

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Form N-Q

March 28, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-21269

Wells Fargo Advantage Income Opportunities Fund

(Exact name of registrant as specified in charter)

525 Market Street, 12th Floor, San Francisco, CA 94105

(Address of principal executive offices) (Zip code)

C. David Messman

Wells Fargo Funds Management, LLC

525 Market Street, 12th Floor, San Francisco, CA 94105

(Name and address of agent for service)

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

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

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

ITEM 1. SCHEDULE OF INVESTMENTS

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUNDPORTFOLIO OF INVESTMENTS - January 31, 2012
(UNAUDITED)

| Security Name | Shares | Value | | |
|--|----------------------|----------------------|------------------|------------|
| Common Stocks: 0.08% | | | | |
| Consumer Discretionary : 0.00% | | | | |
| Hotels, Restaurants & Leisure: 0.00% | | | | |
| <i>Trump Entertainment Resorts Incorporated</i> | 2,149 | \$ 8,596 | | |
| Telecommunication Services : 0.08% | | | | |
| Diversified Telecommunication Services: 0.08% | | | | |
| <i>Fairpoint Communications Incorporated</i> | 134,375 | 546,907 | | |
| Total Common Stocks (Cost \$3,109,765) | | 555,503 | | |
| | Interest Rate | Maturity Date | Principal | |
| Convertible Debentures: 0.43% | | | | |
| Information Technology : 0.43% | | | | |
| Communications Equipment : 0.43% | | | | |
| <i>Lucent Technologies Incorporated Series B</i> | 2.88% | 06/15/2025 | \$ 3,225,000 | 2,946,844 |
| Total Convertible Debentures (Cost \$2,307,500) | | | | 2,946,844 |
| Corporate Bonds and Notes: 111.25% | | | | |
| Consumer Discretionary : 21.29% | | | | |
| Auto Components : 2.48% | | | | |
| <i>Allison Transmission Incorporated 144A</i> | 7.13 | 05/15/2019 | 6,075,000 | 6,112,969 |
| <i>Armored Autogroup Incorporated 144A</i> | 9.25 | 11/01/2018 | 800,000 | 668,000 |
| <i>Cooper Tire & Rubber Company</i> | 7.63 | 03/15/2027 | 4,455,000 | 4,232,250 |
| <i>Cooper Tire & Rubber Company</i> | 8.00 | 12/15/2019 | 150,000 | 156,000 |
| <i>Exide Technologies</i> | 8.63 | 02/01/2018 | 1,100,000 | 907,500 |
| <i>Goodyear Tire & Rubber Company</i> | 10.50 | 05/15/2016 | 4,440,000 | 4,861,800 |
| | | | | 16,938,519 |
| Diversified Consumer Services : 2.75% | | | | |
| <i>Carriage Services Incorporated</i> | 7.88 | 01/15/2015 | 4,055,000 | 4,085,413 |
| <i>Service Corporation International</i> | 6.75 | 04/01/2016 | 1,250,000 | 1,373,438 |
| <i>Service Corporation International</i> | 7.00 | 05/15/2019 | 1,125,000 | 1,215,000 |
| <i>Service Corporation International</i> | 7.50 | 04/01/2027 | 9,376,000 | 9,200,200 |
| <i>Service Corporation International</i> | 8.00 | 11/15/2021 | 880,000 | 1,012,000 |
| <i>Service Corporation International Series WI</i> | 7.00 | 06/15/2017 | 1,650,000 | 1,831,500 |
| | | | | 18,717,551 |
| Hotels, Restaurants & Leisure : 5.92% | | | | |
| <i>Ameristar Casinos Incorporated</i> | 7.50 | 04/15/2021 | 4,477,000 | 4,768,005 |
| <i>Burger King Corporation</i> | 9.88 | 10/15/2018 | 1,600,000 | 1,760,000 |
| <i>Chukchansi Economic Development Authority 144A(s)</i> | 4.16 | 11/15/2012 | 2,525,000 | 1,666,500 |
| <i>CityCenter Holdings LLC</i> | 7.63 | 01/15/2016 | 350,000 | 367,500 |
| <i>CityCenter Holdings LLC ¥</i> | 11.50 | 01/15/2017 | 2,232,558 | 2,383,256 |
| <i>Dineequity Incorporated</i> | 9.50 | 10/30/2018 | 7,150,000 | 7,793,500 |
| <i>Greektown Superholdings Incorporated Series A</i> | 13.00 | 07/01/2015 | 6,662,000 | 7,128,340 |
| <i>Greektown Superholdings Incorporated Series B</i> | 13.00 | 07/01/2015 | 1,625,000 | 1,738,750 |

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| | | | | |
|--|------|------------|-----------|-----------|
| <i>NAI Entertainment Holdings LLC 144A</i> | 8.25 | 12/15/2017 | 2,700,000 | 2,949,750 |
| <i>Pinnacle Entertainment Incorporated</i> | 7.50 | 06/15/2015 | 2,880,000 | 2,937,600 |
| <i>Scientific Games Corporation</i> | 9.25 | 06/15/2019 | 1,130,000 | 1,231,700 |
| <i>Speedway Motorsports Incorporated</i> | 6.75 | 02/01/2019 | 450,000 | 463,500 |

PORTFOLIO OF INVESTMENTS **January 31, 2012**
(UNAUDITED)
WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUND

