

WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND

Form N-CSR

December 27, 2013

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANIES**

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

**Wells Fargo Advantage Multi-Sector Income 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: October 31**

**Date of reporting period: October 31, 2013**

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**ITEM 1. REPORT TO STOCKHOLDERS**

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**Wells Fargo Advantage**

**Multi-Sector Income Fund**

**Annual Report**

October 31, 2013

**This closed-end fund is no longer offered as an initial public offering and is only offered through broker/dealers on the secondary market.** A closed-end fund is not required to buy its shares back from investors upon request.

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The views expressed and any forward-looking statements are as of October 31, 2013, 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 Advantage 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 Advantage Multi-Sector Income Fund

Letter to shareholders (unaudited)

**Karla M. Rabusch**

President

Wells Fargo Advantage Funds

**Fixed-income markets shifted significantly during the period as economic optimism surged in the U.S. in the opening months of 2013, spurring a rally in equities but also a rise in U.S. Treasury yields.**

**Dear Valued Shareholder:**

We are pleased to offer you this annual report for the *Wells Fargo Advantage Multi-Sector Income Fund* for the 12-month period that ended October 31, 2013. Fixed-income markets shifted significantly during the period as economic optimism surged in the U.S. in the opening months of 2013, spurring a rally in equities but also a rise in U.S. Treasury yields. Global bond markets largely followed suit with the trends in the U.S. credit markets. Most investment-grade bond sectors experienced price declines as U.S. Treasuries rallied and yields rose during much of 2013. Below-investment-grade securities tended to perform better as their higher-yield spreads seemed to cushion some of the yield increases from the Treasury markets and then rallied later in the period. Emerging markets sovereign debt, however, experienced significant volatility and generally underperformed. Structured products generally protected their pricing better, particularly U.S. commercial mortgage-backed securities. But, globally, high-yield corporate securities performed better than investment-grade sectors over the full breadth of the period, generating positive returns despite significant price corrections in June 2013.

**The period began on the heels of strengthening confidence in the credit markets.**

In November and December 2012, most investment-grade sectors began to throttle down from a credit rally that lasted through much of September and October 2012. U.S. Treasuries and treasury inflation-protected securities rallied in November 2012 along with their global sovereign equivalents, outperforming global credit sectors, due to a brief flare-up in risk aversion from the deepening recessionary conditions in the eurozone. However, in December 2012, U.S. Treasury yields began to reverse course, shifting higher on growing optimism for economic expansion in the U.S. and appreciating equity values. Most investment-grade credit tiers also saw yields move higher in tandem, resulting in a broad but modest decline in many investment-grade security prices. High-yield securities continued to perform

positively during these months, benefiting from sustained investor appetite for higher yield and growing confidence in corporate earnings.

**The return of economic optimism in 2013 led to declines in bond prices as yields rose higher.**

In the opening months of 2013, U.S. Treasury yields began to once again rise higher on optimistic expectations for a strengthening U.S. economy. Consequently, fixed-income security yields shifted higher and prices declined across much of the U.S. investment-grade bond sectors. Global trends ran a similar course across the largest world economies. U.S. Treasury prices significantly declined in January 2013, most notably in the longer-maturity ranges, as investors began to reprice bond yields for potential interest-rate increases in upcoming years.

In February and March 2013, investment-grade fixed-income markets rebounded when equity market exuberance was reined in by some sobering signs of caution from mixed economic indicators. Investors again returned to the U.S. Treasury market, driving yields lower and bond prices higher. These appreciating trends strengthened during the volatile month of April 2013, which was rattled by geopolitical events, domestic terrorism in Boston, and uncertain global economic conditions. U.S. Treasury prices increased sharply, temporarily erasing all of the price losses endured in January 2013 and, in fact, crossing over into positive gains.

Unfortunately for the core bond investment-grade markets, this recovery in bond prices only proved temporary. The month of May 2013 unleashed a massive rally in the U.S. equity markets; consequently, U.S. Treasury prices declined again, while investment-grade corporate bonds and structured products correspondingly also

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Letter to shareholders (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 3  
declined in price. These market moves resulted in the largest monthly losses across the investment-grade bond markets in nearly five years.

The depreciating trends for bonds deepened in mid-June 2013 on comments from Federal Reserve (Fed) Chairman Bernanke that tapering of the Fed's bond-buying programs may begin later in the year and that the programs may end completely around mid-2014. For the last two weeks of June 2013, that debate appeared to play out daily, as volatility buffeted both the equity and bond markets, finally capitulating to yet another sustained rally in equities and a modest retreat in bond prices. Both U.S. investment-grade bonds and U.S. high-yield bonds posted their worst monthly returns of the year in June 2013 investment-grade securities had their largest quarterly decline in nine years during the second quarter.

In July and August 2013, equity exuberance quieted a bit, and fixed-income markets stabilized. Returns were more mixed, with slightly negative returns in the highest-quality securities to modestly positive returns in the lower-rated credit tiers. In September and October 2013, investment-grade and high-yield bond markets began generating positive returns yet again, as the Fed backtracked on its intentions to taper quantitative easing, postponing it until 2014 at the earliest. Bond markets rallied on the news through the end of the period.

On the whole, the declines in bond prices during May, June, and August 2013 culminated in slightly negative returns across much of the global investment-grade markets during the full period. Global high-yield markets performed significantly better and generated positive returns for the full 12-month period. Thus, the theme for the period was a persistent increase in U.S. Treasury yields that pressured fixed-income security prices before relaxing in September and October 2013. Investment-grade securities generally declined, while high-yield securities benefited from yield cushioning and a stronger investor appetite for equity-correlated returns.

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

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

Thank you for choosing to invest with *Wells Fargo Advantage Funds*. We appreciate your confidence in us and remain committed to helping you meet your financial needs. For current information about your fund investments, contact your investment professional, visit our website at **wellsfargoadvantagefunds.com**, or call us directly at **1-800-222-8222**. We are available 24 hours a day, 7 days a week.

Sincerely,

Karla M. Rabusch

President



Wells Fargo Advantage Funds

**The theme for the period was a persistent increase in U.S. Treasury yields that pressured fixed-income security prices before relaxing in September and October 2013. Investment-grade securities generally declined, while high-yield securities benefited from yield cushioning and a stronger investor appetite for equity-correlated returns.**

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4 Wells Fargo Advantage Multi-Sector Income Fund Performance highlights (unaudited)

**Investment objective**

The Fund seeks a high level of current income consistent with limiting its overall exposure to domestic interest-rate risk.

**Adviser**

Wells Fargo Funds Management, LLC

**Subadvisers**

First International Advisors, LLC

Wells Capital Management Incorporated

**Portfolio managers**

Michael Bray, CFA

Christopher Y. Kauffman, CFA

Michael Lee

Niklas Nordenfelt, CFA

Anthony Norris

Alex Perrin

Janet S. Rilling, CFA, CPA

Phillip Susser

Christopher Wightman

Peter Wilson

**Average annual total returns<sup>1</sup> (%) as of October 31, 2013**

|  | 1 Year | 5 Year | 10 Year |
|--|--------|--------|---------|
| Based on market value                    | (5.44) | 16.08  | 7.51    |
| Based on net asset value (NAV) per share | 4.21   | 15.66  | 8.16    |

**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 Fund's gross and net expense ratios for the year ended October 31, 2013, were 1.24% and 1.24%, respectively, which includes 0.07% of interest expense.

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

The Fund is leveraged through a secured debt borrowing facility and also may incur leverage by issuing preferred shares in the future. The use of leverage results in certain risks including, among others, the likelihood of greater volatility of net asset value and the market price of common shares. Foreign investments are especially volatile and can rise or fall dramatically due to differences in the political and economic conditions of the host country. These risks are generally intensified in emerging markets. Derivatives involve 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 to closely track. Bond values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. In general, when interest rates rise, bond values fall and investors may lose principal value. High-yield securities have a greater risk of default and tend to be more volatile than higher-rated debt securities. This Fund is exposed to mortgage- and asset-backed securities risk.

1. Total returns based on market value are calculated assuming a purchase of common stock on the first day and sale on the last day of the period reported. Total returns based on NAV are calculated based on the NAV at the beginning of the period and end of the period. Dividends and distributions, if any, are assumed for the purposes of these calculations to be reinvested at prices obtained under the Fund's Automatic Dividend Reinvestment Plan.
2. This chart does not reflect any brokerage commissions on the purchase and sale of the Fund's common stock. Dividends and distributions have the effect of reducing the Fund's NAV.

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Performance highlights (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 5

**MANAGERS DISCUSSION**

The Fund's return based on market value was (5.44)% during the 12 months ended October 31, 2013. During the same period, the Fund's return based on NAV was 4.21%.

**Overview**

The U.S. economy on a relative basis has managed to retain some growth, but growth remains low by historical standards and has disappointed somewhat from optimistic forecasts earlier in the year so much so that the Federal Reserve (Fed) reneged on intentions to reduce levels of quantitative easing (QE).

Eurozone problems have subsided with action taken by European authorities who displayed a firm commitment to supporting the member countries. Yields on bonds from the European periphery countries declined and spreads in Germany narrowed. However, the eurozone economy continued to struggle. Despite a slight improvement in growth, the inflation picture is one of a region sliding into deflation. In Japan, stimulus measures combined with currency weakness have contributed to improved growth and higher inflation. Growth and inflation in emerging markets continue to fall, leading central banks to ease and provide a healthy backdrop for fixed-income investment.

In the U.S., fixed-income markets generally struggled as Treasury yields rose in anticipation of a reduction in the extraordinarily loose Fed policies. Expectations that tapering in the Fed's monthly \$85 billion asset purchase program would cause rates to rise led to investors selling rate-sensitive bonds. The high-yield market was initially weak. Ultimately, the Fed surprised the markets by postponing the tapering, resulting in a strong rally across all asset classes, including high-yield bonds in the last few months of the period. The continuation of a low-interest-rate environment spurred investor confidence and provided support to the high-yield market.

In the U.S. investment-grade corporate and mortgage-backed markets, low economic growth continued to prove favorable as valuations were supported by large corporate cash balances and strong corporate profits.

**Ten largest holdings<sup>3</sup> (%) as of October 31, 2013**

|  |      |
|--|------|
| Poland, 4.00%, 10-25-2023                                  | 2.03 |
| Brazil, 10.00%, 1-1-2017                                   | 2.00 |
| Texas Competitive Electric Holdings LLC, 3.70%, 10-10-2014 | 1.96 |
| Sprint Capital Corporation, 6.88%, 11-15-2028              | 1.88 |
| Hungary, 6.75%, 11-24-2017                                 | 1.71 |
| Russia, 7.60%, 7-20-2022                                   | 1.66 |
| Dell Incorporated, 0.00%, 4-30-2020                        | 1.63 |
| Indonesia, 7.38%, 9-15-2016                                | 1.57 |
| Mexico, 7.25%, 12-15-2016                                  | 1.56 |
| Thailand, 3.25%, 6-16-2017                                 | 1.52 |

**Positive contributors to performance**

In the international sleeve, positioning in Korea, Russia, Malaysia, Thailand, Indonesia, and Romania contributed to performance. Currency allocations to the Australian dollar, New Zealand dollar, South African rand, and Indonesian

rupiah also contributed. In the U.S. high-yield allocation, a number of well-performing specific securities, and a large allocation to the information technology sector aided performance. In the investment-grade U.S. corporate and mortgage-related sleeve, allocations to commercial mortgage-backed securities

(CMBS) were significant contributors to performance. Specific residential mortgage-backed securities (RMBS) also contributed to performance.

#### **Detractors from performance**

In the international sleeve, positioning in Brazil, Australia, New Zealand, and Turkey detracted modestly from performance, with the global bonds of Brazil being negatively affected by the removal of a tax levied on investors purchasing domestic bonds. Positioning in the Thai baht, Brazilian real, and Russian ruble detracted slightly. In the U.S. high-yield allocation, the Fund continued to be positioned conservatively with less higher-yielding and more higher-quality issues than the

#### **Credit quality<sup>4</sup> as of October 31, 2013**

broad high-yield market, which detracted from performance as lower-quality securities outperformed higher-quality securities. In addition, Fund holdings within the pipelines and electric utilities sectors detracted from performance due to the impact from low natural gas prices. In the U.S. investment-grade sleeve, asset-backed securities detracted from performance.

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**6 Wells Fargo Advantage Multi-Sector Income Fund**

Performance highlights (unaudited)

**Management outlook**

In the global bond markets, we continue to question where sustainable growth can emerge from the developed world. Global growth will continue to be hampered by debt levels that have been rising sharply since 2008. Governments will face the constant battle between growth and deficit reduction. We continue to favor the more dynamic, less debt-burdened economies that still provide higher yields, with diversified exposures to the currencies of smaller economies. Also, allocations to the sovereign markets in both Italy and Spain have added value as eurozone worries have subsided. Emerging markets were heavily affected by concerns over Fed tapering of QE, although the fundamentals remain sound.

In the U.S. high-yield market, the Fund's focus is on bottom-up security selection of bonds issued by companies with high intrinsic value, which, in our view, helps limit downside risk. Much of the high-yield market performance has been driven by the extraordinarily low interest rates, which allow highly indebted companies to more easily make interest payments and refinance debt. The Fund continues to avoid companies that rely solely on such conditions to persist. As a result of the strategy of avoiding uncompensated risk, the Fund maintains its lower-volatility profile. We believe high-yield default rates may remain well below historical averages and high yield may continue to outperform rate-sensitive fixed-income markets.

In the U.S. investment-grade markets, we have seen an increase in corporate leverage due to low interest rates and continue to view the low-growth environment as favorable for credit valuations. We increased our weighting to financial institutions due to improved operating performance, better capital ratios, and limited exposure to event risk. We also expect the earnings of life insurance companies and banks to benefit from increasing interest rates. In structured products, we remained focused on CMBS investment-grade subordinate issues with higher-quality collateral. Non-agency residential MBS have also benefited from improving fundamentals with strength in home appreciation and declining levels of borrower delinquencies and foreclosures.

**Effective maturity distribution<sup>5</sup> as of October 31, 2013**

**Country allocation<sup>5</sup> as of October 31, 2013**

3. The ten largest holdings are calculated based on the value of the securities divided by total net assets of the Fund. Holdings are subject to change and may have changed since the date specified.

