR     | Municipal securities trust receipts           |
| MTN      | Medium-term note                              |
| MUD      | Municipal Utility District                    |
| MXN      | Mexican peso                                  |
| MYR      | Malaysian ringgit                             |
| National | National Public Finance Guarantee Corporation |
| NGN      | Nigerian naira                                |
| NOK      | Norwegian krone                               |
| NZD      | New Zealand dollar                            |
| PCFA     | Pollution Control Financing Authority         |
| PCL      | Public Company Limited                        |
| PCR      | Pollution control revenue                     |
| PFA      | Public Finance Authority                      |
| PFFA     | Public Facilities Financing Authority         |
| PFOTER   | Puttable floating option tax-exempt receipts  |
| PJSC     | Public Joint Stock Company                    |
| plc      | Public limited company                        |
| PLN      | Polish zloty                                  |
| PUTTER   | Puttable tax-exempt receipts                  |
| R&D      | Research & development                        |
| Radian   | Radian Asset Assurance                        |
| RAN      | Revenue anticipation notes                    |
| RDA      | Redevelopment Authority                       |
| RDFA     | Redevelopment Finance Authority               |
| REIT     | Real estate investment trust                  |
| ROC      | Reset option certificates                     |



|        |                                                                     |
|--------|---------------------------------------------------------------------|
| RON    | Romanian lei                                                        |
| RUB    | Russian ruble                                                       |
| SAVRS  | Select auction variable rate securities                             |
| SBA    | Small Business Authority                                            |
| SDR    | Swedish depositary receipt                                          |
| SEK    | Swedish krona                                                       |
| SFHR   | Single-family housing revenue                                       |
| SFMR   | Single-family mortgage revenue                                      |
| SGD    | Singapore dollar                                                    |
| SPA    | Standby purchase agreement                                          |
| SPDR   | Standard & Poor's Depositary Receipts                               |
| SPEAR  | Short Puttable Exempt Adjustable Receipts                           |
| STRIPS | Separate trading of registered interest and<br>principal securities |
| TAN    | Tax anticipation notes                                              |
| TBA    | To be announced                                                     |
| THB    | Thai baht                                                           |
| TIPS   | Treasury inflation-protected securities                             |
| TRAN   | Tax revenue anticipation notes                                      |
| TRY    | Turkish lira                                                        |
| TTFA   | Transportation Trust Fund Authority                                 |
| TVA    | Tennessee Valley Authority                                          |
| ZAR    | South African rand                                                  |

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Transfer Agent, Registrar, Shareholder Servicing

Agent & Dividend Disbursing Agent

Computershare Trust Company, N.A.

P.O. Box 505000

Louisville, Kentucky 40233

1-800-730-6001

Website: [wellsfargofunds.com](http://wellsfargofunds.com)

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

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**ITEM 2. CODE OF ETHICS**

Not applicable.

**ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT**

Not applicable.

**ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Not applicable.

**ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS**

Not applicable.

**ITEM 6. INVESTMENTS**

A portfolio of investments is included as part of the report to shareholders filed under Item 1 of this Form.

**ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES**

Not applicable.

**ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES**

Not applicable.

**Table of Contents****ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS**

| Period                  | (a)<br>Total<br>Number of<br>Shares<br>Purchased | (b)<br>Average<br>Price Paid<br>per Share | (c)<br>Total Number<br>of Shares<br>Purchased as<br>Part of<br>Publicly<br>Announced<br>Plans or<br>Programs | (d)<br>Maximum<br>Number of<br>Shares that<br>May Yet Be<br>Purchased<br>Under the<br>Plans or<br>Programs |
|-------------------------|--------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 5/1/2017 to 5/31/2017   | 0                                                | 0                                         | 0                                                                                                            | 6,932,882                                                                                                  |
| 6/1/2017 to 6/30/2017   | 0                                                | 0                                         | 0                                                                                                            | 6,932,882                                                                                                  |
| 7/1/2017 to 7/31/2017   | 38,959                                           | 8.53                                      | 38,959                                                                                                       | 6,893,923                                                                                                  |
| 8/1/2017 to 8/31/2017   | 40,445                                           | 8.53                                      | 40,445                                                                                                       | 6,853,478                                                                                                  |
| 9/1/2017 to 9/30/2017   | 139,765                                          | 8.59                                      | 139,765                                                                                                      | 6,713,713                                                                                                  |
| 10/1/2017 to 10/31/2017 | 194,169                                          | 8.61                                      | 194,169                                                                                                      | 6,519,544                                                                                                  |
| <b>Total</b>            | <b>413,338</b>                                   |                                           | <b>413,338</b>                                                                                               | <b>6,519,544</b>                                                                                           |

On November 23, 2016, the Fund announced an extension of its open-market share repurchase program (the Buyback Program). Under the Buyback Program, the Fund may repurchase up to 10% of its outstanding shares during the period beginning December 17, 2016 and ending on December 31, 2017.

**ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Trustees that have been implemented since the registrant's last provided disclosure in response to the requirements of this Item.

**ITEM 11. CONTROLS AND PROCEDURES**

(a) The President and Treasurer have concluded that the Wells Fargo 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 second fiscal quarter of the period covered by this report that materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**ITEM 12. EXHIBITS**

(a)(1) Not applicable

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(a)(2) Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.

(a)(3) Not applicable.

(b) Certification pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 (17 CFR 270.30a-2(b)) is filed and attached hereto as Exhibit 99.906CERT.



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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 Income Opportunities Fund

By:

/s/ Andrew Owen

Andrew Owen  
President

Date: December 21, 2017

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 date indicated.

Wells Fargo Income Opportunities Fund

By:

/s/ Andrew Owen

Andrew Owen  
President

Date: December 21, 2017

By:

/s/ Jeremy DePalma

Jeremy DePalma  
Treasurer

Date: December 21, 2017