| Security Name | Interest Rate | Maturity Date | Principal | Value |
|--|---------------|---------------|--------------|--------------|
| Hotels, Restaurants & Leisure (continued) | | | | |
| <i>Speedway Motorsports Incorporated</i> | 8.75% | 06/01/2016 | \$ 2,075,000 | \$ 2,261,750 |
| <i>Yonkers Racing Corporation 144A</i> | 11.38 | 07/15/2016 | 2,750,000 | 2,935,625 |
| | | | | 40,385,776 |
| Household Durables: 0.14% | | | | |
| <i>American Greetings</i> | 7.38 | 12/01/2021 | 950,000 | 960,688 |
| Media : 8.02% | | | | |
| <i>Cablevision Systems Corporation</i> | 8.63 | 09/15/2017 | 2,975,000 | 3,317,125 |
| <i>CCH II Capital Corporation</i> | 13.50 | 11/30/2016 | 12,981,015 | 14,960,620 |
| <i>CCO Holdings LLC</i> | 8.13 | 04/30/2020 | 746,000 | 825,263 |
| <i>Cinemark USA Incorporated</i> | 7.38 | 06/15/2021 | 1,525,000 | 1,605,063 |
| <i>Cinemark USA Incorporated</i> | 8.63 | 06/15/2019 | 1,100,000 | 1,210,000 |
| <i>CSC Holdings LLC</i> | 7.88 | 02/15/2018 | 1,400,000 | 1,564,500 |
| <i>CSC Holdings LLC</i> | 8.50 | 04/15/2014 | 200,000 | 222,500 |
| <i>DISH DBS Corporation</i> | 7.88 | 09/01/2019 | 2,260,000 | 2,604,650 |
| <i>EchoStar DBS Corporation</i> | 7.75 | 05/31/2015 | 650,000 | 724,750 |
| <i>Gray Television Incorporated</i> | 10.50 | 06/29/2015 | 5,225,000 | 5,420,938 |
| <i>Lamar Media Corporation 144A</i> | 5.88 | 02/01/2022 | 500,000 | 500,625 |
| <i>Lamar Media Corporation</i> | 7.88 | 04/15/2018 | 1,500,000 | 1,638,750 |
| <i>Lamar Media Corporation Series C</i> | 9.75 | 04/01/2014 | 925,000 | 1,049,875 |
| <i>LIN Television Corporation</i> | 8.38 | 04/15/2018 | 2,225,000 | 2,258,375 |
| <i>Local TV Finance LLC 144A</i> | 9.25 | 06/15/2015 | 5,450,000 | 5,395,500 |
| <i>Regal Cinemas Corporation</i> | 8.63 | 07/15/2019 | 4,575,000 | 5,021,063 |
| <i>Regal Entertainment Group</i> | 9.13 | 08/15/2018 | 675,000 | 739,125 |
| <i>Salem Communications Corporation</i> | 9.63 | 12/15/2016 | 4,941,000 | 5,348,633 |
| <i>Sirius XM Radio Incorporated 144A</i> | 9.75 | 09/01/2015 | 250,000 | 271,875 |
| | | | | 54,679,230 |
| Specialty Retail : 1.36% | | | | |
| <i>Gap Incorporated</i> | 5.95 | 04/12/2021 | 1,175,000 | 1,128,006 |
| <i>Limited Brands Incorporated</i> | 6.63 | 04/01/2021 | 925,000 | 1,017,500 |
| <i>RadioShack Corporation</i> | 6.75 | 05/15/2019 | 2,675,000 | 2,247,000 |
| <i>Rent A Center Incorporated</i> | 6.63 | 11/15/2020 | 700,000 | 722,750 |
| <i>Toys R Us Property Company LLC</i> | 8.50 | 12/01/2017 | 3,900,000 | 4,177,875 |
| | | | | 9,293,131 |
| Textiles, Apparel & Luxury Goods: 0.62% | | | | |
| <i>Oxford Industrial Incorporated</i> | 11.38 | 07/15/2015 | 3,850,000 | 4,220,563 |
| Consumer Staples : 1.43% | | | | |
| Beverages: 0.04% | | | | |
| <i>Cott Beverages Incorporated</i> | 8.38 | 11/15/2017 | 250,000 | 272,500 |
| Food Products : 1.39% | | | | |
| <i>B&G Foods Incorporated</i> | 7.63 | 01/15/2018 | 405,000 | 435,881 |
| <i>Darling International Incorporated</i> | 8.50 | 12/15/2018 | 250,000 | 280,000 |
| <i>Dole Food Company Incorporated</i> | 13.88 | 03/15/2014 | 3,075,000 | 3,540,094 |
| <i>Smithfield Foods Incorporated</i> | 10.00 | 07/15/2014 | 4,465,000 | 5,246,375 |
| | | | | 9,502,350 |

Energy : 16.71.07%

Energy Equipment & Services : 4.22%

| | | | | |
|---|------|------------|-----------|-----------|
| <i>Bristow Group Incorporated</i> | 7.50 | 09/15/2017 | 3,210,000 | 3,338,400 |
| <i>Dresser Rand Group Incorporated 144A</i> | 6.50 | 05/01/2021 | 1,825,000 | 1,884,313 |

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUNDPORTFOLIO OF INVESTMENTS - January 31, 2012
(UNAUDITED)

| Security Name | Interest Rate | Maturity Date | Principal | Value |
|---|---------------|---------------|--------------|--------------|
| Energy Equipment & Services (continued) | | | | |
| <i>Gulfmark Offshore Incorporated</i> | 7.75% | 07/15/2014 | \$ 3,395,000 | \$ 3,411,975 |
| <i>Hornbeck Offshore Services Incorporated Series B</i> | 6.13 | 12/01/2014 | 5,325,000 | 5,331,656 |
| <i>Hornbeck Offshore Services Incorporated Series B</i> | 8.00 | 09/01/2017 | 4,920,000 | 5,178,300 |
| <i>Oil States International Incorporated</i> | 6.50 | 06/01/2019 | 2,954,000 | 3,138,625 |
| <i>Parker Drilling Company</i> | 9.13 | 04/01/2018 | 860,000 | 911,600 |
| <i>PHI Incorporated</i> | 8.63 | 10/15/2018 | 5,225,000 | 5,277,250 |
| <i>Pride International Incorporated</i> | 8.50 | 06/15/2019 | 210,000 | 268,269 |
| | | | | 28,740,388 |

Oil, Gas & Consumable Fuels : 12.49%

| | | | | |
|--|-------|------------|-----------|------------|
| <i>Amerigas Partner Financial Corporation</i> | 6.25 | 08/20/2019 | 325,000 | 323,375 |
| <i>Chesapeake Energy Corporation</i> | 9.50 | 02/15/2015 | 5,085,000 | 5,720,625 |
| <i>Cloud Peak Energy Resources LLC</i> | 8.25 | 12/15/2017 | 200,000 | 216,000 |
| <i>Cloud Peak Energy Resources LLC</i> | 8.50 | 12/15/2019 | 250,000 | 273,125 |
| <i>Coffeyville Resources Incorporated 144A</i> | 9.00 | 04/01/2015 | 1,947,000 | 2,083,290 |
| <i>Consol Energy Incorporated</i> | 8.25 | 04/01/2020 | 2,665,000 | 2,888,194 |
| <i>Crestwood Midstream Partners LP 144A</i> | 7.75 | 04/01/2019 | 1,350,000 | 1,360,125 |
| <i>Denbury Resources Incorporated</i> | 6.38 | 08/15/2021 | 700,000 | 757,750 |
| <i>Denbury Resources Incorporated</i> | 8.25 | 02/15/2020 | 850,000 | 966,875 |
| <i>El Paso Corporation</i> | 6.50 | 09/15/2020 | 1,155,000 | 1,262,830 |
| <i>El Paso Corporation</i> | 7.00 | 06/15/2017 | 875,000 | 969,287 |
| <i>El Paso Corporation</i> | 7.25 | 06/01/2018 | 3,224,000 | 3,594,002 |
| <i>El Paso Corporation</i> | 7.42 | 02/15/2037 | 1,820,000 | 2,011,593 |
| <i>El Paso Corporation</i> | 7.80 | 08/01/2031 | 3,050,000 | 3,575,442 |
| <i>Encore Acquisition Company</i> | 9.50 | 05/01/2016 | 700,000 | 784,875 |
| <i>Energy Transfer Equity LP</i> | 7.50 | 10/15/2020 | 5,950,000 | 6,574,750 |
| <i>Ferrellgas Finance Corporation</i> | 9.13 | 10/01/2017 | 4,660,000 | 4,893,000 |
| <i>Forest Oil Corporation</i> | 7.25 | 06/15/2019 | 2,520,000 | 2,520,000 |
| <i>Forest Oil Corporation</i> | 8.50 | 02/15/2014 | 1,115,000 | 1,215,350 |
| <i>Griffin Coal Mining Company Limited (s)</i> | 9.50 | 12/01/2016 | 652,804 | 511,635 |
| <i>Holly Corporation</i> | 9.88 | 06/15/2017 | 4,265,000 | 4,755,475 |
| <i>Inergy LP</i> | 6.88 | 08/01/2021 | 824,000 | 786,920 |
| <i>Inergy LP</i> | 7.00 | 10/01/2018 | 950,000 | 923,875 |
| <i>Newfield Exploration Company</i> | 6.88 | 02/01/2020 | 1,185,000 | 1,267,950 |
| <i>Penn Virginia Corporation</i> | 10.38 | 06/15/2016 | 215,000 | 216,075 |
| <i>Petrohawk Energy Corporation</i> | 7.88 | 06/01/2015 | 2,045,000 | 2,167,700 |
| <i>Petrohawk Energy Corporation</i> | 10.50 | 08/01/2014 | 1,065,000 | 1,183,481 |
| <i>Pioneer Natural Resource Company</i> | 7.50 | 01/15/2020 | 3,170,000 | 3,812,762 |
| <i>Plains Exploration & Production Company</i> | 8.63 | 10/15/2019 | 6,380,000 | 7,177,500 |
| <i>Regency Energy Partners</i> | 6.88 | 12/01/2018 | 475,000 | 515,375 |
| <i>Sabine Pass LNG LP</i> | 7.25 | 11/30/2013 | 4,940,000 | 5,112,900 |
| <i>Sabine Pass LNG LP</i> | 7.50 | 11/30/2016 | 7,050,000 | 7,349,625 |
| <i>Ship Finance International Limited</i> | 8.50 | 12/15/2013 | 2,250,000 | 2,154,375 |
| <i>Suburban Propane Partners LP</i> | 7.38 | 03/15/2020 | 575,000 | 603,750 |
| <i>Susser Holdings LLC</i> | 8.50 | 05/15/2016 | 2,000,000 | 2,170,000 |
| <i>Tesoro Corporation</i> | 9.75 | 06/01/2019 | 2,185,000 | 2,474,513 |
| | | | | 85,174,399 |