4. Credit quality is subject to change and is calculated based on the total market value of bonds held by the Fund. The ratings indicated are from Standard & Poor's, Moody's Investors Service, and/or Fitch Ratings

Ltd. Credit Quality Ratings. Credit quality ratings apply to the underlying holdings of the Fund and not the Fund itself. Standard & Poor's rates the creditworthiness of bonds on a scale of AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Standard & Poor's rates the creditworthiness of short-term notes from SP-1 (highest) to SP-3 (lowest). Moody's rates the creditworthiness of bonds on a scale of Aaa (highest) to C (lowest). Ratings Aa to B may be modified by the addition of a number 1 (highest) to 3 (lowest) to show relative standing within the ratings categories. Moody's rates the creditworthiness of short-term U.S. tax-exempt municipal securities from MIG 1/VMIG 1 (highest) to SG (lowest). Fitch rates the creditworthiness of bonds on a scale of AAA (highest) to D (lowest). If a security was rated by all three rating agencies, the middle rating was utilized. If rated by two of three rating agencies, the lower rating was utilized and if rated by one of the agencies that rating was utilized. We generally define higher quality bonds as bonds that have a rating of BBB/Baa and above and lower quality bonds as bonds with a rating below BBB/Baa.

5. Percentages are subject to change and are calculated based on the total long-term investments of the Fund.

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Summary portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 7

The summary portfolio of investments shows the 50 largest portfolio holdings in unaffiliated issuers and any holdings exceeding 1% of the total net assets as of the report date. The remaining securities held are grouped as Other securities in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by accessing the following website:

<http://a584.g.akamai.net/f/584/1326/1d/www.wellsfargoadvantagefunds.com/pdf/ann/holdings/multisectorincome.pdf> or by calling Wells Fargo Advantage Funds at **1-800-222-8222**. The complete schedule, filed on Form N-CSR, is also available on the SEC's website at sec.gov.

| Security name  | Interest rate | Maturity date          | Principal     | Value         | Percent of net assets |
|--|---------------|------------------------|---------------|---------------|-----------------------|
| <b>Agency Securities: 2.47%</b>                        |               |                        |               |               |                       |
| <i>FHLMC</i>   | 0.57-8.50%    | 4-25-2020 to 7-25-2048 | \$ 29,094,839 | \$ 13,076,972 | 1.90%                 |
| <i>Other securities</i>                                |               |                        |               | 3,958,097     | 0.57                  |
| <b>Total Agency Securities<br/>(Cost \$16,418,397)</b> |               |                        |               | 17,035,069    | 2.47                  |
| <b>Asset-Backed Securities:<br/>0.11%</b>              |               |                        |               |               |                       |
| <i>Other securities</i>                                |               |                        |               | 750,628       | 0.11                  |
| <b>Total Asset-Backed Securities (Cost \$752,616)</b>  |               |                        |               | 750,628       | 0.11                  |
| <b>Common Stocks: 0.10%</b>                            |               |                        |               |               |                       |
| <b>Consumer Discretionary:<br/>0.00%</b>               |               |                        |               |               |                       |



**Hotels, Restaurants &  
Leisure: 0.00%**

*Other securities* 0 0.00

**Telecommunication  
Services: 0.10%**

**Diversified**

**Telecommunication**

**Services: 0.10%**

*Other securities* 657,928 0.10

**Total Common Stocks  
(Cost \$1,617,838)**

657,928 0.10

**Corporate Bonds and  
Notes: 62.97%**

**Consumer Discretionary:  
13.93%**

**Auto Components: 1.31%**

*Allison Transmission*

*Incorporated 144A* 7.13 5-15-2019 3,790,000 4,083,725 0.59

*Other securities* 4,981,068 0.72

9,064,793 1.31

**Diversified Consumer  
Services: 1.11%**

*Service Corporation*

*International* 6.75-8.00 4-1-2016 to 4-1-2027 6,683,000 7,324,230 1.06

*Other securities* 359,325 0.05

7,683,555 1.11

**Hotels, Restaurants &  
Leisure: 4.39%**

*CCM Merger Incorporated  
144A*

9.13 5-1-2019 6,270,000 6,646,200 0.96

*CityCenter Holdings LLC*

*(PIK at 11.50%) ¥* 10.75 1-15-2017 3,636,822 3,898,673 0.57

*DineEquity Incorporated* 9.50 10-30-2018 3,475,000 3,865,938 0.56

*Greektown Superholdings*

*Incorporated Series A* 13.00 7-1-2015 7,850,000 8,193,438 1.19

*Other securities* 7,640,226 1.11

30,244,475 4.39

**Household Durables:  
0.10%**

*Other securities*

687,313 0.10

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

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8 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments October 31, 2013

| Security name                              | Interest rate | Maturity date | Principal    | Value      | Percent of net assets |
|--|---------------|---------------|--------------|------------|-----------------------|
| <b>Internet &amp; Catalog</b>              |               |               |              |            |                       |
| <b>Retail: 0.12%</b>                       |               |               |              |            |                       |
| <i>Other securities</i>                    |               |               |              | \$ 795,830 | 0.12%                 |
| <b>Media: 5.43%</b>                        |               |               |              |            |                       |
| <i>Gray Television Incorporated</i>        | 7.50%         | 10-1-2020     | \$ 4,200,000 | 4,399,500  | 0.64                  |
| <i>Local TV Finance LLC 144A</i>           | 9.25          | 6-15-2015     | 4,775,000    | 4,822,750  | 0.70                  |
| <i>Other securities</i>                    |               |               |              | 28,188,452 | 4.09                  |
|  |               |               |              | 37,410,702 | 5.43                  |
| <b>Multiline Retail: 0.09%</b>             |               |               |              |            |                       |
| <i>Other securities</i>                    |               |               |              | 598,982    | 0.09                  |
| <b>Specialty Retail: 1.38%</b>             |               |               |              |            |                       |
| <i>Other securities</i>                    |               |               |              | 9,551,351  | 1.38                  |
| <b>Consumer Staples: 0.31%</b>             |               |               |              |            |                       |
| <b>Food &amp; Staples Retailing: 0.09%</b> |               |               |              |            |                       |
| <i>Other securities</i>                    |               |               |              | 614,941    | 0.09                  |
| <b>Food Products: 0.11%</b>                |               |               |              |            |                       |
| <i>Other securities</i>                    |               |               |              | 745,650    | 0.11                  |
| <b>Tobacco: 0.11%</b>                      |               |               |              |            |                       |

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*Other securities* 757,942 0.11

**Energy: 11.43%**

**Energy Equipment & Services: 3.18%**

|                                       |      |            |           |            |      |
|---------------------------------------|------|------------|-----------|------------|------|
| <i>Gulfmark Offshore Incorporated</i> | 6.38 | 3-15-2022  | 4,490,000 | 4,523,675  | 0.66 |
| <i>NGPL PipeCo LLC 144A</i>           | 7.77 | 12-15-2037 | 5,130,000 | 4,450,275  | 0.64 |
| <i>PHI Incorporated</i>               | 8.63 | 10-15-2018 | 3,662,000 | 3,909,185  | 0.57 |
| <i>Other securities</i>               |      |            |           | 9,028,615  | 1.31 |
|                                       |      |            |           | 21,911,750 | 3.18 |

**Oil, Gas & Consumable**

**Fuels: 8.25%**

|  |           |                        |           |            |      |
|--|-----------|------------------------|-----------|------------|------|
| <i>Rockies Express Pipeline LLC 144A</i> | 5.63-7.50 | 1-15-2019 to 7-15-2038 | 6,335,000 | 5,300,563  | 0.77 |
| <i>Rockies Express Pipeline LLC 144A</i> | 6.88      | 4-15-2040              | 6,123,000 | 4,622,865  | 0.67 |
| <i>Sabine Pass LNG LP</i>                | 6.50      | 11-1-2020              | 4,180,000 | 4,368,100  | 0.63 |
| <i>Sabine Pass LNG LP</i>                | 7.50      | 11-30-2016             | 4,635,000 | 5,173,819  | 0.75 |
| <i>Other securities</i>                  |           |                        |           | 37,447,735 | 5.43 |
|  |           |                        |           | 56,913,082 | 8.25 |

**Financials: 14.08%**

**Capital Markets: 0.22%**

*Other securities* 1,551,838 0.22

**Commercial Banks: 1.09%**

*Other securities* 7,511,186 1.09

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

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Summary portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 9

| Security name  | Interest rate | Maturity date           | Principal    | Value         | Percent of net assets |
|--|---------------|-------------------------|--------------|---------------|-----------------------|
| <b>Consumer Finance: 6.53%</b>                         |               |                         |              |               |                       |
| <i>Ally Financial Incorporated</i>                     | 5.50-8.30%    | 12-31-2013 to 9-15-2020 | \$ 9,523,000 | \$ 10,210,997 | 1.48%                 |
| <i>Nielsen Finance LLC Company</i>                     | 7.75          | 10-15-2018              | 5,350,000    | 5,831,500     | 0.85                  |
| <i>SLM Corporation</i>                                 | 7.25-8.45     | 6-15-2018 to 1-25-2022  | 2,605,000    | 2,950,663     | 0.42                  |
| <i>SLM Corporation</i>                                 | 8.00          | 3-25-2020               | 3,940,000    | 4,501,450     | 0.65                  |
| <i>Springleaf Finance Corporation</i>                  | 5.40-7.75     | 12-1-2015 to 10-1-2021  | 5,190,000    | 5,309,138     | 0.77                  |
| <i>Springleaf Finance Corporation</i>                  | 6.90          | 12-15-2017              | 4,550,000    | 4,925,375     | 0.71                  |
| <i>Other securities</i>                                |               |                         |              | 11,292,389    | 1.65                  |
|  |               |                         |              | 45,021,512    | 6.53                  |
| <b>Diversified Financial Services: 2.39%</b>           |               |                         |              |               |                       |
| <i>Denali Borrower/Finance Corporation 144A</i>        | 5.63          | 10-15-2020              | 4,350,000    | 4,306,500     | 0.62                  |
| <i>Other securities</i>                                |               |                         |              | 12,169,007    | 1.77                  |
|  |               |                         |              | 16,475,507    | 2.39                  |
| <b>Insurance: 0.59%</b>                                |               |                         |              |               |                       |
| <i>Other securities</i>                                |               |                         |              | 4,076,693     | 0.59                  |
| <b>Real Estate Management &amp; Development: 0.73%</b> |               |                         |              |               |                       |
| <i>Other securities</i>                                |               |                         |              | 5,002,025     | 0.73                  |

**REITs: 2.53%**

*DuPont Fabros*

*Technology Incorporated*

*144A*

5.88

9-15-2021

4,655,000

4,771,375

0.69

*Other securities*

12,666,051

1.84

17,437,426

2.53

**Health Care: 3.22%**

**Biotechnology: 0.11%**

*Other securities*

757,847

0.11

**Health Care**

**Equipment & Supplies:**

**0.36%**

*Other securities*

2,499,669

0.36

**Health Care**

**Providers & Services:**

**2.38%**

*Other securities*

16,391,959

2.38

**Health Care**

**Technology: 0.07%**

*Other securities*

496,200

0.07

**Life Sciences Tools &**

**Services: 0.12%**

*Other securities*

858,734

0.12

**Pharmaceuticals:**

**0.18%**

*Other securities*

1,241,169

0.18

**Industrials: 3.48%**

**Aerospace & Defense:**

**0.20%**

*Other securities*

1,360,375

0.20

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

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10 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments October 31, 2013

| Security name   | Interest rate | Maturity date | Principal | Value        | Percent of net assets |
|---|---------------|---------------|-----------|--------------|-----------------------|
| <b>Air Freight &amp; Logistics: 0.42%</b><br><i>Other securities</i>          |               |               |           | \$ 2,877,000 | 0.42%                 |
| <b>Airlines: 0.43%</b><br><i>Other securities</i>                             |               |               |           | 2,977,734    | 0.43                  |
| <b>Commercial Services &amp; Supplies: 0.93%</b><br><i>Other securities</i>   |               |               |           | 6,442,061    | 0.93                  |
| <b>Machinery: 0.52%</b><br><i>Other securities</i>                            |               |               |           | 3,574,319    | 0.52                  |
| <b>Professional Services: 0.29%</b><br><i>Other securities</i>                |               |               |           | 1,968,889    | 0.29                  |
| <b>Trading Companies &amp; Distributors: 0.51%</b><br><i>Other securities</i> |               |               |           | 3,523,163    | 0.51                  |
| <b>Transportation Infrastructure: 0.18%</b><br><i>Other securities</i>        |               |               |           | 1,273,013    | 0.18                  |
| <b>Information Technology: 4.09%</b>  |               |               |           |              |                       |
| <b>Communications Equipment: 0.29%</b><br><i>Other securities</i>             |               |               |           | 2,002,300    | 0.29                  |

**Computers & Peripherals:**

**0.11%**

|                         |  |  |  |         |      |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> |  |  |  | 729,333 | 0.11 |
|-------------------------|--|--|--|---------|------|

**Electronic Equipment,  
Instruments & Components:**

**1.05%**

|                                   |       |           |              |           |      |
|-----------------------------------|-------|-----------|--------------|-----------|------|
| <i>Jabil Circuit Incorporated</i> | 8.25% | 3-15-2018 | \$ 5,275,000 | 6,237,688 | 0.90 |
| <i>Other securities</i>           |       |           |              | 1,026,895 | 0.15 |
|                                   |       |           |              | 7,264,583 | 1.05 |

**Internet Software & Services:**

**0.04%**

|                         |  |  |  |         |      |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> |  |  |  | 247,476 | 0.04 |
|-------------------------|--|--|--|---------|------|

**IT Services: 2.27%**

|  |      |            |           |            |      |
|--|------|------------|-----------|------------|------|
| <i>SunGard Data Systems<br/>Incorporated</i> | 7.38 | 11-15-2018 | 5,007,000 | 5,307,420  | 0.77 |
| <i>Other securities</i>                      |      |            |           | 10,383,641 | 1.50 |
|  |      |            |           | 15,691,061 | 2.27 |