Financials : 24.93%**Capital Markets : 2.02%**

| | | | | |
|--|-------|------------|-----------|------------|
| <i>E*TRADE Financial Corporation</i> | 12.50 | 11/30/2017 | 9,741,000 | 11,275,208 |
| <i>Oppenheimer Holdings Incorporated</i> | 8.75 | 04/15/2018 | 2,500,000 | 2,503,125 |

13,778,333

| Commercial Banks : 2.96% | | | | |
|------------------------------------|------|------------|-----------|-----------|
| <i>CIT Group Incorporated 144A</i> | 5.25 | 04/01/2014 | 7,275,000 | 7,402,313 |
| <i>CIT Group Incorporated 144A</i> | 7.00 | 05/04/2015 | 1,575,000 | 1,582,875 |
| <i>CIT Group Incorporated</i> | 7.00 | 05/01/2016 | 2,615,111 | 2,615,111 |

PORTFOLIO OF INVESTMENTS **January 31, 2012**
(UNAUDITED)
WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUND

| Security Name | Interest Rate | Maturity Date | Principal | Value |
|--|---------------|---------------|--------------|--------------|
| Commercial Banks (continued) | | | | |
| <i>CIT Group Incorporated</i> | 7.00% | 05/01/2017 | \$ 3,375,000 | \$ 3,379,219 |
| <i>Emigrant Bancorp Incorporated 144A(i)</i> | 6.25 | 06/15/2014 | 5,725,000 | 5,166,698 |
| | | | | 20,146,216 |
| Consumer Finance : 11.82% | | | | |
| <i>American General Finance Corporation</i> | 5.40 | 12/01/2015 | 2,800,000 | 2,222,500 |
| <i>American General Finance Corporation</i> | 5.75 | 09/15/2016 | 2,325,000 | 1,749,563 |
| <i>American General Finance Corporation</i> | 6.50 | 09/15/2017 | 550,000 | 398,750 |
| <i>Calpine Construction Finance Corporation 144A</i> | 8.00 | 06/01/2016 | 2,700,000 | 2,909,250 |
| <i>Clearwire Communications Finance Corporation 144A</i> | 12.00 | 12/01/2015 | 2,280,000 | 2,148,900 |
| <i>Clearwire Communications Finance Corporation 144A</i> | 12.00 | 12/01/2015 | 3,140,000 | 2,959,450 |
| <i>Ford Motor Credit Company LLC</i> | 7.00 | 10/01/2013 | 500,000 | 534,966 |
| <i>Ford Motor Credit Company LLC</i> | 8.00 | 12/15/2016 | 200,000 | 236,812 |
| <i>General Motors Financial Company 144A</i> | 6.75 | 06/01/2018 | 1,850,000 | 1,924,000 |
| <i>GMAC LLC</i> | 6.75 | 12/01/2014 | 2,344,000 | 2,443,620 |
| <i>GMAC LLC</i> | 6.88 | 08/28/2012 | 2,862,000 | 2,904,930 |
| <i>GMAC LLC</i> | 7.50 | 12/31/2013 | 6,855,000 | 7,214,888 |
| <i>Homer City Funding LLC</i> | 8.73 | 10/01/2026 | 2,881,936 | 2,622,562 |
| <i>International Lease Finance Corporation</i> | 6.38 | 03/25/2013 | 865,000 | 876,894 |
| <i>International Lease Finance Corporation 144A</i> | 6.75 | 09/01/2016 | 300,000 | 322,875 |
| <i>International Lease Finance Corporation</i> | 8.63 | 09/15/2015 | 1,700,000 | 1,833,875 |
| <i>JBS USA Finance Incorporated</i> | 11.63 | 05/01/2014 | 8,465,000 | 9,724,169 |
| <i>Level 3 Financing Incorporated</i> | 10.00 | 02/01/2018 | 4,555,000 | 4,862,463 |
| <i>Nielsen Finance LLC Company</i> | 11.50 | 05/01/2016 | 1,170,000 | 1,342,575 |
| <i>Nielson Finance LLC Company</i> | 7.75 | 10/15/2018 | 10,570,000 | 11,772,338 |
| <i>Springleaf Finance Corporation</i> | 6.90 | 12/15/2017 | 5,950,000 | 4,611,250 |
| <i>Sprint Capital Corporation</i> | 6.88 | 11/15/2028 | 13,075,000 | 9,691,844 |
| <i>Sprint Capital Corporation</i> | 8.75 | 03/15/2032 | 6,270,000 | 5,266,800 |
| | | | | 80,575,274 |
| Diversified Financial Services : 5.43% | | | | |
| <i>Ally Financial Incorporated</i> | 8.30 | 02/12/2015 | 8,820,000 | 9,729,518 |
| <i>Dolphin Subsidiary II Incorporated 144A</i> | 7.25 | 10/15/2021 | 4,225,000 | 4,700,313 |
| <i>Hub International Holdings Incorporated 144A</i> | 10.25 | 06/15/2015 | 6,650,000 | 6,724,813 |
| <i>Nuveen Investments Incorporated</i> | 5.50 | 09/15/2015 | 5,800,000 | 5,249,000 |
| <i>Nuveen Investments Incorporated</i> | 10.50 | 11/15/2015 | 4,445,000 | 4,633,913 |
| <i>Nuveen Investments Incorporated 144A</i> | 10.50 | 11/15/2015 | 4,825,000 | 4,981,813 |
| <i>USI Holdings Corporation 144A</i> | 9.75 | 05/15/2015 | 1,055,000 | 1,033,900 |
| | | | | 37,053,270 |
| REITs : 2.70% | | | | |
| <i>Dupont Fabros Technology Incorporated</i> | 8.50 | 12/15/2017 | 11,580,000 | 12,709,050 |
| <i>Host Hotels & Resorts LP</i> | 9.00 | 05/15/2017 | 490,000 | 543,900 |
| <i>Omega Healthcare Investors Incorporated</i> | 6.75 | 10/15/2022 | 3,375,000 | 3,577,500 |
| <i>Ventas Incorporated</i> | 9.00 | 05/01/2012 | 1,560,000 | 1,582,575 |
| | | | | 18,413,025 |
| Health Care : 4.59% | | | | |
| Health Care Equipment & Supplies : 0.88% | | | | |
| <i>Biomet Incorporated ¥</i> | 10.38 | 10/15/2017 | 1,215,000 | 1,318,275 |
| <i>Biomet Incorporated</i> | 11.63 | 10/15/2017 | 3,485,000 | 3,789,938 |

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| | | | | |
|--|------|------------|---------|-----------|
| <i>Fresenius Medical Care Incorporated</i> | 6.88 | 07/15/2017 | 700,000 | 753,375 |
| | | | | 5,861,588 |

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUNDPORTFOLIO OF INVESTMENTS - January 31, 2012
(UNAUDITED)

| Security Name | Interest Rate | Maturity Date | Principal | Value |
|--|---------------|---------------|--------------|--------------|
| Health Care Providers & Services : 3.48% | | | | |
| <i>Apria Healthcare Group Incorporated</i> | 11.25% | 11/01/2014 | \$ 1,340,000 | \$ 1,398,625 |
| <i>Aviv Healthcare Incorporated</i> | 7.75 | 02/15/2019 | 3,725,000 | 3,734,313 |
| <i>Centene Corporation</i> | 5.75 | 06/01/2017 | 1,925,000 | 1,963,500 |
| <i>Community Health Systems Incorporated Series WI</i> | 8.88 | 07/15/2015 | 765,000 | 795,600 |
| <i>Emergency Medical Services Corporation</i> | 8.13 | 06/01/2019 | 800,000 | 816,000 |
| <i>HCA Incorporated</i> | 6.50 | 02/15/2020 | 3,675,000 | 3,895,500 |
| <i>HCA Incorporated</i> | 7.50 | 02/15/2022 | 700,000 | 749,000 |
| <i>HCA Incorporated</i> | 8.50 | 04/15/2019 | 375,000 | 416,250 |
| <i>Health Management Associates</i> | 6.13 | 04/15/2016 | 475,000 | 490,438 |
| <i>Health Management Associates 144A</i> | 7.38 | 01/15/2020 | 475,000 | 489,250 |
| <i>HealthSouth Corporation</i> | 7.25 | 10/01/2018 | 750,000 | 774,375 |
| <i>HealthSouth Corporation</i> | 7.75 | 09/15/2022 | 750,000 | 781,875 |
| <i>MPT Operating Partnership LP</i> | 6.88 | 05/01/2021 | 3,175,000 | 3,294,063 |
| <i>Sabra Health Care LP</i> | 8.13 | 11/01/2018 | 2,850,000 | 2,999,625 |
| <i>United Surgical Partners International Incorporated</i> | 8.88 | 05/01/2017 | 1,050,000 | 1,099,875 |
| | | | | 23,698,289 |
| Pharmaceuticals : 0.25% | | | | |
| <i>Mylan Incorporated 144A</i> | 6.00 | 11/15/2018 | 650,000 | 671,125 |
| <i>Mylan Incorporated 144A</i> | 7.63 | 07/15/2017 | 650,000 | 714,188 |
| <i>Mylan Incorporated 144A</i> | 7.88 | 07/15/2020 | 300,000 | 333,000 |
| | | | | 1,718,313 |
| Industrials : 7.94% | | | | |
| Aerospace & Defense : 1.55% | | | | |
| <i>Alliant Techsystems Incorporated</i> | 6.75 | 04/01/2016 | 4,470,000 | 4,592,925 |
| <i>GeoEye Incorporated</i> | 9.63 | 10/01/2015 | 1,140,000 | 1,265,400 |
| <i>Hexcel Corporation</i> | 6.75 | 02/01/2015 | 1,089,000 | 1,098,529 |
| <i>L-3 Communications Holdings Incorporated</i> | 6.38 | 10/15/2015 | 2,740,000 | 2,808,500 |
| <i>Transdigm Incorporated</i> | 7.75 | 12/15/2018 | 750,000 | 821,250 |
| | | | | 10,586,604 |
| Commercial Services & Supplies : 2.72% | | | | |
| <i>Casella Waste Systems Incorporated</i> | 11.00 | 07/15/2014 | 4,385,000 | 4,779,650 |
| <i>Corrections Corporation of America</i> | 7.75 | 06/01/2017 | 2,110,000 | 2,290,669 |
| <i>Crown Cork & Seal Company Incorporated</i> | 7.50 | 12/15/2096 | 1,225,000 | 1,053,500 |
| <i>Geo Group Incorporated</i> | 7.75 | 10/15/2017 | 2,955,000 | 3,161,850 |
| <i>Interface Incorporated</i> | 7.63 | 12/01/2018 | 300,000 | 323,250 |
| <i>Iron Mountain Incorporated</i> | 8.38 | 08/15/2021 | 3,520,000 | 3,845,600 |
| <i>KAR Holdings Incorporated ±</i> | 4.43 | 05/01/2014 | 2,225,000 | 2,216,656 |
| <i>Mac-Gray Corporation</i> | 7.63 | 08/15/2015 | 850,000 | 871,250 |
| | | | | 18,542,425 |
| Machinery : 1.04% | | | | |
| <i>Cleaver-Brooks Incorporated 144A</i> | 12.25 | 05/01/2016 | 1,440,000 | 1,454,400 |
| <i>Columbus McKinnon Corporation</i> | 7.88 | 02/01/2019 | 1,575,000 | 1,622,250 |
| <i>CPM Holdings Incorporated</i> | 10.63 | 09/01/2014 | 3,025,000 | 3,244,313 |
| <i>Titan International Incorporated</i> | 7.88 | 10/01/2017 | 700,000 | 739,375 |
| | | | | 7,060,338 |