**Software: 0.33%**

|                         |  |  |  |           |      |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> |  |  |  | 2,278,920 | 0.33 |
|-------------------------|--|--|--|-----------|------|

**Materials: 0.97%**

**Chemicals: 0.20%**

|                         |  |  |  |           |      |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> |  |  |  | 1,357,233 | 0.20 |
|-------------------------|--|--|--|-----------|------|

**Containers & Packaging:**

**0.47%**

|                         |  |  |  |           |      |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> |  |  |  | 3,270,494 | 0.47 |
|-------------------------|--|--|--|-----------|------|

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



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Summary portfolio of investments October 31, 2013 Wells Fargo Advantage Multi-Sector Income Fund 11

| Security name  | Interest rate | Maturity date | Principal    | Value      | Percent of net assets |
|--|---------------|---------------|--------------|------------|-----------------------|
| <b>Metals &amp; Mining: 0.08%</b>                    |               |               |              |            |                       |
| <i>Other securities</i>                              |               |               |              | \$ 565,204 | 0.08%                 |
| <b>Paper &amp; Forest Products: 0.22%</b>            |               |               |              |            |                       |
| <i>Other securities</i>                              |               |               |              | 1,521,879  | 0.22                  |
| <b>Telecommunication Services: 8.45%</b>             |               |               |              |            |                       |
| <b>Diversified Telecommunication Services: 3.82%</b> |               |               |              |            |                       |
| <i>GCI Incorporated</i>                              | 6.75%         | 6-1-2021      | \$ 2,330,000 | 2,254,275  | 0.33                  |
| <i>GCI Incorporated</i>                              | 8.63          | 11-15-2019    | 5,625,000    | 5,976,563  | 0.87                  |
| <i>Syniverse Holdings Incorporated</i>               | 9.13          | 1-15-2019     | 5,005,000    | 5,417,913  | 0.78                  |
| <i>Other securities</i>                              |               |               |              | 12,703,153 | 1.84                  |
|  |               |               |              | 26,351,904 | 3.82                  |
| <b>Wireless Telecommunication Services: 4.63%</b>    |               |               |              |            |                       |
| <i>Sprint Capital Corporation</i>                    | 6.88          | 11-15-2028    | 13,665,000   | 12,981,711 | 1.88                  |
| <i>Sprint Capital Corporation</i>                    | 8.75          | 3-15-2032     | 1,855,000    | 2,008,038  | 0.29                  |
| <i>Other securities</i>                              |               |               |              | 16,933,661 | 2.46                  |
|  |               |               |              | 31,923,410 | 4.63                  |
| <b>Utilities: 3.01%</b>                              |               |               |              |            |                       |
| <b>Electric Utilities: 1.55%</b>                     |               |               |              |            |                       |
| <i>Mirant Mid-Atlantic LLC Series C</i>              | 10.06         | 12-30-2028    | 3,614,632    | 4,021,278  | 0.58                  |

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|  |             |       |
|--|-------------|-------|
| <i>Other securities</i>  | 6,698,317   | 0.97  |
|  | 10,719,595  | 1.55  |
| <b>Gas Utilities: 0.41%</b>                                    |             |       |
| <i>Other securities</i>  | 2,841,500   | 0.41  |
| <b>Independent Power Producers &amp; Energy Traders: 0.83%</b> |             |       |
| <i>Other securities</i>  | 5,700,745   | 0.83  |
| <b>Multi-Utilities: 0.22%</b>                                  |             |       |
| <i>Other securities</i>  | 1,485,864   | 0.22  |
| <b>Total Corporate Bonds and Notes (Cost \$414,659,788)</b>    | 434,250,186 | 62.97 |
| <b>Foreign Corporate Bonds and Notes @: 4.00%</b>              |             |       |
| <b>Consumer Discretionary: 0.52%</b>                           |             |       |
| <b>Auto Components: 0.03%</b>                                  |             |       |
| <i>Other securities</i>  | 190,628     | 0.03  |
| <b>Automobiles: 0.10%</b>                                      |             |       |
| <i>Other securities</i>  | 682,591     | 0.10  |
| <b>Hotels, Restaurants &amp; Leisure: 0.11%</b>                |             |       |
| <i>Other securities</i>  | 770,610     | 0.11  |

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

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12 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments October 31, 2013

| Security name                                | Interest rate | Maturity date | Principal | Value        | Percent of net assets |
|--|---------------|---------------|-----------|--------------|-----------------------|
| <b>Media: 0.28%</b>                          |               |               |           |              |                       |
| <i>Other securities</i>                      |               |               |           | \$ 1,947,923 | 0.28%                 |
| <b>Consumer Staples: 0.32%</b>               |               |               |           |              |                       |
| <b>Food &amp; Staples Retailing: 0.15%</b>   |               |               |           |              |                       |
| <i>Other securities</i>                      |               |               |           | 1,030,532    | 0.15                  |
| <b>Food Products: 0.17%</b>                  |               |               |           |              |                       |
| <i>Other securities</i>                      |               |               |           | 1,150,634    | 0.17                  |
| <b>Financials: 2.43%</b>                     |               |               |           |              |                       |
| <b>Commercial Banks: 2.04%</b>               |               |               |           |              |                       |
| <i>European Investment Bank (AUD)</i>        | 6.50%         | 8-7-2019      | 4,880,000 | 5,092,781    | 0.74                  |
| <i>Other securities</i>                      |               |               |           | 8,947,731    | 1.30                  |
|  |               |               |           | 14,040,512   | 2.04                  |
| <b>Consumer Finance: 0.09%</b>               |               |               |           |              |                       |
| <i>Other securities</i>                      |               |               |           | 619,834      | 0.09                  |
| <b>Diversified Financial Services: 0.30%</b> |               |               |           |              |                       |
| <i>Other securities</i>                      |               |               |           | 2,103,631    | 0.30                  |
| <b>Industrials: 0.35%</b>                    |               |               |           |              |                       |
| <b>Building Products: 0.08%</b>              |               |               |           |              |                       |
| <i>Other securities</i>                      |               |               |           | 570,713      | 0.08                  |

**Trading Companies &  
Distributors: 0.05%**

|                         |         |      |
|-------------------------|---------|------|
| <i>Other securities</i> | 299,319 | 0.05 |
|-------------------------|---------|------|

**Transportation Infrastructure:  
0.22%**

|                         |           |      |
|-------------------------|-----------|------|
| <i>Other securities</i> | 1,530,509 | 0.22 |
|-------------------------|-----------|------|

**Information Technology: 0.04%**

**Software: 0.04%**

|                         |         |      |
|-------------------------|---------|------|
| <i>Other securities</i> | 274,988 | 0.04 |
|-------------------------|---------|------|

**Materials: 0.08%**

**Paper & Forest Products: 0.08%**

|                         |         |      |
|-------------------------|---------|------|
| <i>Other securities</i> | 564,574 | 0.08 |
|-------------------------|---------|------|

**Telecommunication Services:  
0.16%**

**Diversified Telecommunication  
Services: 0.12%**

|                         |         |      |
|-------------------------|---------|------|
| <i>Other securities</i> | 799,959 | 0.12 |
|-------------------------|---------|------|

**Wireless Telecommunication  
Services: 0.04%**

|                         |         |      |
|-------------------------|---------|------|
| <i>Other securities</i> | 283,873 | 0.04 |
|-------------------------|---------|------|

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

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Summary portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 13

| Security name                                  | Interest rate | Maturity date | Principal       | Value      | Percent of net assets |
|--|---------------|---------------|-----------------|------------|-----------------------|
| <b>Utilities: 0.10%</b>                        |               |               |                 |            |                       |
| <b>Water Utilities: 0.10%</b>                  |               |               |                 |            |                       |
| <i>Other securities</i>                        |               |               |                 | \$ 729,790 | 0.10%                 |
| <b>Total Foreign Corporate Bonds and Notes</b> |               |               |                 |            |                       |
| (Cost \$26,079,351)                            |               |               |                 | 27,590,620 | 4.00                  |
| <b>Foreign Government Bonds @: 26.56%</b>      |               |               |                 |            |                       |
| <i>Brazil (BRL)</i>                            | 8.50%         | 1-5-2024      | 14,580,000      | 5,938,867  | 0.86                  |
| <i>Brazil (BRL)</i>                            | 10.00         | 1-1-2017      | 31,000,000      | 13,784,248 | 2.00                  |
| <i>Hungary (HUF)</i>                           | 6.75          | 11-24-2017    | 2,375,000,000   | 11,827,957 | 1.71                  |
| <i>Indonesia (IDR)</i>                         | 7.38          | 9-15-2016     | 120,100,000,000 | 10,803,407 | 1.57                  |
| <i>Malaysia (MYR)</i>                          | 3.26          | 3-1-2018      | 22,500,000      | 7,102,557  | 1.03                  |
| <i>Malaysia (MYR)</i>                          | 4.26          | 9-15-2016     | 21,100,000      | 6,892,179  | 1.00                  |
| <i>Mexico (MXN)</i>                            | 7.25          | 12-15-2016    | 129,540,000     | 10,728,292 | 1.56                  |
| <i>Mexico (MXN)</i>                            | 7.75          | 5-29-2031     | 34,450,000      | 2,824,711  | 0.41                  |
| <i>Mexico (MXN)</i>                            | 7.75          | 11-13-2042    | 84,190,000      | 6,760,514  | 0.98                  |
| <i>New Zealand (NZD)</i>                       | 5.50          | 4-15-2023     | 5,625,000       | 4,976,737  | 0.72                  |
| <i>Poland (PLN)</i>                            | 4.00          | 10-25-2023    | 43,850,000      | 14,026,847 | 2.03                  |
| <i>Queensland Treasury (AUD)</i>               | 5.75          | 7-22-2024     | 4,100,000       | 4,144,134  | 0.60                  |
| <i>Republic of South Africa (ZAR)</i>          | 2.00          | 1-31-2025     | 10,095,498      | 1,035,675  | 0.15                  |
| <i>Republic of South Africa (ZAR)</i>          | 6.50          | 2-28-2041     | 67,200,000      | 5,007,358  | 0.73                  |
| <i>Republic of South Africa (ZAR)</i>          | 7.75          | 2-28-2023     | 73,600,000      | 7,401,240  | 1.07                  |
| <i>Romania (RON)</i>                           | 6.00          | 4-30-2016     | 11,750,000      | 3,771,243  | 0.55                  |
| <i>Russia (RUB)</i>                            | 7.00          | 1-25-2023     | 29,000,000      | 899,730    | 0.13                  |
| <i>Russia (RUB)</i>                            | 7.50          | 3-15-2018     | 172,600,000     | 5,570,216  | 0.81                  |

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|   |      |           |             |             |       |
|---|------|-----------|-------------|-------------|-------|
| <i>Russia (RUB)</i>                                 | 7.60 | 7-20-2022 | 354,400,000 | 11,448,388  | 1.66  |
| <i>State of New South Wales</i>                     |      |           |             |             |       |
| <i>Australia (AUD)</i>                              | 5.00 | 8-20-2024 | 3,900,000   | 3,777,250   | 0.55  |
| <i>Thailand (THB)</i>                               | 3.25 | 6-16-2017 | 325,000,000 | 10,474,732  | 1.52  |
| <i>Turkey (TRY)</i>                                 | 6.30 | 2-14-2018 | 675,000     | 317,339     | 0.05  |
| <i>Turkey (TRY)</i>                                 | 8.30 | 6-20-2018 | 18,200,000  | 9,144,446   | 1.33  |
| <i>Turkey (TRY)</i>                                 | 9.00 | 3-8-2017  | 19,350,000  | 9,964,584   | 1.44  |
| <i>Other securities</i>                             |      |           |             | 14,492,220  | 2.10  |
| <b>Total Foreign Government Bonds</b>               |      |           |             |             |       |
| <b>(Cost \$192,634,180)</b>                         |      |           |             | 183,114,871 | 26.56 |
| <b>Municipal Obligations:</b>                       |      |           |             |             |       |
| <b>0.05%</b>  |      |           |             |             |       |
| <b>New York: 0.05%</b>                              |      |           |             |             |       |
| <i>Other securities</i>                             |      |           |             | 337,903     | 0.05  |
| <b>Total Municipal Obligations (Cost \$345,000)</b> |      |           |             | 337,903     | 0.05  |
| <b>Non-Agency Mortgage Backed Securities: 7.42%</b> |      |           |             |             |       |
| <i>Other securities</i>                             |      |           |             | 51,196,294  | 7.42  |
| <b>Total Non-Agency Mortgage Backed Securities</b>  |      |           |             |             |       |
| <b>(Cost \$48,547,700)</b>                          |      |           |             | 51,196,294  | 7.42  |

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

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14 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments October 31, 2013

| Security name  |                      |                       | Value            | Percent of<br>net<br>assets |       |
|--|----------------------|-----------------------|------------------|-----------------------------|-------|
| <b>Preferred Stocks:</b>   |                      |                       |                  |                             |       |
| <b>0.17%</b>   |                      |                       |                  |                             |       |
| <b>Financials: 0.17%</b>   |                      |                       |                  |                             |       |
| <b>Diversified Financial<br/>Services: 0.17%</b>                         |                      |                       |                  |                             |       |
| <i>Other securities</i>  |                      |                       | \$ 1,192,584     | 0.17%                       |       |
| <b>Total Preferred Stocks<br/>(Cost \$1,130,339)</b>                     |                      |                       | 1,192,584        | .017                        |       |
|  | <b>Interest rate</b> | <b>Maturity date</b>  | <b>Principal</b> |                             |       |
| <b>Term Loans: 18.74%</b>  |                      |                       |                  |                             |       |
| <i>Allison Transmission<br/>Incorporated</i>                             | 3.18-3.75%           | 8-7-2017 to 8-23-2019 | \$ 3,348,751     | 3,368,165                   | 0.49  |
| <i>CCM Merger<br/>Incorporated</i>                                       | 5.00                 | 3-1-2017              | 2,769,205        | 2,783,051                   | 0.40  |
| <i>Crown Castle<br/>International<br/>Corporation</i>                    | 3.25                 | 1-31-2019             | 6,534,054        | 6,523,992                   | 0.95  |
| <i>Dell Incorporated &lt;<br/>Goodyear Tire &amp; Rubber<br/>Company</i> | 0.00                 | 4-30-2020             | 11,320,000       | 11,250,382                  | 1.63  |
| <i>Local TV Finance LLC<br/>Springleaf Finance<br/>Corporation</i>       | 4.75                 | 4-30-2019             | 5,500,000        | 5,559,565                   | 0.81  |
| <i>Texas Competitive<br/>Electric Holdings LLC</i>                       | 4.17                 | 5-7-2015              | 2,492,681        | 2,488,019                   | 0.36  |
| <i>Other securities</i>  | 4.75                 | 9-30-2019             | 470,000          | 474,503                     | 0.07  |
| <b>Total Term Loans<br/>(Cost \$133,921,834)</b>                         | 3.70                 | 10-10-2014            | 20,096,983       | 13,519,441                  | 1.96  |
|  |                      |                       |                  | 83,240,808                  | 12.07 |
|  |                      |                       |                  | 129,207,926                 | 18.74 |