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Professional Services : 0.80%

| | | | | |
|--|-------|------------|-----------|-----------|
| <i>Affinia Group Incorporated 144A</i> | 10.75 | 08/15/2016 | 207,000 | 227,700 |
| <i>Interactive Data Corporation</i> | 10.25 | 08/01/2018 | 2,535,000 | 2,807,513 |

PORTFOLIO OF INVESTMENTS **January 31, 2012**
(UNAUDITED)
WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUND

| Security Name | Interest Rate | Maturity Date | Principal | Value |
|---|---------------|---------------|--------------|--------------|
| Professional Services (continued) | | | | |
| <i>NCO Group Incorporated</i> | 11.88% | 11/15/2014 | \$ 2,450,000 | \$ 2,413,250 |
| | | | | 5,448,463 |
| Road & Rail : 1.68% | | | | |
| <i>Kansas City Southern</i> | 8.00 | 06/01/2015 | 8,285,000 | 8,782,100 |
| <i>RailAmerica Incorporated</i> | 9.25 | 07/01/2017 | 2,428,000 | 2,701,150 |
| | | | | 11,483,250 |
| Transportation Infrastructure: 0.15% | | | | |
| <i>Overseas Shipholding Group</i> | 7.50 | 02/15/2024 | 1,725,000 | 1,047,938 |
| Information Technology : 9.53% | | | | |
| Communications Equipment : 1.54% | | | | |
| <i>Allbritton Communications Company</i> | 8.00 | 05/15/2018 | 2,574,000 | 2,657,655 |
| <i>EchoStar DBS Corporation</i> | 7.13 | 02/01/2016 | 910,000 | 998,725 |
| <i>Intelsat Jackson Holdings Limited</i> | 9.50 | 06/15/2016 | 2,225,000 | 2,336,250 |
| <i>Lucent Technologies Incorporated</i> | 6.45 | 03/15/2029 | 3,100,000 | 2,340,500 |
| <i>Seagate Technology Holdings</i> | 6.80 | 10/01/2016 | 1,275,000 | 1,392,938 |
| <i>Seagate Technology Holdings 144A</i> | 7.00 | 11/01/2021 | 725,000 | 775,750 |
| | | | | 10,501,818 |
| Computers & Peripherals : 0.51% | | | | |
| <i>Seagate HDD Cayman</i> | 6.88 | 05/01/2020 | 650,000 | 695,500 |
| <i>Seagate HDD Cayman</i> | 7.75 | 12/15/2018 | 2,500,000 | 2,768,750 |
| | | | | 3,464,250 |
| Electronic Equipment, Instruments & Components : 2.96% | | | | |
| <i>CDW Financial Corporation</i> | 12.54 | 10/12/2017 | 1,600,000 | 1,732,000 |
| <i>Jabil Circuit Incorporated</i> | 8.25 | 03/15/2018 | 13,532,000 | 15,764,780 |
| <i>Viasystem Group Incorporated 144A</i> | 12.00 | 01/15/2015 | 2,530,000 | 2,707,100 |
| | | | | 20,203,880 |
| Internet Software & Services : 0.37% | | | | |
| <i>Equinix Incorporated</i> | 7.00 | 07/15/2021 | 125,000 | 135,625 |
| <i>Equinix Incorporated</i> | 8.13 | 03/01/2018 | 2,125,000 | 2,358,750 |
| | | | | 2,494,375 |
| IT Services : 4.15% | | | | |
| <i>Audatex North American Incorporated 144A</i> | 6.75 | 06/15/2018 | 475,000 | 483,313 |
| <i>Fidelity National Information Services 144A</i> | 7.63 | 07/15/2017 | 325,000 | 354,250 |
| <i>Fidelity National Information Services</i> | 7.63 | 07/15/2017 | 550,000 | 602,250 |
| <i>Fidelity National Information Services</i> | 7.88 | 07/15/2020 | 2,450,000 | 2,756,250 |
| <i>First Data Corporation 144A</i> | 7.38 | 06/15/2019 | 1,325,000 | 1,321,688 |
| <i>First Data Corporation</i> | 11.25 | 03/31/2016 | 10,125,000 | 8,783,438 |
| <i>SunGard Data Systems Incorporated</i> | 7.38 | 11/15/2018 | 1,100,000 | 1,160,500 |
| <i>SunGard Data Systems Incorporated</i> | 7.63 | 11/15/2020 | 550,000 | 584,375 |
| <i>SunGard Data Systems Incorporated</i> | 10.25 | 08/15/2015 | 7,439,750 | 7,700,141 |
| <i>TW Telecommunications Holdings Incorporated</i> | 8.00 | 03/01/2018 | 1,272,000 | 1,376,940 |
| <i>Unisys Corporation</i> | 12.50 | 01/15/2016 | 1,065,000 | 1,136,888 |

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| | | | | |
|--------------------------------|-------|------------|-----------|------------|
| <i>Unisys Corporation 144A</i> | 12.75 | 10/15/2014 | 1,068,000 | 1,204,170 |
| <i>Unisys Corporation 144A</i> | 14.25 | 09/15/2015 | 751,000 | 850,508 |
| | | | | 28,314,711 |

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUNDPORTFOLIO OF INVESTMENTS - January 31, 2012
(UNAUDITED)