**Yankee Corporate  
Bonds and Notes:**  
7.59%

**Consumer  
Discretionary: 0.58%**

**Diversified Consumer  
Services: 0.10%**  
*Other securities*

711,647 0.10

**Media: 0.48%**  
*Other securities*

3,315,255 0.48

**Consumer Staples :**  
0.33%

**Beverages: 0.11%**  
*Other securities*

785,334 0.11

**Food Products: 0.11%**  
*Other securities*

780,000 0.11

**Tobacco: 0.11%**  
*Other securities*

738,986 0.11

**Energy: 0.92%**

**Energy Equipment &  
Services: 0.12%**  
*Other securities*

810,014 0.12

**Oil, Gas & Consumable  
Fuels: 0.80%**  
*Other securities*

5,521,424 0.80

**Financials: 1.75%**

**Commercial Banks:**  
0.89%  
*Other securities*

6,143,809 0.89

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



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Summary portfolio of investments October 31, 2013 Wells Fargo Advantage Multi-Sector Income Fund 15

| Security name                                    | Interest rate | Maturity date | Principal    | Value        | Percent of net assets |
|--|---------------|---------------|--------------|--------------|-----------------------|
| <b>Consumer Finance: 0.57%</b>                   |               |               |              |              |                       |
| <i>Wind Acquisition Finance SpA 144A</i>         | 11.75%        | 7-15-2017     | \$ 3,660,000 | \$ 3,888,750 | 0.57%                 |
| <b>Diversified Financial Services: 0.29%</b>     |               |               |              |              |                       |
| <i>Other securities</i>                          |               |               |              | 2,005,145    | 0.29                  |
| <b>Health Care: 0.30%</b>                        |               |               |              |              |                       |
| <b>Pharmaceuticals: 0.30%</b>                    |               |               |              |              |                       |
| <i>Other securities</i>                          |               |               |              | 2,087,700    | 0.30                  |
| <b>Industrials: 0.16%</b>                        |               |               |              |              |                       |
| <b>Commercial Services &amp; Supplies: 0.05%</b> |               |               |              |              |                       |
| <i>Other securities</i>                          |               |               |              | 343,205      | 0.05                  |
| <b>Road &amp; Rail: 0.11%</b>                    |               |               |              |              |                       |
| <i>Other securities</i>                          |               |               |              | 794,834      | 0.11                  |
| <b>Information Technology: 0.56%</b>             |               |               |              |              |                       |
| <b>Computers &amp; Peripherals: 0.44%</b>        |               |               |              |              |                       |
| <i>Other securities</i>                          |               |               |              | 3,032,288    | 0.44                  |
| <b>Internet Software &amp; Services: 0.12%</b>   |               |               |              |              |                       |
| <i>Other securities</i>                          |               |               |              | 806,885      | 0.12                  |

**Materials: 0.78%**

**Metals & Mining: 0.60%**

|                         |  |  |  |           |      |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> |  |  |  | 4,148,960 | 0.60 |
|-------------------------|--|--|--|-----------|------|

**Paper & Forest Products:  
0.18%**

|                         |  |  |  |           |      |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> |  |  |  | 1,212,900 | 0.18 |
|-------------------------|--|--|--|-----------|------|

**Telecommunication**

**Services: 2.11%**

**Diversified**

**Telecommunication**

**Services: 1.88%**

|                                     |           |                      |           |           |      |
|-------------------------------------|-----------|----------------------|-----------|-----------|------|
| <i>Intelsat Jackson Holdings SA</i> | 5.50-8.50 | 4-1-2019 to 8-1-2023 | 8,655,000 | 9,047,388 | 1.31 |
|-------------------------------------|-----------|----------------------|-----------|-----------|------|

|                         |  |  |  |           |      |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> |  |  |  | 3,917,896 | 0.57 |
|-------------------------|--|--|--|-----------|------|

|  |  |  |  |            |      |
|--|--|--|--|------------|------|
|  |  |  |  | 12,965,284 | 1.88 |
|--|--|--|--|------------|------|

**Wireless**

**Telecommunication**

**Services: 0.23%**

|                         |  |  |  |           |      |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> |  |  |  | 1,567,375 | 0.23 |
|-------------------------|--|--|--|-----------|------|

**Utilities : 0.10%**

**Electric Utilities: 0.10%**

|                         |  |  |  |         |      |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> |  |  |  | 677,625 | 0.10 |
|-------------------------|--|--|--|---------|------|

**Total Yankee Corporate**

**Bonds and Notes**

|                            |  |  |  |            |      |
|----------------------------|--|--|--|------------|------|
| <b>(Cost \$51,118,726)</b> |  |  |  | 52,337,420 | 7.59 |
|----------------------------|--|--|--|------------|------|

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

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16 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments October 31, 2013

| Security name   | Yield | Shares     | Value                 | Percent of<br>net assets |
|---|-------|------------|-----------------------|--------------------------|
| <b>Short-Term Investments: 3.44%</b>  |       |            |                       |                          |
| <b>Investment Companies: 3.44%</b>  |       |            |                       |                          |
| <i>Wells Fargo Advantage Cash Investment<br/>Money Market Fund,<br/>Select Class (l)(u)##</i> |       |            |                       |                          |
|   | 0.08% | 23,733,647 | \$ 23,733,647         | 3.44%                    |
| <b>Total Short-Term Investments (Cost<br/>\$23,733,647)</b>                                   |       |            | 23,733,647            | 3.44                     |
| <b>Total investments in securities<br/>(Cost \$910,959,416) *</b>                             |       |            | 921,405,076           | 133.62                   |
| <i>Other assets and liabilities, net</i>  |       |            | (231,831,716)         | (33.62)                  |
| <b>Total net assets</b>   |       |            | <b>\$ 689,573,360</b> | <b>100.00%</b>           |

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.

@ Foreign bond principal is denominated in local currency.

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

(l) Investment in an affiliate

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

## All or a portion of this security has been segregated for unfunded term loans.

\* Cost for federal income tax purposes is \$915,360,215 and unrealized appreciation (depreciation) consists of:

|                               |               |
|-------------------------------|---------------|
| Gross unrealized appreciation | \$ 38,521,660 |
| Gross unrealized depreciation | (32,476,799)  |
| Net unrealized appreciation   | \$ 6,044,861  |

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

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Statement of assets and liabilities October 31, 2013 Wells Fargo Advantage Multi-Sector Income Fund 17

**Assets****Investments**

|   |                |
|---|----------------|
| In unaffiliated securities, at value (see cost below) | \$ 897,671,429 |
| In affiliated securities, at value (see cost below)   | 23,733,647     |

|  |             |
|--|-------------|
| Total investments, at value (see cost below)           | 921,405,076 |
| Cash   | 2,383,959   |
| Foreign currency, at value (see cost below)            | 129,996     |
| Receivable for investments sold                        | 2,433,552   |
| Principal paydown receivable                           | 140,231     |
| Receivable for interest                                | 13,486,188  |
| Unrealized gains on forward foreign currency contracts | 581,177     |
| Prepaid expenses and other assets                      | 33,715      |

|              |             |
|--------------|-------------|
| Total assets | 940,593,894 |
|--------------|-------------|

**Liabilities**

|   |             |
|---|-------------|
| Dividends payable                                       | 4,205,501   |
| Payable for investments purchased                       | 15,541,909  |
| Unrealized losses on forward foreign currency contracts | 359,874     |
| Secured borrowing payable                               | 230,199,959 |
| Advisory fee payable                                    | 427,061     |
| Due to other related parties                            | 38,824      |
| Accrued expenses and other liabilities                  | 247,406     |

|                   |             |
|-------------------|-------------|
| Total liabilities | 251,020,534 |
|-------------------|-------------|

|                         |                       |
|-------------------------|-----------------------|
| <b>Total net assets</b> | <b>\$ 689,573,360</b> |
|-------------------------|-----------------------|

**NET ASSETS CONSIST OF**

|  |                |
|--|----------------|
| Paid-in capital                                | \$ 774,138,238 |
| Overdistributed net investment income          | (3,627,622)    |
| Accumulated net realized losses on investments | (91,624,082)   |
| Net unrealized gains on investments            | 10,686,826     |

|                         |                       |
|-------------------------|-----------------------|
| <b>Total net assets</b> | <b>\$ 689,573,360</b> |
|-------------------------|-----------------------|

**NET ASSET VALUE PER SHARE**

|  |         |
|--|---------|
| Based on \$689,573,360 divided by 42,055,000 shares issued and outstanding (100,000,000 shares authorized) | \$16.40 |
|--|---------|

|   |                |
|---|----------------|
| Investments in unaffiliated securities, at cost | \$ 887,225,769 |
| Investments in affiliated securities, at cost   | \$ 23,733,647  |
| Total investments, at cost                      | \$ 910,959,416 |
| Foreign currency, at cost                       | \$ 131,103     |

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

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18 Wells Fargo Advantage Multi-Sector Income Fund

Statement of operations year ended October 31, 2013

**Investment income**

|                                   |                   |
|-----------------------------------|-------------------|
| Interest**                        | \$ 58,424,374     |
| Dividends                         | 63,680            |
| Income from affiliated securities | 19,029            |
| <b>Total investment income</b>    | <b>58,507,083</b> |

**Expenses**

|                             |                  |
|-----------------------------|------------------|
| Advisory fee                | 5,152,515        |
| Administration fee          | 468,411          |
| Custody and accounting fees | 271,389          |
| Professional fees           | 110,371          |
| Shareholder report expenses | 117,290          |
| Trustees' fees and expenses | 18,193           |
| Transfer agent fees         | 32,967           |
| Interest expense            | 517,585          |
| Secured borrowing fees      | 2,009,847        |
| Other fees and expenses     | 42,176           |
| <b>Total expenses</b>       | <b>8,740,744</b> |

|                       |            |
|-----------------------|------------|
| Net investment income | 49,766,339 |
|-----------------------|------------|

**REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS****Net realized gains on:**

|  |           |
|--|-----------|
| Unaffiliated securities                        | 7,101,822 |
| Forward foreign currency contract transactions | 852,095   |

|                                   |           |
|-----------------------------------|-----------|
| Net realized gains on investments | 7,953,917 |
|-----------------------------------|-----------|

**Net change in unrealized gains (losses) on:**

|  |              |
|--|--------------|
| Unaffiliated securities                        | (32,854,179) |
| Forward foreign currency contract transactions | (194,509)    |

|  |              |
|--|--------------|
| Net change in unrealized gains (losses) on investments | (33,048,688) |
|--|--------------|

|   |              |
|---|--------------|
| Net realized and unrealized gains (losses) on investments | (25,094,771) |
|---|--------------|

|   |                      |
|---|----------------------|
| <b>Net increase in net assets resulting from operations</b> | <b>\$ 24,671,568</b> |
|---|----------------------|

\*\* Net of foreign interest withholding taxes in the amount of

\$56,840

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



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Statement of changes in net assets

Wells Fargo Advantage Multi-Sector Income Fund 19

|  | Year ended<br>October 31, 2013 | Year ended<br>October 31, 2012 |
|--|--------------------------------|--------------------------------|
| <b>Operations</b>                                      |                                |                                |
| Net investment income                                  | \$ 49,766,339                  | \$ 48,986,237                  |
| Net realized gains on investments                      | 7,953,917                      | 16,058,375                     |
| Net change in unrealized gains (losses) on investments | (33,048,688)                   | 21,291,967                     |
| Net increase in net assets resulting from operations   | 24,671,568                     | 86,336,579                     |
| <b>Distributions to shareholders from</b>              |                                |                                |
| Net investment income                                  | (50,466,000)                   | (50,466,000)                   |
| Total increase (decrease) in net assets                | (25,794,432)                   | 35,870,579                     |
| <b>Net assets</b>                                      |                                |                                |
| <b>Beginning of period</b>                             | <b>715,367,792</b>             | <b>679,497,213</b>             |
| <b>End of period</b>                                   | <b>\$ 689,573,360</b>          | <b>\$ 715,367,792</b>          |
| <b>Overdistributed net investment income</b>           | <b>\$ (3,627,622)</b>          | <b>\$ (4,658,823)</b>          |

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

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20 Wells Fargo Advantage Multi-Sector Income Fund

Statement of cash flows year ended October 31, 2013

**Cash flows from operating activities:**

Net increase in net assets resulting from operations \$ 24,671,568

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

Purchase of securities (736,101,009)

Proceeds from sales of securities 734,752,777

Paydowns 7,821,310

Amortization (1,295,360)

Proceeds from sales of short-term investments, net 2,595,794

Decrease in interest receivable 370,385

Increase in receivable for investments sold (1,912,302)

Decrease in principal paydown receivable 28,001

Decrease in prepaid expenses and other assets 11,818

Decrease in payable for investments purchased (3,140,182)

Decrease in advisory fee payable (40,601)

Decrease in due to other related parties (3,691)

Increase in accrued expenses and other liabilities 5,386

Litigation payments received 95,394

Unrealized losses on unaffiliated securities 32,854,179

Unrealized losses on forward foreign currency contract transactions 194,509

Net realized gains on unaffiliated securities (7,953,917)

Net cash provided by operating activities 52,954,059

**Cash flows from financing activities:**

Cash distributions paid (50,465,999)

Decrease in secured borrowing payable (3,251)

Net cash used in financing activities (50,469,250)

Net increase in cash 2,484,809

**Cash (including foreign currency):**

Beginning of period \$ 29,146

End of period \$ 2,513,955

**Supplemental cash disclosure**

Cash paid for interest \$ 517,515

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

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Financial highlights

Wells Fargo Advantage Multi-Sector Income Fund 21

(For a share outstanding throughout each period)

|  | Year ended October 31 |           |           |                     |                     |
|--|-----------------------|-----------|-----------|---------------------|---------------------|
|  | 2013                  | 2012      | 2011      | 2010                | 2009                |
| <b>Net asset value, beginning of period</b>                        | \$ 17.01              | \$ 16.16  | \$ 16.67  | \$ 15.61            | \$ 13.47            |
| Net investment income  | 1.18                  | 1.16      | 1.11      | 1.21                | 1.33                |
| Net realized and unrealized gains (losses) on investments          | (0.59)                | 0.89      | (0.39)    | 1.17                | 3.26                |
| Distributions to preferred shareholders from net investment income | 0.00                  | 0.00      | 0.00      | (0.02) <sup>1</sup> | (0.03) <sup>1</sup> |
| Total from investment operations                                   | 0.59                  | 2.05      | 0.72      | 2.36                | 4.56                |
| <b>Distributions to common shareholders from</b>                   |                       |           |           |                     |                     |
| Net investment income  | (1.20)                | (1.20)    | (1.23)    | (1.30)              | (2.20)              |
| Tax basis return of capital  | 0.00                  | 0.00      | 0.00      | 0.00                | (0.22)              |
| Total distributions to common shareholders                         | (1.20)                | (1.20)    | (1.23)    | (1.30)              | (2.42)              |
| <b>Net asset value, end of period</b>                              | \$ 16.40              | \$ 17.01  | \$ 16.16  | \$ 16.67            | \$ 15.61            |
| <b>Market value, end of period</b>                                 | \$ 14.47              | \$ 16.54  | \$ 14.97  | \$ 16.18            | \$ 13.73            |
| <b>Total return based on market value<sup>2</sup></b>              | (5.44)%               | 19.33%    | 0.33%     | 28.44%              | 44.93%              |
| <b>Ratios to average net assets (annualized)</b>                   |                       |           |           |                     |                     |
| Gross expenses <sup>3</sup>  | 1.24%                 | 1.24%     | 1.14%     | 1.58%               | 3.07%               |
| Net expenses <sup>3</sup>  | 1.24%                 | 1.24%     | 1.14%     | 1.18%               | 1.62%               |
| Net investment income  | 7.04%                 | 7.13%     | 6.75%     | 7.63% <sup>4</sup>  | 9.65% <sup>4</sup>  |
| <b>Supplemental data</b>   |                       |           |           |                     |                     |
| Portfolio turnover rate  | 40%                   | 78%       | 35%       | 70%                 | 93%                 |
| Net assets of common shareholders, end of period (000s omitted)    | \$689,573             | \$715,368 | \$679,497 | \$701,110           | \$656,404           |
| Borrowings outstanding, end of period (000s omitted)               | \$230,000             | \$230,000 | \$230,000 | \$230,000           | \$230,000           |

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|   |         |         |         |         |          |
|---|---------|---------|---------|---------|----------|
| Asset coverage per \$1,000 of borrowing, end of period              | \$3,998 | \$4,110 | \$3,954 | \$4,048 | \$3,854  |
| Liquidation value of Preferred Shares, end of period (000s omitted) | N/A     | N/A     | N/A     | N/A     | \$80,035 |
| Asset coverage ratio for Preferred Shares, end of period            | N/A     | N/A     | N/A     | N/A     | 385%     |

1. Calculated based upon average shares outstanding

2. Total return is calculated assuming a purchase of common stock on the first day and sale on the last day of the period reported. Dividends and distributions, if any, are assumed for 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 that a shareholder would pay on the purchase and sale of shares.

3. Ratios include interest expense relating to interest associated with borrowings and/or leverage transactions as follows:

|                             |       |
|-----------------------------|-------|
| Year ended October 31, 2013 | 0.07% |
| Year ended October 31, 2012 | 0.11% |
| Year ended October 31, 2011 | 0.09% |
| Year ended October 31, 2010 | 0.08% |
| Year ended October 31, 2009 | 0.47% |

4. The net investment income ratio reflects distributions paid to preferred shareholders.

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

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22 Wells Fargo Advantage Multi-Sector Income Fund

Notes to financial statements

**1. ORGANIZATION**

The *Wells Fargo Advantage Multi-Sector Income Fund* (the Fund) was organized as a statutory trust under the laws of the state of Delaware on April 10, 2003 and is registered as a diversified closed-end management investment company under the Investment Company Act of 1940, as amended.

**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).

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

Short-term securities, with maturities of 60 days or less at time of purchase, 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.

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 primary exchange or market for the security that day, the prior day's price will be deemed stale and fair values will be determined in accordance with the Fund's Valuation Procedures.

The values of securities denominated in foreign currencies will be converted to U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Management Valuation Team of Wells Fargo Funds Management, LLC (Funds Management).

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. 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.

#### **Foreign currency translation**

The accounting records of the Fund are maintained in U.S. dollars. The values of other assets and liabilities denominated in foreign currencies will be converted to U.S. dollars at rates provided by an independent foreign currency pricing source at a time each

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Notes to financial statements Wells Fargo Advantage Multi-Sector Income Fund 23  
business day specified by the Management Valuation Team. Purchases and sales of securities, and income and expenses are converted at the rate of exchange on the respective dates of such transactions. Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting from changes in exchange rates.

The changes in net assets arising from changes in exchange rates and the changes in net assets resulting from changes in market prices of securities are not separately presented. Such changes are recorded with net realized and unrealized gains or losses from investments. Gains and losses from certain foreign currency transactions are treated as ordinary income for U.S. federal income tax purposes.

**Reverse repurchase agreements**

The Fund may enter into reverse repurchase agreements with banks and other financial institutions, which are deemed by the investment adviser to be creditworthy. At the time the Fund enters into a reverse repurchase agreement, it will establish a segregated account with the custodian containing qualified assets having a value not less than the repurchase price, including accrued interest. If the counterparty to the transaction is rendered insolvent, the Fund may be delayed or limited in the repurchase of the collateral securities.

**Forward foreign currency contracts**

The Fund may be subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. A forward foreign currency contract is an agreement between two parties to purchase or sell a specific currency for an agreed-upon price at a future date. The Fund enters into forward foreign currency contracts to facilitate transactions in foreign-denominated securities and to attempt to minimize the risk to the Fund from adverse changes in the relationship between currencies. Forward foreign currency contracts are recorded at the forward rate and marked-to-market daily. When the contracts are closed, realized gains and losses arising from such transactions are recorded as realized gains or losses on forward foreign currency contract transactions. The Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts or if the value of the foreign currency changes unfavorably. The Fund's maximum risk of loss from counterparty credit risk is the unrealized gains on the contracts. This risk may be mitigated if there is a master netting arrangement between the Fund and the counterparty.

**When-issued transactions**

The Fund may purchase securities on a forward commitment or when-issued basis. The Fund records a when-issued transaction on the trade date and will segregate assets in an amount at least equal in value to the Fund's commitment to purchase when-issued securities. Securities purchased on a when-issued basis are marked-to-market daily and the Fund begins earning interest on the settlement date. Losses may arise due to changes in the market value of the underlying securities or if the counterparty does not perform under the contract.

**Term loans**



The Fund may invest in term loans. 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.

#### **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 become doubtful based on consistently applied procedures. 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, except for certain dividends from foreign securities, which are recorded as soon as the Fund is informed of the ex-dividend date.

Income from foreign securities is recorded net of foreign taxes withheld where recovery of such taxes is not assured.

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Distributions to shareholders**

Notes to financial statements

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 conformity with federal income tax regulations, which may differ in amount or character from net investment income and realized gains recognized for purposes of U.S. generally accepted accounting principles.

**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.

Reclassifications are made to the Fund's capital accounts for permanent tax differences to reflect income and gains available for distribution (or available capital loss carryforwards) under federal income tax regulations. U.S. generally accepted accounting principles requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. The primary permanent differences causing such reclassifications are due to bond premiums and foreign currency transactions. At October 31, 2013, as a result of permanent book-to-tax differences, the following reclassification adjustments were made on the Statement of Assets and Liabilities:

|                     |                 |
|---------------------|-----------------|
| Overdistributed net | Accumulated net |
| investment income   | realized losses |
| \$1,730,862         | on investments  |
|                     | \$(1,730,862)   |

As of October 31, 2013, the Fund had capital loss carryforwards available to offset future net realized capital gains in the amount of \$87,159,274 expiring in 2017.

**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 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:

- n Level 1 quoted prices in active markets for identical securities
  
- n Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, use of amortized cost, etc.)
  
- n 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.

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Notes to financial statements

Wells Fargo Advantage Multi-Sector Income Fund 25

As of October 31, 2013, the inputs used in valuing investments in securities were as follows:

|  | Quoted prices<br>(Level 1) | Other<br>significant<br>observable inputs<br>(Level 2) | Significant<br>unobservable inputs<br>(Level 3) | Total                 |
|--|----------------------------|--|---|-----------------------|
| <b>Investments in securities</b>             |                            |  |   |                       |
| <b>Agency securities</b>                     | \$ 0                       | \$ 17,035,069  | \$ 0  | \$ 17,035,069         |
| <b>Asset-backed securities</b>               | 0                          | 750,628  | 0   | 750,628               |
| <b>Corporate bonds and notes</b>             | 0                          | 434,250,186  | 0   | 434,250,186           |
| <b>Equity securities</b>                     |                            |  |   |                       |
| <i>Common stocks</i>                         | 657,928                    | 0  | 0   | 657,928               |
| <i>Preferred stocks</i>                      | 1,192,584                  | 0  | 0   | 1,192,584             |
| <b>Foreign corporate bonds and notes</b>     | 0                          | 27,590,620   | 0   | 27,590,620            |
| <b>Foreign government bonds</b>              | 0                          | 183,114,871  | 0   | 183,114,871           |
| <b>Municipal obligations</b>                 | 0                          | 337,903  | 0   | 337,903               |
| <b>Non-agency mortgage backed securities</b> | 0                          | 51,196,294   | 0   | 51,196,294            |
| <b>Term loans</b>                            | 0                          | 116,152,239  | 13,055,687                                      | 129,207,926           |
| <b>Yankee corporate bonds and notes</b>      | 0                          | 52,337,420   | 0   | 52,337,420            |
| <b>Short-term investments</b>                |                            |  |   |                       |
| <i>Investment companies</i>                  | 23,733,647                 | 0  | 0   | 23,733,647            |
|  | <b>\$ 25,584,159</b>       | <b>\$ 882,765,230</b>                                  | <b>\$ 13,055,687</b>                            | <b>\$ 921,405,076</b> |

As of October 31, 2013, the inputs used in valuing the Fund's other financial instruments were as follows:

|  | Quoted prices<br>(Level 1) | Other significant<br>observable inputs<br>(Level 2) | Significant<br>unobservable inputs<br>(Level 3) | Total      |
|--|----------------------------|---|---|------------|
| <b>Other financial instruments</b>         |                            |   |   |            |
| <b>Forward foreign currency contracts+</b> | \$ 0                       | \$ 221,303  | \$ 0  | \$ 221,303 |

+ Amount represents the net unrealized gains.

Transfers in and transfers out are recognized at the end of the reporting period. For the year ended October 31, 2013, the Fund did not have any transfers into/out of Level 1 or Level 2.

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

|  | Common<br>stocks | Term          |               |
|--|------------------|---------------|---------------|
|  |                  | loans         | Total         |
| <b>Balance as of October 31, 2012</b>  | \$ 2,322         | \$ 16,839,203 | \$ 16,841,525 |
| Accrued discounts (premiums)   | 0                | 19,183        | 19,183        |
| Realized gains (losses)  | 0                | 12,816        | 12,816        |
| Change in unrealized gains (losses)  | (2,322)          | (278,073)     | (280,395)     |
| Purchases  | 0                | 13,865,465    | 13,865,465    |
| Sales  | 0                | (17,402,907)  | (17,402,907)  |
| Transfers into Level 3   | 0                | 0             | 0             |
| Transfers out of Level 3   | 0                | 0             | 0             |
| <b>Balance as of October 31, 2013</b>  | \$ 0             | \$ 13,055,687 | \$ 13,055,687 |
| <b>Change in unrealized gains (losses) relating to securities still held at October 31, 2013</b> | \$ (2,322)       | \$ (158,943)  | \$ (161,265)  |

The investment types categorized above were valued using indicative broker quotes and are therefore 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.

#### 4. TRANSACTIONS WITH AFFILIATES AND OTHER EXPENSES

##### 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 0.55% of the Fund's average daily total assets. Total assets consist of net assets of the Fund plus borrowings or other leverage for investment purposes to the extent excluded in calculating net assets.

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26 Wells Fargo Advantage Multi-Sector Income Fund Notes to financial statements  
Funds Management has retained the services of certain subadvisers to provide daily portfolio management to the Fund. The fees for subadvisory services are borne by Funds Management. Wells Capital Management Incorporated, an affiliate of Funds Management and an indirect, wholly owned subsidiary of Wells Fargo, is a subadviser to the Fund and is entitled to receive a fee from Funds Management at an annual rate of 0.30% of the Fund's average daily total assets. First International Advisors, LLC, an affiliate of Funds Management and an indirect, wholly owned subsidiary of Wells Fargo, is also a subadviser to the Fund and is entitled to receive a fee from Funds Management at an annual rate of 0.10% 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 of 0.05% of the Fund's average daily total assets.

## **5. CAPITAL SHARE TRANSACTIONS**

The Fund has authorized capital of 100,000,000 shares with no par value. For the year ended October 31, 2013 and the year ended October 31, 2012, the Fund did not issue any shares.

## **6. BORROWINGS**

The Fund has borrowed approximately \$230 million through a secured debt financing agreement administered by a major financial institution (the Facility). The Facility has a commitment amount of \$230 million which expires on February 24, 2014, at which point it may be renegotiated and potentially renewed for another one-year term. At October 31, 2013, the Fund had secured borrowings outstanding in the amount of \$230,199,959 (including accrued interest and usage and commitment fees payable).