| Security Name | Interest Rate | Maturity Date | Principal | Value |
|---|---------------|---------------|--------------|--------------|
| Materials : 3.42% | | | | |
| Chemicals : 1.07% | | | | |
| Huntsman International LLC | 5.50% | 06/30/2016 | \$ 2,855,000 | \$ 2,826,450 |
| Lyondell Chemical Company | 11.00 | 05/01/2018 | 2,399,231 | 2,627,158 |
| Solutia Incorporated | 7.88 | 03/15/2020 | 1,450,000 | 1,703,750 |
| Solutia Incorporated | 8.75 | 11/01/2017 | 150,000 | 169,875 |
| | | | | 7,327,233 |
| Containers & Packaging : 0.77% | | | | |
| Crown Americas LLC | 7.63 | 05/15/2017 | 950,000 | 1,045,000 |
| Graham Packaging Company Incorporated | 9.88 | 10/15/2014 | 3,550,000 | 3,621,000 |
| Owens Brockway Glass Container Incorporated | 7.38 | 05/15/2016 | 515,000 | 576,800 |
| | | | | 5,242,800 |
| Metals & Mining : 0.89% | | | | |
| Freeport-McMoRan Copper & Gold Incorporated | 8.38 | 04/01/2017 | 5,725,000 | 6,039,875 |
| Indalex Holdings Corporation (s) | 11.50 | 02/01/2014 | 5,985,000 | 22,444 |
| | | | | 6,062,319 |
| Paper & Forest Products : 0.69% | | | | |
| Clearwater Paper Corporation | 10.63 | 06/15/2016 | 1,175,000 | 1,316,000 |
| Georgia-Pacific Corporation | 8.88 | 05/15/2031 | 2,430,000 | 3,375,982 |
| | | | | 4,691,982 |
| Telecommunication Services : 13.37% | | | | |
| Diversified Telecommunication Services : 6.77% | | | | |
| Avaya Incorporated | 9.75 | 11/01/2015 | 2,300,000 | 2,202,250 |
| Citizens Communications Company | 7.88 | 01/15/2027 | 4,205,000 | 3,605,788 |
| FairPoint Communications Incorporated 144A | 10.88 | 04/01/2017 | 2,550,000 | 2,856,000 |
| Frontier Communications Corporation | 8.13 | 10/01/2018 | 1,980,000 | 1,975,050 |
| Frontier Communications Corporation | 8.25 | 04/15/2017 | 2,380,000 | 2,397,850 |
| Frontier Communications Corporation | 8.50 | 04/15/2020 | 1,000,000 | 990,000 |
| GCI Incorporated | 6.75 | 06/01/2021 | 1,350,000 | 1,356,750 |
| GCI Incorporated | 8.63 | 11/15/2019 | 4,175,000 | 4,498,563 |
| Intelsat Jackson Holdings Company | 7.25 | 10/15/2020 | 1,700,000 | 1,774,375 |
| Qwest Corporation | 7.50 | 06/15/2023 | 3,260,000 | 3,260,000 |
| Qwest Corporation | 7.63 | 08/03/2021 | 440,000 | 451,371 |
| SBA Telecommunications Incorporated | 8.00 | 08/15/2016 | 1,090,000 | 1,179,925 |
| SBA Telecommunications Incorporated | 8.25 | 08/15/2019 | 485,000 | 528,650 |
| Syniverse Holdings Incorporated | 9.13 | 01/15/2019 | 7,775,000 | 8,377,563 |
| U.S. West Communications Incorporated | 7.13 | 11/15/2043 | 1,810,000 | 1,778,325 |
| U.S. West Communications Incorporated | 7.25 | 09/15/2025 | 2,755,000 | 2,967,006 |
| Windstream Corporation | 7.88 | 11/01/2017 | 5,380,000 | 5,944,900 |
| | | | | 46,144,366 |
| Wireless Telecommunication Services : 6.60% | | | | |
| CC Holdings LLC 144A | 7.75 | 05/01/2017 | 650,000 | 706,063 |
| Cricket Communications Incorporated | 7.75 | 05/15/2016 | 3,355,000 | 3,556,300 |
| Cricket Communications Incorporated | 7.75 | 10/15/2020 | 3,200,000 | 3,048,000 |
| Crown Castle International Corporation | 7.13 | 11/01/2019 | 165,000 | 179,438 |

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| | | | | |
|---|-------|------------|-----------|-----------|
| <i>Crown Castle International Corporation</i> | 9.00 | 01/15/2015 | 650,000 | 708,500 |
| <i>Intelsat Limited 144A</i> | 7.25 | 04/01/2019 | 3,025,000 | 3,161,125 |
| <i>Intelsat Limited 144A</i> | 7.50 | 04/01/2021 | 2,214,000 | 2,324,700 |
| <i>Intelsat Limited</i> | 11.25 | 06/15/2016 | 7,090,000 | 7,515,400 |
| <i>iPCS Incorporated ¥</i> | 3.68 | 05/01/2014 | 2,607,559 | 2,385,916 |
| <i>MetroPCS Communications Incorporated</i> | 6.63 | 11/15/2020 | 6,175,000 | 6,128,688 |

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PORTFOLIO OF INVESTMENTS **January 31, 2012**
(UNAUDITED)
WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUND

| Security Name | Interest Rate | Maturity Date | Principal | Value |
|--|---------------|---------------|--------------|--------------|
| Wireless Telecommunication Services (continued) | | | | |
| <i>MetroPCS Communications Incorporated</i> | 7.88% | 09/01/2018 | \$ 1,050,000 | \$ 1,107,750 |
| <i>Sprint Nextel Corporation 144A</i> | 9.00 | 11/15/2018 | 750,000 | 808,125 |
| <i>Sprint Nextel Corporation 144A</i> | 11.50 | 11/15/2021 | 1,200,000 | 1,242,000 |
| <i>Sprint Nextel Corporation Series D</i> | 7.38 | 08/01/2015 | 6,360,000 | 6,153,300 |
| <i>Sprint Nextel Corporation Series F</i> | 5.95 | 03/15/2014 | 6,065,000 | 6,004,350 |
| | | | | 45,029,655 |

Utilities : 8.04%**Electric Utilities : 4.33%**

| | | | | |
|---|-------|------------|------------|------------|
| <i>Aquila Incorporated Step Bond</i> | 11.88 | 07/01/2012 | 14,996,000 | 15,635,055 |
| <i>Energy Future Holdings Corporation</i> | 10.00 | 12/01/2020 | 150,000 | 161,625 |
| <i>Ipalco Enterprises Incorporated</i> | 5.00 | 05/01/2018 | 1,750,000 | 1,725,938 |
| <i>Mirant Mid-Atlantic LLC Series C</i> | 10.06 | 12/30/2028 | 7,560,525 | 7,711,735 |
| <i>Otter Tail Corporation</i> | 9.00 | 12/15/2016 | 3,985,000 | 4,263,950 |
| | | | | 29,498,303 |

Gas Utilities : 0.22%

| | | | | |
|-----------------------------|------|------------|-----------|-----------|
| <i>AmeriGas Finance LLC</i> | 6.75 | 05/20/2020 | 225,000 | 225,000 |
| <i>AmeriGas Finance LLC</i> | 7.00 | 05/20/2022 | 225,000 | 225,563 |
| <i>AmeriGas Partners LP</i> | 6.50 | 05/20/2021 | 1,050,000 | 1,042,125 |
| | | | | 1,492,688 |

Independent Power Producers & Energy Traders : 3.49%

| | | | | |
|---------------------------------|------|------------|-----------|------------|
| <i>Calpine Corporation 144A</i> | 7.25 | 10/15/2017 | 9,469,000 | 9,895,105 |
| <i>NRG Energy Incorporated</i> | 7.38 | 01/15/2017 | 6,050,000 | 6,254,188 |
| <i>NRG Energy Incorporated</i> | 8.50 | 06/15/2019 | 3,675,000 | 3,693,375 |
| <i>RRI Energy Incorporated</i> | 7.63 | 06/15/2014 | 1,020,000 | 1,020,000 |
| <i>RRI Energy Incorporated</i> | 9.24 | 07/02/2017 | 2,287,916 | 2,196,399 |
| <i>RRI Energy Incorporated</i> | 9.68 | 07/02/2026 | 780,000 | 733,200 |
| | | | | 23,792,267 |

Total Corporate Bonds and Notes (Cost \$731,742,681) 758,559,068

| | Dividend Yield | Shares |
|--------------------------------|----------------|--------|
| Preferred Stocks: 0.17% | | |

Financials : 0.17%**Consumer Finance: 0.17%**

| | | | |
|---------------------------|-------|--------|-----------|
| <i>GMAC Capital Trust</i> | 8.125 | 53,000 | 1,176,070 |
|---------------------------|-------|--------|-----------|