The Fund's borrowing under the Facility are generally charged interest at a rate based on the rates of the commercial paper notes issued to fund the Fund's borrowings or at the London Interbank Offered Rate (LIBOR) plus 1.0%. During the year ended October 31, 2013, an effective interest rate of 0.22% was incurred on the borrowings. Interest expense of \$517,585, representing 0.07% of the Fund's average daily net assets, was incurred during the year ended October 31, 2013.

The Fund has pledged all of its assets to secure the borrowings and currently pays, on a monthly basis, a usage fee at an annual rate of 0.40% of the daily average outstanding principal amount of borrowings and a commitment fee at an annual rate of 0.40% of the product of (i) the daily average outstanding principal amount of borrowings and (ii) 1.02. The secured borrowing fees on the Statement of Operations of \$2,009,847 represents the usage fee, commitment fee and structuring fees. For the year ended October 31, 2013, the Fund paid structuring fees in the amount of \$125,863.

## **7. INVESTMENT PORTFOLIO TRANSACTIONS**

Purchases and sales of investments, excluding short-term securities, for the year ended October 31, 2013 were as follows:

| Purchases at cost |                     | Sales proceeds  |                     |
|-------------------|---------------------|-----------------|---------------------|
| U.S. government   | Non-U.S. government | U.S. government | Non-U.S. government |
| \$142,200         | \$437,133,379       | \$3,364,171     | \$367,097,035       |

As of October 31, 2013, the Fund had unfunded term loan commitments of \$12,093,913.

## 8. DERIVATIVE TRANSACTIONS

During the year ended October 31, 2013, the Fund entered into forward foreign currency contracts for economic hedging purposes.

At October 31, 2013, the Fund had forward foreign currency contracts outstanding as follows:

Forward foreign currency contracts to buy:

| Exchange date | Counterparty      | Contracts to receive |     | U.S. value at October 31, 2013 | In exchange for U.S. \$ | Unrealized gains |
|---------------|-------------------|----------------------|-----|--------------------------------|-------------------------|------------------|
| 11-7-2013     | State Street Bank | 215,000,000          | THB | \$ 6,906,327                   | \$ 6,822,148            | \$ 84,179        |
| 11-27-2013    | State Street Bank | 6,150,000            | MYR | 1,945,780                      | 1,870,154               | 75,626           |
| 11-27-2013    | State Street Bank | 21,850,000           | MYR | 6,913,055                      | 6,565,505               | 347,550          |
| 12-9-2013     | State Street Bank | 21,050,000           | PLN | 6,819,085                      | 6,796,001               | 23,084           |

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Notes to financial statements

Wells Fargo Advantage Multi-Sector Income Fund 27

Forward foreign currency contracts to sell:

| Exchange Date | Counterparty      | Contracts to deliver | U.S. value at October 31, 2013 | In exchange for U.S. \$ | Unrealized gains (losses) |
|---------------|-------------------|----------------------|--------------------------------|-------------------------|---------------------------|
| 11-7-2013     | State Street Bank | 215,000,000 THB      | \$ 6,906,327                   | \$ 6,684,284            | \$ (222,043)              |
| 11-26-2013    | State Street Bank | 89,725,000 MXN       | 6,864,947                      | 6,727,116               | (137,831)                 |
| 1-30-2014     | State Street Bank | 14,500,000 TRY       | 7,152,388                      | 7,203,126               | 50,738                    |

The Fund had average contract amounts of \$25,228,751 and \$25,592,827 in forward foreign currency exchange contracts to buy and forward foreign currency exchange contracts to sell, respectively, during the year ended October 31, 2013.

The fair value, realized gains or losses and change in unrealized gains or losses, if any, on derivative instruments are reflected in the appropriate financial statements.

**9. DISTRIBUTIONS TO SHAREHOLDERS**

The tax character of distributions paid was \$50,466,000 and \$50,466,000 of ordinary income for the years ended October 31, 2013 and October 31, 2012, respectively.

As of October 31, 2013, the components of distributable earnings on a tax basis were as follows:

| Undistributed   | Unrealized  | Capital loss   |
|-----------------|-------------|----------------|
| ordinary income | gains       | carryforward   |
| \$594,267       | \$6,286,027 | \$(87,159,274) |

**10. INDEMNIFICATION**

Under the Fund's organizational documents, the officers and directors are indemnified 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.

**11. NEW ACCOUNTING PRONOUNCEMENT**

In December 2011, the Financial Accounting Standards Board ( FASB ) issued Accounting Standard Update ( ASU ) No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*. ASU 2011-11, which amends FASB ASC Topic 210, *Balance Sheet*, creates new disclosure requirements which require entities to disclose both gross and net information for derivatives and other financial instruments that are either offset in the Statement of Assets and Liabilities or subject to an enforceable master netting arrangement or similar agreement. The disclosure requirements



are effective for interim and annual reporting periods beginning on or after January 1, 2013. Management has assessed the potential impact, in addition to expanded financial statement disclosure, that may result from adopting this ASU and determined that there are no significant changes to the financial statements.

## 12. SUBSEQUENT DISTRIBUTIONS

The Fund declared the following distributions to common shareholders:

| Declaration date  | Record date       | Payable date     | Per share amount |
|-------------------|-------------------|------------------|------------------|
| October 25, 2013  | November 14, 2013 | December 2, 2013 | \$0.10           |
| November 20, 2013 | December 16, 2013 | January 2, 2014  | \$0.10           |

These distributions are not reflected in the accompanying financial statements. The final determination of the source of all distributions is subject to change and made after the Fund's tax year-end.

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28 Wells Fargo Advantage Multi-Sector Income Fund      Report of independent registered public accounting firm

**BOARD OF TRUSTEES AND SHAREHOLDERS OF WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND:**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments and the summary portfolio of investments, of the Wells Fargo Advantage Multi-Sector Income Fund (the Fund ), as of October 31, 2013, and the related statement of operations for the year then ended, statements of changes in net assets for each of the years in the two-year period then ended, statement of cash flows for the year then ended, and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2013, by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Wells Fargo Advantage Multi-Sector Income Fund as of October 31, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, its cash flows for the year then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts

December 23, 2013

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Other information (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 29

**TAX INFORMATION**

For the fiscal year ended October 31, 2013, \$31,763,300 has been designated as interest-related dividends for nonresident alien shareholders pursuant to Section 871 of the Internal Revenue Code.

**PROXY VOTING INFORMATION**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling **1-800-222-8222**, visiting our website at **wellsfargoadvantagefunds.com**, or visiting the SEC website at 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 without charge on the Fund's website at **wellsfargoadvantagefunds.com** or by visiting the SEC website at sec.gov.

**PORTFOLIO HOLDINGS INFORMATION**

The complete portfolio holdings for the Fund are publicly available on the Fund's website (**wellsfargoadvantagefunds.com**) on a monthly, 30-day or more 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 without charge by visiting the SEC website at 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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30 Wells Fargo Advantage Multi-Sector Income Fund

Other information (unaudited)

**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 listed below acts in identical capacities for each fund in the Wells Fargo Advantage family of funds, which consists of 131 mutual funds<sup>1</sup> 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). All of the Trustees are also Members of the Audit and Governance Committees of each Trust in 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 year of birth         | Position held and length of service                       | Principal occupations during past five years   | Other directorships during past five years   |
|--------------------------------|---|--|--|
| Peter G. Gordon (Born 1942)    | Trustee, since 2010; Chairman, since 2010                 | Co-Founder, Retired Chairman, President and CEO of Crystal Geysers Water Company. Trustee Emeritus, Colby College.   | Asset Allocation Trust   |
| Isaiah Harris, Jr. (Born 1952) | Trustee, since 2010                                       | Retired. 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). Mr. Harris is a certified public accountant. | CIGNA Corporation; Deluxe Corporation; Asset Allocation Trust                                      |
| Judith M. Johnson (Born 1949)  | Trustee, since 2010; Audit Committee 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   |
| Leroy Keith, Jr. (Born 1939)   | Trustee, since 2003                                       | Chairman, Bloc Global Services (development and construction). Trustee of the Evergreen Funds from 1983 to 2010. Former Managing Director, Almanac Capital Management (commodities firm), former Partner, Stonington Partners, Inc. (private equity fund), former Director, Obagi Medical Products Co. and former Director, Lincoln Educational Services.  | Trustee, Virtus Fund Complex (consisting of 48 portfolios as of 1/31/2013); Asset Allocation Trust |
| David F. Larcker (Born         | Trustee, since 2010                                       | James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, Morgan Stanley   | Asset Allocation Trust   |

|                                |                     |   |                        |
|--------------------------------|---------------------|---|------------------------|
| 1950)                          |                     | Director of the Center for Leadership Development and Research 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. |                        |
| Olivia S. Mitchell (Born 1953) | Trustee, since 2010 | International Foundation of Employee Benefit Plans Professor, Wharton School of the University of Pennsylvania since 1993. Director of Wharton's Pension Research Council and Boettner Center on Pensions & Retirement Research, and Research Associate at the National Bureau of Economic Research. Previously, Cornell University Professor from 1978 to 1993.        | Asset Allocation Trust |
| Timothy J. Penny (Born 1951)   | Trustee, since 2010 | President and CEO 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 |

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| Other information (unaudited)   |                                     |  | Wells Fargo Advantage Multi-Sector Income Fund | 31 |
|---------------------------------|-------------------------------------|--|--|----|
| Name and year of birth          | Position held and length of service | Principal occupations during past five years   | Other directorships during past five years     |    |
| Michael S. Scofield (Born 1943) | Trustee, since 2003                 | Served on the Investment Company Institute's Board of Governors and Executive Committee from 2008-2011 as well as the Governing Council of the Independent Directors Council from 2006-2011 and the Independent Directors Council Executive Committee from 2008-2011. Chairman of the IDC from 2008-2010. Institutional Investor (Fund Directions) Trustee of Year in 2007. Trustee of the Evergreen Funds (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                         |    |
| Donald C. Willeke (Born 1940)   | Trustee, since 2010                 | Principal of the law firm of Willeke & Daniels. General Counsel of the Minneapolis Employees Retirement Fund from 1984 until its consolidation into the Minnesota Public Employees Retirement Association on June 30, 2010. Director and Vice Chair of The Tree Trust (non-profit corporation). Director of the American Chestnut Foundation (non-profit corporation).   | Asset Allocation Trust                         |    |

**Officers**

| Name and year of birth                  | Position held and length of service                    | Principal occupations during past five years   |
|---|--|--|
| Karla M. Rabusch (Born 1959)            | President, since 2010                                  | Executive Vice President of Wells Fargo Bank, N.A. and President of Wells Fargo Funds Management, LLC since 2003.  |
| Jeremy DePalma <sup>1</sup> (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. Vice President, Evergreen Investment Services, Inc. from 2004 to 2007. Head of the Fund Reporting and Control Team within Fund Administration from 2005 to 2010. |
| C. David Messman (Born 1960)            | Secretary, since 2010; Chief Legal Officer, since 2010 | Senior Vice President and Secretary of Wells Fargo Funds Management, LLC since 2001. Vice President and Managing Counsel of Wells Fargo Bank, N.A. from 1996 to 2013. Vice President and Assistant General Counsel of Wells Fargo Bank, N.A. since 2013.   |
| Debra Ann Early (Born 1964)             | Chief Compliance                                       | Chief Compliance Officer of Wells Fargo Funds Management, LLC since 2007. Chief Compliance Officer of  |

|                                      |  |  |
|--------------------------------------|--|--|
| <p>David Berardi<br/>(Born 1975)</p> | <p>Officer, since<br/>2010<br/>Assistant<br/>Treasurer, since<br/>2009</p> | <p>Parnassus Investments from 2005 to 2007. Chief Financial Officer of Parnassus Investments from 2004 to 2007. Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Assistant Vice President of Evergreen Investment Services, Inc. from 2004 to 2008. Manager of Fund Reporting and Control for Evergreen Investment Management Company, LLC from 2004 to 2010.</p> |
|--------------------------------------|--|--|

1. Jeremy DePalma acts as Treasurer of 58 funds and Assistant Treasurer of 73 funds in the Fund Complex.

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32 Wells Fargo Advantage Multi-Sector Income Fund

Automatic dividend reinvestment plan

**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 or market premium ( 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 43010, Providence, Rhode Island 02940-3010 or by calling 1-800-730-6001.



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List of abbreviations

Wells Fargo Advantage Multi-Sector Income Fund 33

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                                 |
| CLP    | Chilean peso                                |
| COP    | Columbian 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                 |
| LIQ      | Liquidity agreement                           |
| LLC      | Limited liability company                     |
| 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  |
| 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                      |

|        |  |
|--------|--|
| SEK    | Swedish krona  |
| SFHR   | Single-family housing revenue                                    |
| SFMR   | Single-family mortgage revenue                                   |
| SGD    | Singapore dollar   |
| SKK    | Slovakian koruna   |
| SPA    | Standby purchase agreement                                       |
| SPDR   | Standard & Poor's Depository Receipts                            |
| STRIPS | Separate trading of registered interest and principal securities |
| TAN    | Tax anticipation notes   |
| TBA    | To be announced  |
| 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 43010

Providence, RI 02940-3010

1-800-730-6001

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

Wells Fargo Funds Management, LLC, is a subsidiary of Wells Fargo & Company and is an affiliate of Wells Fargo & Company's broker/dealer subsidiaries. This material is being prepared by Wells Fargo Funds Distributor, LLC. Member FINRA/SIPC, an affiliate of Wells Fargo & Company.

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

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AMSI/AR143 10-13

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(a) As of the end of the period, covered by the report, Wells Fargo Advantage Multi-Sector Income Fund has adopted a code of ethics that applies to its President and Treasurer. A copy of the code of ethics is filed as an exhibit to this Form N-CSR.

(c) During the period covered by this report, there were no amendments to the provisions of the code of ethics adopted in Item 2(a) above.

(d) During the period covered by this report, there were no implicit or explicit waivers to the provisions of the code of ethics adopted in Item 2(a) above.

**ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT**

The Board of Trustees of Wells Fargo Advantage Multi-Sector Income Fund has determined that Judith Johnson is an audit committee financial expert, as defined in Item 3 of Form N-CSR. Mrs. Johnson is independent for purposes of Item 3 of Form N-CSR.

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

(a), (b), (c), (d) The following table presents aggregate fees billed in each of the last two fiscal years for services rendered to the Registrant by the Registrant's principal accountant. These fees were billed to the registrant and were approved by the Registrant's audit committee.

|                    | <b>Fiscal<br/>year ended<br/>October 31, 2013</b> | <b>Fiscal<br/>year ended<br/>October 31, 2012</b> |
|--------------------|---|---|
| Audit fees         | \$ 48,930   | \$ 47,740   |
| Audit-related fees |   |   |
| Tax fees (1)       | 3,740   | 3,650   |
| All other fees     |   |   |
|                    | <b>\$ 52,670</b>                                  | <b>\$ 51,390</b>                                  |

(1) Tax fees consist of fees for tax compliance, tax advice and tax planning. Excise tax fees for fiscal year ended 2012 in the amount of \$1,700 was billed on December 2012 and is included in the fiscal year ended October 31, 2013 value. Excise tax fees for fiscal year ended 2011 in the amount of \$1,660 was billed on December 2011 and is included in the fiscal year ended October 31, 2012 value.

(e) The Chairman of the Audit Committees is authorized to pre-approve: (1) audit services to the Wells Fargo Advantage Multi-Sector Income Fund; (2) non-audit tax or compliance consulting or training services provided to the Fund by the independent auditors ( Auditors ) if the fees for any particular engagement are not anticipated to exceed \$50,000; and (3) non-audit tax or compliance consulting or training services provided by the Auditors to a Fund's investment adviser and its controlling entities (where pre-approval is required because the engagement relates directly



to the operations and financial reporting of the Fund) if the fee to the Auditors for any particular engagement is not anticipated to exceed \$50,000. For any such pre-approval sought from the Chairman, Management shall prepare a brief description of the proposed services. If the Chairman approves of such service, he

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or she shall sign the statement prepared by Management. Such written statement shall be presented to the full Committees at their next regularly scheduled meetings.

(f) Not applicable

(g) Not applicable

(h) Not applicable

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

Not applicable.

**ITEM 6. INVESTMENTS**

Except as noted below, the schedules of investments are included as part of the report to shareholders filed under Item 1 of this Form. The schedule of investments for Wells Fargo Advantage Multi-Sector Income Fund, is filed under this Item.

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 1

| Security name                               | Interest rate | Maturity date | Principal | Value      |
|---|---------------|---------------|-----------|------------|
| <b>Agency Securities: 2.47%</b>             |               |               |           |            |
| <i>FHLMC</i>                                | 8.50%         | 7-1-2028      | \$ 85,205 | \$ 101,536 |
| <i>FHLMC</i>                                | 8.50          | 3-1-2030      | 55,646    | 58,305     |
| <i>FHLMC Series 0196 Class A ±</i>          | 0.97          | 12-15-2021    | 57,287    | 57,706     |
| <i>FHLMC Series 1383 ±</i>                  | 5.46          | 2-1-2037      | 719,015   | 752,134    |
| <i>FHLMC Series 2011-K16 Class B ±144A</i>  | 4.59          | 11-25-2046    | 1,000,000 | 999,144    |
| <i>FHLMC Series 2011-K701 Class B ±144A</i> | 4.29          | 7-25-2048     | 165,000   | 172,197    |
| <i>FHLMC Series 2011-K702 Class B ±144A</i> | 4.77          | 4-25-2044     | 740,000   | 786,661    |
| <i>FHLMC Series 2012-K17 Class B ±144A</i>  | 4.35          | 12-25-2044    | 675,000   | 659,187    |
| <i>FHLMC Series 2012-K18 Class B ±144A</i>  | 4.26          | 1-25-2045     | 810,000   | 785,199    |
| <i>FHLMC Series 2012-K501 Class C ±144A</i> | 3.49          | 11-25-2046    | 800,000   | 803,146    |
| <i>FHLMC Series 2012-K705 Class B ±144A</i> | 4.16          | 9-25-2044     | 1,000,000 | 1,018,689  |
| <i>FHLMC Series 2012-K706 Class B ±144A</i> | 4.02          | 11-25-2044    | 500,000   | 505,583    |
| <i>FHLMC Series 2012-K706 Class C ±144A</i> | 4.02          | 11-25-2044    | 805,000   | 763,788    |
| <i>FHLMC Series 2012-K707 Class B ±144A</i> | 3.88          | 1-25-2047     | 930,000   | 932,499    |
| <i>FHLMC Series 2012-K709 Class B ±144A</i> | 3.74          | 4-25-2045     | 1,000,000 | 980,428    |
| <i>FHLMC Series 2012-K711 Class B ±144A</i> | 3.56          | 8-25-2045     | 264,000   | 257,698    |
| <i>FHLMC Series 2013-K30 Class B ±144A</i>  | 3.56          | 6-25-2045     | 700,000   | 620,540    |
| <i>FHLMC Series 2013-K713 Class B ±144A</i> | 3.17          | 4-25-2046     | 1,000,000 | 937,048    |
| <i>FHLMC Series 2390 Class FD ±</i>         | 0.62          | 12-15-2031    | 48,043    | 48,183     |
| <i>FHLMC Series 2567 Class FH ±</i>         | 0.57          | 2-15-2033     | 144,218   | 143,639    |
| <i>FHLMC Series K007 Class XI ±(c)</i>      | 1.22          | 4-25-2020     | 1,025,709 | 60,382     |
| <i>FHLMC Series K016 Class XI ±(c)</i>      | 1.58          | 10-25-2021    | 389,647   | 38,416     |
| <i>FHLMC Series K020 Class XI ±(c)</i>      | 1.47          | 5-25-2022     | 6,934,836 | 667,624    |
| <i>FHLMC Series K021 Class XI ±(c)</i>      | 1.51          | 6-25-2022     | 9,246,233 | 927,240    |
| <i>FNMA ±</i>                               | 4.67          | 9-1-2032      | 1,540,446 | 1,651,062  |
| <i>FNMA</i>                                 | 6.00          | 4-1-2033      | 70,707    | 78,368     |
| <i>FNMA ±</i>                               | 6.01          | 9-1-2037      | 714,817   | 774,041    |
| <i>FNMA</i>                                 | 6.50          | 11-1-2032     | 62,991    | 69,510     |
| <i>FNMA</i>                                 | 7.50          | 7-1-2017      | 61,140    | 64,738     |
| <i>FNMA</i>                                 | 7.50          | 10-1-2028     | 8,804     | 8,832      |
| <i>FNMA</i>                                 | 7.50          | 11-1-2028     | 155,120   | 167,697    |
| <i>FNMA</i>                                 | 7.50          | 2-1-2030      | 38,768    | 39,358     |
| <i>FNMA</i>                                 | 7.50          | 9-1-2030      | 91,798    | 98,152     |
| <i>FNMA</i>                                 | 8.00          | 6-1-2030      | 26,253    | 26,741     |
| <i>FNMA</i>                                 | 12.00         | 1-1-2016      | 5,480     | 5,608      |

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|                                       |      |            |         |         |
|---------------------------------------|------|------------|---------|---------|
| <i>FNMA Series 1996-46 Class FA ±</i> | 0.67 | 8-25-2021  | 31,548  | 31,599  |
| <i>FNMA Series 2001-25 Class Z</i>    | 6.00 | 6-25-2031  | 290,843 | 322,776 |
| <i>FNMA Series 2001-35 Class F ±</i>  | 0.77 | 7-25-2031  | 11,940  | 12,023  |
| <i>FNMA Series 2001-57 Class F ±</i>  | 0.67 | 6-25-2031  | 12,021  | 12,082  |
| <i>FNMA Series 2002-77 Class FH ±</i> | 0.58 | 12-18-2032 | 95,266  | 95,355  |
| <i>FNMA Series 2002-97 Class FR ±</i> | 0.72 | 1-25-2033  | 23,978  | 24,031  |
| <i>FNMA Series G91-16 Class F ±</i>   | 0.62 | 6-25-2021  | 37,956  | 37,979  |
| <i>FNMA Series G92-17 Class F ±</i>   | 1.22 | 3-25-2022  | 88,112  | 89,275  |
| <i>GNMA</i>                           | 6.50 | 6-15-2028  | 55,162  | 61,799  |
| <i>GNMA</i>                           | 7.25 | 7-15-2017  | 17,771  | 18,074  |
| <i>GNMA</i>                           | 7.25 | 8-15-2017  | 39,738  | 42,473  |
| <i>GNMA</i>                           | 7.25 | 8-15-2017  | 20,330  | 20,741  |
| <i>GNMA</i>                           | 7.25 | 9-15-2017  | 30,471  | 32,674  |
| <i>GNMA</i>                           | 7.25 | 10-15-2017 | 54,811  | 58,439  |
| <i>GNMA</i>                           | 7.25 | 10-15-2017 | 29,444  | 31,358  |

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2 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name   | Interest rate | Maturity date | Principal | Value      |
|---|---------------|---------------|-----------|------------|
| <b>Agency Securities (continued)</b>                  |               |               |           |            |
| <i>GNMA</i>   | 7.25%         | 11-15-2017    | \$ 23,735 | \$ 25,209  |
| <i>GNMA</i>   | 7.25          | 1-15-2018     | 9,067     | 9,098      |
| <i>GNMA</i>   | 7.25          | 1-15-2018     | 12,838    | 13,006     |
| <i>GNMA</i>   | 7.25          | 2-15-2018     | 23,114    | 23,749     |
| <i>GNMA</i>   | 7.25          | 5-15-2018     | 12,208    | 12,250     |
| <b>Total Agency Securities (Cost \$16,418,397)</b>    |               |               |           | 17,035,069 |
| <b>Asset-Backed Securities: 0.11%</b>                 |               |               |           |            |
| <i>Bear Stearns I Trust Series 2006-HE1 Class</i>     |               |               |           |            |
| <i>IA2 ±</i>  | 0.39          | 12-25-2035    | 69,018    | 68,776     |
| <i>CVS Pass-Through Trust Series T</i>                | 6.04          | 12-10-2028    | 610,649   | 681,852    |
| <b>Total Asset-Backed Securities (Cost \$752,616)</b> |               |               |           | 750,628    |
| <b>Shares</b>   |               |               |           |            |
| <b>Common Stocks: 0.10%</b>                           |               |               |           |            |
| <b>Consumer Discretionary: 0.00%</b>                  |               |               |           |            |
| <b>Hotels, Restaurants &amp; Leisure: 0.00%</b>       |               |               |           |            |
| <i>Trump Entertainment Resorts Incorporated</i>       |               |               |           |            |
| <i>(i)(a)</i>   |               |               | 1,161     | 0          |
| <b>Telecommunication Services: 0.10%</b>              |               |               |           |            |
| <b>Diversified Telecommunication Services: 0.10%</b>  |               |               |           |            |
| <i>Fairpoint Communications Incorporated</i>          |               |               |           |            |
|   |               |               | 70,442    | 657,928    |
| <b>Total Common Stocks (Cost \$1,617,838)</b>         |               |               |           | 657,928    |
| <b>Principal</b>                                      |               |               |           |            |
| <b>Corporate Bonds and Notes: 62.97%</b>              |               |               |           |            |

**Consumer Discretionary: 13.93%****Auto Components: 1.31%**

|  |      |            |              |           |
|--|------|------------|--------------|-----------|
| <i>Allison Transmission Incorporated 144A</i>    | 7.13 | 5-15-2019  | \$ 3,790,000 | 4,083,725 |
| <i>Cooper Tire &amp; Rubber Company</i>          | 7.63 | 3-15-2027  | 1,805,000    | 1,732,800 |
| <i>Cooper Tire &amp; Rubber Company</i>          | 8.00 | 12-15-2019 | 450,000      | 462,375   |
| <i>Goodyear Tire &amp; Rubber Company</i>        | 7.00 | 5-15-2022  | 400,000      | 430,000   |
| <i>Goodyear Tire &amp; Rubber Company</i>        | 8.75 | 8-15-2020  | 468,000      | 548,730   |
| <i>United Rentals North America Incorporated</i> | 5.75 | 7-15-2018  | 1,685,000    | 1,807,163 |
|  |      |            |              | 9,064,793 |

**Diversified Consumer Services: 1.11%**

|   |       |            |           |           |
|---|-------|------------|-----------|-----------|
| <i>Ceridian HCM Holding Incorporated 144A</i> | 11.00 | 3-15-2021  | 50,000    | 58,500    |
| <i>Service Corporation International</i>      | 6.75  | 4-1-2016   | 475,000   | 518,938   |
| <i>Service Corporation International</i>      | 7.00  | 6-15-2017  | 1,410,000 | 1,580,963 |
| <i>Service Corporation International</i>      | 7.00  | 5-15-2019  | 650,000   | 698,750   |
| <i>Service Corporation International</i>      | 7.50  | 4-1-2027   | 2,993,000 | 3,202,510 |
| <i>Service Corporation International</i>      | 7.63  | 10-1-2018  | 680,000   | 778,600   |
| <i>Service Corporation International</i>      | 8.00  | 11-15-2021 | 475,000   | 544,469   |
| <i>Sotheby s 144A</i>                         | 5.25  | 10-1-2022  | 315,000   | 300,825   |
|   |       |            |           | 7,683,555 |