Total Preferred Stocks (Cost \$1,325,000) 1,176,070

| | Interest Rate | Maturity Date | Principal | |
|---|---------------|---------------|------------|-----------|
| Term Loans: 11.81% | | | | |
| <i>Advantage Sales & Marketing Incorporated</i> | 9.25 | 06/18/2018 | \$ 900,000 | 884,250 |
| <i>Capital Automotive LP</i> | 5.00 | 03/10/2017 | 7,286,051 | 7,235,996 |
| <i>CCM Merger Incorporated</i> | 7.00 | 03/01/2017 | 8,397,018 | 8,331,941 |

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| | | | | |
|--|------|------------|-----------|-----------|
| <i>Coinmach Corporation</i> | 3.41 | 11/20/2014 | 6,589,648 | 6,015,426 |
| <i>Fairpoint Communications Incorporated</i> | 6.50 | 01/22/2016 | 6,788,901 | 5,710,484 |
| <i>Federal Mogul Corporation <</i> | 2.22 | 12/28/2015 | 1,038,700 | 990,878 |
| <i>Federal Mogul Corporation <</i> | 2.23 | 12/29/2014 | 1,261,928 | 1,203,829 |
| <i>First Data Corporation B1</i> | 3.03 | 09/24/2014 | 2,867,975 | 2,719,787 |
| <i>First Data Corporation B2</i> | 3.03 | 09/24/2014 | 5,354,373 | 5,077,712 |
| <i>First Data Corporation B3</i> | 3.03 | 09/24/2014 | 1,485,523 | 1,408,766 |

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUNDPORTFOLIO OF INVESTMENTS - January 31, 2012
(UNAUDITED)

| Security Name | Interest Rate | Maturity Date | Principal | Value |
|--|---------------|---------------|--------------|--------------|
| Term Loans (continued) | | | | |
| <i>Gray Television Incorporated</i> | 3.80% | 12/31/2014 | \$ 1,800,564 | \$ 1,773,555 |
| <i>HHI Holdings Limited</i> | 7.00 | 03/21/2017 | 2,233,125 | 2,216,377 |
| <i>Level 3 Financing Incorporated</i> | 2.75 | 03/13/2014 | 1,300,000 | 1,263,028 |
| <i>Local TV Finance LLC</i> | 2.28 | 05/07/2013 | 2,720,910 | 2,680,096 |
| <i>Merisant Company</i> | 7.50 | 01/08/2014 | 1,429,623 | 1,408,179 |
| <i>NCO Group Incorporated</i> | 8.00 | 11/15/2013 | 2,425,222 | 2,405,529 |
| <i>Newsday LLC</i> | 10.50 | 08/01/2013 | 5,920,000 | 6,090,200 |
| <i>Panolam Industries International</i> | 8.25 | 12/31/2013 | 428,747 | 403,738 |
| <i>Springleaf Finance Corporation</i> | 5.50 | 05/05/2017 | 1,350,000 | 1,253,813 |
| <i>Texas Competitive Electric Holdings</i> | 3.80 | 10/10/2014 | 29,662,911 | 20,074,375 |
| <i>Texas Competitive Electric Holdings</i> | 4.80 | 10/10/2017 | 675,000 | 415,969 |
| <i>Wash Multifamily Laundry Systems LLC</i> | 7.00 | 08/28/2014 | 989,770 | 980,496 |
| Total Term Loans (Cost \$86,021,163) | | | | 80,544,424 |
| Yankee Corporate Bonds and Notes: 2.42% | | | | |
| Consumer Discretionary : 0.27% | | | | |
| Media : 0.27% | | | | |
| <i>Videotron Limited</i> | 6.38 | 12/15/2015 | 100,000 | 102,125 |
| <i>Videotron Limited</i> | 9.13 | 04/15/2018 | 1,525,000 | 1,692,750 |
| | | | | 1,794,875 |
| Energy : 0.55% | | | | |
| Oil, Gas & Consumable Fuels: 0.55% | | | | |
| <i>Griffin Coal Mining Company Limited 144A(s)</i> | 9.50 | 12/01/2016 | 4,769,384 | 3,738,005 |
| Diversified Financial Services: 0.00% | | | | |
| <i>Preferred Term Securities XII Limited ±(s)(i)</i> | 1.97 | 12/24/2033 | 1,540,000 | 462 |
| Materials : 1.03% | | | | |
| Metals & Mining : 0.67% | | | | |
| <i>Novelis Incorporated</i> | 7.25 | 02/15/2015 | 630,000 | 627,877 |
| <i>Novelis Incorporated</i> | 8.38 | 12/15/2017 | 1,100,000 | 1,207,250 |
| <i>Novelis Incorporated</i> | 8.75 | 12/15/2020 | 2,425,000 | 2,709,938 |
| | | | | 4,545,065 |
| Paper & Forest Products : 0.36% | | | | |
| <i>PE Paper Escrow 144A</i> | 12.00 | 08/01/2014 | 715,000 | 775,775 |
| <i>Sappi Limited 144A</i> | 7.50 | 06/15/2032 | 2,155,000 | 1,702,450 |
| | | | | 2,478,225 |
| Telecommunication Services : 0.57% | | | | |
| Wireless Telecommunication Services : 0.57% | | | | |
| <i>Digicel Group Limited 144A</i> | 12.00 | 04/01/2014 | 870,000 | 980,925 |
| <i>Telesat Canada Incorporated</i> | 11.00 | 11/01/2015 | 690,000 | 738,271 |
| <i>Wind Acquisition Finance SA 144A</i> | 11.75 | 07/15/2017 | 2,205,000 | 2,182,950 |
| | | | | 3,902,146 |

Total Yankee Corporate Bonds and Notes (Cost \$15,697,120)

16,458,778

PORTFOLIO OF INVESTMENTS **January 31, 2012**
(UNAUDITED)
WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES
FUND

| Security Name | Yield | Shares | Value |
|---|---------|------------|----------------|
| Short-Term Investments: 7.14% | | | |
| Investment Companies : 7.14% | | | |
| <i>Wells Fargo Advantage Cash Investment Money Market Fund, Institutional Class</i> | | | |
| ##(l)(u) | 0.02% | 48,700,700 | \$ 48,700,700 |
| Total Short-Term Investments (Cost \$48,700,700) | | | 48,700,700 |
| Total Investments in Securities | | | |
| (Cost \$888,903,929)* | 133.30% | | 908,941,387 |
| <i>Other Assets and Liabilities, Net</i> | (33.30) | | (227,050,506) |
| Total Net Assets | 100.00% | | \$ 681,890,881 |

Non-income earning security.

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

¥ *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.*

(s) *Security is currently in default with regards to scheduled interest and/or principal payments. The Fund has stopped accruing interest on this security.*

(i) *Illiquid security.*

± *Variable rate investment.*

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

All or a portion of this security has been segregated for when-issued securities or unfunded loans.

(l) *Investment in an affiliate.*

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

* *Cost for federal income tax purposes is \$884,728,517 and net unrealized appreciation (depreciation) consists of:*

| | |
|---|----------------------|
| <i>Gross unrealized appreciation</i> | \$ 45,919,490 |
| <i>Gross unrealized depreciation</i> | (21,706,620) |
| <i>Net unrealized appreciation</i> | \$ 24,212,870 |

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

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

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

Securities valuation

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

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

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

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

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

When-issued transactions

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

Term loans

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

As of January 31, 2012, the Fund had unfunded loan commitments of \$1,867,906.

Fair valuation measurements

Fair value measurements of investments are determined within a framework that has established a fair value hierarchy based upon the various data inputs utilized in determining the value of the Fund s investments. The three-level hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to significant unobservable inputs (Level 3). The Fund s investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The inputs are summarized into three broad levels as follows:

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

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

| | Quoted Prices (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|----------------------------------|-------------------------------|--|--|----------------|
| Investments in Securities | | | | |
| Equity securities | | | | |
| <i>Common stocks</i> | \$ 546,907 | \$ 0 | \$ 8,596 | \$ 555,503 |
| <i>Preferred stocks</i> | 1,176,070 | 0 | 0 | 1,176,070 |
| Convertible debentures | 0 | 2,946,844 | 0 | 2,946,844 |
| Corporate bonds and notes | 0 | 747,917,734 | 10,641,334 | 758,559,068 |
| Term loans | 0 | 63,502,168 | 17,042,256 | 80,544,424 |
| Yankee corporate bonds | 0 | 16,458,316 | 462 | 16,458,778 |
| Short-term investments | | | | |
| <i>Investment companies</i> | 48,700,700 | 0 | 0 | 48,700,700 |
| | \$ 50,423,677 | \$ 830,825,062 | \$ 27,692,648 | \$ 908,941,387 |

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

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

| | Common stocks | Corporate bonds and notes | Term Loans | Yankee corporate bonds and notes | Total |
|--|------------------|---------------------------------|---------------|---|----------------|
| Balance as of April 30, 2011 | \$ 0 | \$ 12,165,050 | \$ 6,408,149 | \$ 462 | \$ 18,573,661 |
| Accrued discounts (premiums) | 0 | 3,754 | 2,609 | 0 | 6,363 |
| Realized gains (losses) | 0 | (8,467) | 10,515 | 0 | 2,048 |
| Change in unrealized gains (losses) | 0 | (1,188,927) | (57,615) | 0 | (1,246,542) |
| Purchases | 0 | 0 | 0 | 0 | 0 |
| Sales | 0 | (330,076) | (2,739,102) | 0 | (3,069,178) |
| Transfers into Level 3 | 8,596 | 0 | 14,825,879 | 0 | 14,834,475 |
| Transfers out of Level 3 | 0 | 0 | (1,408,179) | 0 | (1,408,179) |
| Balance as of January 31, 2012 | \$ 8,596 | \$ 10,641,334 | \$ 17,042,256 | \$ 462 | \$ 27,692,648 |
| Change in unrealized gains (losses) relating to securities still held at January 31, 2012 | \$ 0 | (\$ 1,168,515) | (\$ 13,957) | \$ 0 | (\$ 1,182,472) |

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

ACB Agricultural Credit Bank

ADR American Depository Receipt

ADS American Depository Shares

AGC-ICC Assured Guaranty Corporation - Insured Custody Certificates

AGM Assured Guaranty Municipal

AMBAC American Municipal Bond Assurance Corporation

AMT Alternative Minimum Tax

AUD Australian Dollar

BAN Bond Anticipation Notes

BHAC Berkshire Hathaway Assurance Corporation

BRL Brazil Real

CAB Capital Appreciation Bond

CAD Canadian Dollar

CCAB Convertible Capital Appreciation Bond

CDA Community Development Authority

CDO Collateralized Debt Obligation

CHF Swiss Franc

COP Certificate of Participation

CR Custody Receipts

DKK Danish Krone

DRIVER Derivative Inverse Tax-Exempt Receipts

DW&P Department of Water & Power

DWR Department of Water Resources

ECFA Educational & Cultural Facilities Authority

EDA Economic Development Authority

EDFA Economic Development Finance Authority

ETF Exchange-Traded Fund

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EUR Euro

FFCB Federal Farm Credit Bank

FGIC Financial Guaranty Insurance Corporation

FHA Federal Housing Authority

FHLB Federal Home Loan Bank

FHLMC Federal Home Loan Mortgage Corporation

FNMA Federal National Mortgage Association

FSA Farm Service Agency

GBP Great British Pound

GDR Global Depository Receipt

GNMA Government National Mortgage Association

GO General Obligation

HCFR Healthcare Facilities Revenue

HEFA Health & Educational Facilities Authority

HEFAR Higher Education Facilities Authority Revenue

HFA Housing Finance Authority

HFFA Health Facilities Financing Authority

HKD Hong Kong Dollar

HUF Hungarian Forint

IBC Insured Bond Certificate

IDA Industrial Development Authority

IDAG Industrial Development Agency

IDR Industrial Development Revenue

IEP Irish Pound

JPY Japanese Yen

KRW Republic of Korea Won

LIBOR London Interbank Offered Rate

LLC Limited Liability Company

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LLP Limited Liability Partnership

LOC Letter of Credit

LP Limited Partnership

MBIA Municipal Bond Insurance Association

MFHR Multi-Family Housing Revenue

MSTR Municipal Securities Trust Receipts

MTN Medium Term Note

MUD Municipal Utility District

MXN Mexican Peso

MYR Malaysian Ringgit

NATL-RE National Public Finance Guarantee Corporation

NOK Norwegian Krone

NZD New Zealand Dollar

PCFA Pollution Control Finance Authority

PCR Pollution Control Revenue

PFA Public Finance Authority

PFFA Public Facilities Financing Authority

PFOTER Puttable Floating Option Tax-Exempt Receipts

plc Public Limited Company

PLN Polish Zloty

PUTTER Puttable Tax-Exempt Receipts

R&D Research & Development

RDA Redevelopment Authority

RDFA Redevelopment Finance Authority

REIT Real Estate Investment Trust

ROC Reset Option Certificates

SAVRS Select Auction Variable Rate Securities

SBA Small Business Authority

SEK Swedish Krona

SFHR Single Family Housing Revenue

SFMR Single Family Mortgage Revenue

SGD Singapore Dollar

SKK Slovakian Koruna

SPDR Standard & Poor's Depository Receipts

TAN Tax Anticipation Notes

TBA To Be Announced

TIPS Treasury Inflation-Protected Securities

TRAN Tax Revenue Anticipation Notes

TCR Transferable Custody Receipts

TRY Turkish Lira

TTFA Transportation Trust Fund Authority

TVA Tennessee Valley Authority

XLCA XL Capital Assurance

ZAR South African Rand

ITEM 2. CONTROLS AND PROCEDURES

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

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

SIGNATURES

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

Wells Fargo Advantage Income Opportunities Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch
President

Date: March 26, 2012

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

Wells Fargo Advantage Income Opportunities Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch
President

Date: March 26, 2012

By: /s/ Kasey L. Phillips

Kasey L. Phillips
Treasurer

Date: March 26, 2012