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 3

| Security name  | Interest rate | Maturity date | Principal  | Value      |
|--|---------------|---------------|------------|------------|
| <b>Hotels, Restaurants &amp; Leisure: 4.39%</b>      |               |               |            |            |
| <i>Burger King Corporation</i>                       | 9.88%         | 10-15-2018    | \$ 850,000 | \$ 953,063 |
| <i>CCM Merger Incorporated 144A</i>                  | 9.13          | 5-1-2019      | 6,270,000  | 6,646,200  |
| <i>CityCenter Holdings LLC</i>                       | 7.63          | 1-15-2016     | 600,000    | 630,900    |
| <i>CityCenter Holdings LLC (PIK at 11.50%) ¥</i>     | 10.75         | 1-15-2017     | 3,636,822  | 3,898,673  |
| <i>DineEquity Incorporated</i>                       | 9.50          | 10-30-2018    | 3,475,000  | 3,865,938  |
| <i>Greektown Superholdings Incorporated Series A</i> | 13.00         | 7-1-2015      | 7,850,000  | 8,193,438  |
| <i>Hilton Worldwide Finance LLC 144A</i>             | 5.63          | 10-15-2021    | 195,000    | 200,363    |
| <i>Pinnacle Entertainment Incorporated</i>           | 7.50          | 4-15-2021     | 2,580,000  | 2,831,550  |
| <i>Ruby Tuesday Incorporated</i>                     | 7.63          | 5-15-2020     | 2,025,000  | 1,944,000  |
| <i>Scientific Games Corporation</i>                  | 9.25          | 6-15-2019     | 485,000    | 523,194    |
| <i>Speedway Motorsports Incorporated</i>             | 6.75          | 2-1-2019      | 525,000    | 557,156    |
|  |               |               |            | 30,244,475 |
| <b>Household Durables: 0.10%</b>                     |               |               |            |            |
| <i>American Greetings Corporation</i>                | 7.38          | 12-1-2021     | 475,000    | 473,813    |
| <i>Tempur Sealy International Incorporated</i>       | 6.88          | 12-15-2020    | 200,000    | 213,500    |
|  |               |               |            | 687,313    |
| <b>Internet &amp; Catalog Retail: 0.12%</b>          |               |               |            |            |
| <i>Expedia Incorporated</i>                          | 5.95          | 8-15-2020     | 750,000    | 795,830    |
| <b>Media: 5.43%</b>                                  |               |               |            |            |
| <i>Allbritton Communications Company</i>             | 8.00          | 5-15-2018     | 1,275,000  | 1,364,250  |
| <i>Cablevision Systems Corporation</i>               | 8.63          | 9-15-2017     | 1,310,000  | 1,526,150  |
| <i>CBS Corporation</i>                               | 8.88          | 5-15-2019     | 750,000    | 962,858    |
| <i>CCO Holdings LLC</i>                              | 8.13          | 4-30-2020     | 450,000    | 492,750    |
| <i>Cinemark USA Incorporated</i>                     | 7.38          | 6-15-2021     | 775,000    | 848,625    |
| <i>CSC Holdings LLC</i>                              | 7.63          | 7-15-2018     | 625,000    | 720,313    |
| <i>CSC Holdings LLC</i>                              | 7.88          | 2-15-2018     | 1,100,000  | 1,273,250  |
| <i>CSC Holdings LLC</i>                              | 8.63          | 2-15-2019     | 383,000    | 452,898    |
| <i>DIRECTV Holdings LLC</i>                          | 3.80          | 3-15-2022     | 750,000    | 718,835    |

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|  |      |           |           |           |
|--|------|-----------|-----------|-----------|
| <i>DISH DBS Corporation</i>                                  | 5.13 | 5-1-2020  | 350,000   | 354,375   |
| <i>DISH DBS Corporation</i>                                  | 7.88 | 9-1-2019  | 480,000   | 558,000   |
| <i>DreamWorks Animation SKG Incorporated</i><br><i>144A</i>  | 6.88 | 8-15-2020 | 1,630,000 | 1,733,913 |
| <i>EchoStar DBS Corporation</i>                              | 7.13 | 2-1-2016  | 125,000   | 138,125   |
| <i>EchoStar DBS Corporation</i>                              | 7.75 | 5-31-2015 | 350,000   | 382,813   |
| <i>Gray Television Incorporated 144A</i>                     | 7.50 | 10-1-2020 | 975,000   | 1,021,313 |
| <i>Gray Television Incorporated</i>                          | 7.50 | 10-1-2020 | 4,200,000 | 4,399,500 |
| <i>Interpublic Group of Companies</i>                        | 4.00 | 3-15-2022 | 750,000   | 731,796   |
| <i>Lamar Media Corporation</i>                               | 5.88 | 2-1-2022  | 690,000   | 712,425   |
| <i>Lamar Media Corporation</i>                               | 7.88 | 4-15-2018 | 2,250,000 | 2,396,250 |
| <i>Lamar Media Corporation Series C</i>                      | 9.75 | 4-1-2014  | 315,000   | 326,025   |
| <i>LIN Television Corporation</i>                            | 6.38 | 1-15-2021 | 275,000   | 280,500   |
| <i>LIN Television Corporation</i>                            | 8.38 | 4-15-2018 | 1,625,000 | 1,732,656 |
| <i>Live Nation Entertainment Incorporated</i><br><i>144A</i> | 7.00 | 9-1-2020  | 200,000   | 212,500   |
| <i>Local TV Finance LLC 144A</i>                             | 9.25 | 6-15-2015 | 4,775,000 | 4,822,750 |
| <i>Lynx I Corporation 144A</i>                               | 5.38 | 4-15-2021 | 365,000   | 366,825   |
| <i>Lynx II Corporation 144A</i>                              | 6.38 | 4-15-2023 | 365,000   | 374,125   |
| <i>National CineMedia LLC</i>                                | 6.00 | 4-15-2022 | 1,860,000 | 1,934,400 |



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4 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name                                       | Interest rate | Maturity date | Principal  | Value      |
|---|---------------|---------------|------------|------------|
| <b>Media (continued)</b>                            |               |               |            |            |
| <i>National CineMedia LLC</i>                       | 7.88%         | 7-15-2021     | \$ 650,000 | \$ 718,250 |
| <i>Nexstar Broadcasting Group Incorporated 144A</i> | 6.88          | 11-15-2020    | 1,750,000  | 1,828,750  |
| <i>Regal Cinemas Corporation</i>                    | 8.63          | 7-15-2019     | 2,650,000  | 2,862,000  |
| <i>Regal Entertainment Group</i>                    | 5.75          | 6-15-2023     | 400,000    | 395,000    |
| <i>Time Warner Cable Incorporated</i>               | 4.00          | 1-15-2022     | 750,000    | 768,482    |
|   |               |               |            | 37,410,702 |
| <b>Multiline Retail: 0.09%</b>                      |               |               |            |            |
| <i>Macy's Retail Holdings Incorporated</i>          | 3.88          | 1-15-2022     | 600,000    | 598,982    |
| <b>Specialty Retail: 1.38%</b>                      |               |               |            |            |
| <i>ABC Supply Company Incorporated 144A</i>         | 5.63          | 4-15-2021     | 450,000    | 455,625    |
| <i>Advance Auto Parts Incorporated</i>              | 4.50          | 1-15-2022     | 600,000    | 602,030    |
| <i>Ahern Rentals Incorporated 144A</i>              | 9.50          | 6-15-2018     | 1,200,000  | 1,287,000  |
| <i>Limited Brands Incorporated</i>                  | 6.63          | 4-1-2021      | 800,000    | 880,000    |
| <i>Neiman Marcus Group Limited 144A</i>             | 8.00          | 10-15-2021    | 210,000    | 214,988    |
| <i>Penske Auto Group Incorporated</i>               | 5.75          | 10-1-2022     | 1,155,000  | 1,152,113  |
| <i>RadioShack Corporation</i>                       | 6.75          | 5-15-2019     | 1,885,000  | 1,248,813  |
| <i>Rent-A-Center Incorporated</i>                   | 6.63          | 11-15-2020    | 1,651,000  | 1,743,869  |
| <i>Toys 'R Us Property Company II LLC</i>           | 8.50          | 12-1-2017     | 1,905,000  | 1,966,913  |
|   |               |               |            | 9,551,351  |
| <b>Consumer Staples: 0.31%</b>                      |               |               |            |            |
| <b>Food &amp; Staples Retailing: 0.09%</b>          |               |               |            |            |
| <i>SABMiller Holdings Incorporated 144A</i>         | 3.75          | 1-15-2022     | 600,000    | 614,941    |
| <b>Food Products: 0.11%</b>                         |               |               |            |            |
| <i>Kraft Foods Group Incorporated</i>               | 3.50          | 6-6-2022      | 750,000    | 745,650    |

**Tobacco: 0.11%**

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|                                  |      |          |         |         |
|----------------------------------|------|----------|---------|---------|
| <i>Lorillard Tobacco Company</i> | 6.88 | 5-1-2020 | 650,000 | 757,942 |
|----------------------------------|------|----------|---------|---------|

**Energy: 11.43%**

**Energy Equipment & Services: 3.18%**

|  |      |            |           |            |
|--|------|------------|-----------|------------|
| <i>Cleaver Brooks Incorporated 144A</i>            | 8.75 | 12-15-2019 | 275,000   | 299,063    |
| <i>Dresser-Rand Group Incorporated</i>             | 6.50 | 5-1-2021   | 1,155,000 | 1,227,188  |
| <i>Era Group Incorporated</i>                      | 7.75 | 12-15-2022 | 2,565,000 | 2,609,888  |
| <i>Forum Energy Technologies Incorporated 144A</i> | 6.25 | 10-1-2021  | 200,000   | 208,500    |
| <i>Gulfmark Offshore Incorporated</i>              | 6.38 | 3-15-2022  | 4,490,000 | 4,523,675  |
| <i>Hornbeck Offshore Services Incorporated</i>     | 5.00 | 3-1-2021   | 2,635,000 | 2,588,888  |
| <i>Hornbeck Offshore Services Incorporated</i>     | 5.88 | 4-1-2020   | 505,000   | 518,888    |
| <i>NGPL PipeCo LLC 144A</i>                        | 7.77 | 12-15-2037 | 5,130,000 | 4,450,275  |
| <i>Oil States International Incorporated</i>       | 6.50 | 6-1-2019   | 1,480,000 | 1,576,200  |
| <i>PHI Incorporated</i>                            | 8.63 | 10-15-2018 | 3,662,000 | 3,909,185  |
|  |      |            |           | 21,911,750 |

**Oil, Gas & Consumable Fuels: 8.25%**

|  |      |           |           |           |
|--|------|-----------|-----------|-----------|
| <i>Crestwood Midstream Partners LP 144A%%</i>            | 6.13 | 3-1-2022  | 275,000   | 281,188   |
| <i>CVR Refining LLC/Coffeyville Finance Incorporated</i> | 6.50 | 11-1-2022 | 1,675,000 | 1,679,188 |

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 5

| Security name                                      | Interest rate | Maturity date | Principal | Value     |
|--|---------------|---------------|-----------|-----------|
| <b>Oil, Gas &amp; Consumable Fuels</b>             |               |               |           |           |
| (continued)  |               |               |           |           |
| <i>Denbury Resources Incorporated</i>              | 6.38%         | 8-15-2021     | \$ 50,000 | \$ 53,375 |
| <i>Denbury Resources Incorporated</i>              | 8.25          | 2-15-2020     | 1,010,000 | 1,111,000 |
| <i>El Paso Corporation</i>                         | 6.50          | 9-15-2020     | 445,000   | 475,378   |
| <i>El Paso Corporation</i>                         | 7.00          | 6-15-2017     | 850,000   | 959,364   |
| <i>El Paso Corporation</i>                         | 7.25          | 6-1-2018      | 1,585,000 | 1,794,875 |
| <i>El Paso Corporation</i>                         | 7.42          | 2-15-2037     | 800,000   | 757,626   |
| <i>El Paso Corporation</i>                         | 7.80          | 8-1-2031      | 1,850,000 | 1,909,126 |
| <i>El Paso Pipeline Partners LP</i>                | 6.50          | 4-1-2020      | 750,000   | 871,137   |
| <i>Energy Transfer Equity LP</i>                   | 7.50          | 10-15-2020    | 3,100,000 | 3,580,500 |
| <i>Energy Transfer Partners LP</i>                 | 5.20          | 2-1-2022      | 750,000   | 806,832   |
| <i>Exterran Partners LP 144A</i>                   | 6.00          | 4-1-2021      | 2,300,000 | 2,288,500 |
| <i>Inergy Midstream LP 144A</i>                    | 6.00          | 12-15-2020    | 1,075,000 | 1,099,188 |
| <i>Kinder Morgan Energy Partners LP</i>            | 3.95          | 9-1-2022      | 750,000   | 743,420   |
| <i>Murphy Oil USA Incorporated 144A</i>            | 6.00          | 8-15-2023     | 385,000   | 390,775   |
| <i>Nabors Industries Incorporated</i>              | 4.63          | 9-15-2021     | 750,000   | 758,651   |
| <i>Northern Tier Energy LLC</i>                    | 7.13          | 11-15-2020    | 1,435,000 | 1,463,700 |
| <i>Petrohawk Energy Corporation</i>                | 7.88          | 6-1-2015      | 790,000   | 808,763   |
| <i>Petrohawk Energy Corporation</i>                | 10.50         | 8-1-2014      | 495,000   | 507,375   |
| <i>Phillips 66</i>                                 | 4.30          | 4-1-2022      | 625,000   | 648,712   |
| <i>Pioneer Natural Resources Company</i>           | 3.95          | 7-15-2022     | 750,000   | 764,099   |
| <i>Pioneer Natural Resources Company</i>           | 7.50          | 1-15-2020     | 1,220,000 | 1,512,679 |
| <i>Plains Exploration &amp; Production Company</i> | 8.63          | 10-15-2019    | 2,885,000 | 3,192,403 |
| <i>Rockies Express Pipeline LLC 144A</i>           | 5.63          | 4-15-2020     | 3,625,000 | 3,054,063 |
| <i>Rockies Express Pipeline LLC 144A</i>           | 6.00          | 1-15-2019     | 360,000   | 319,500   |
| <i>Rockies Express Pipeline LLC 144A</i>           | 6.88          | 4-15-2040     | 6,123,000 | 4,622,865 |
| <i>Rockies Express Pipeline LLC 144A</i>           | 7.50          | 7-15-2038     | 2,350,000 | 1,927,000 |
| <i>Sabine Pass Liquefaction LLC 144A</i>           | 5.63          | 2-1-2021      | 850,000   | 858,500   |
| <i>Sabine Pass Liquefaction LLC 144A</i>           | 5.63          | 4-15-2023     | 850,000   | 833,000   |
| <i>Sabine Pass LNG LP</i>                          | 6.50          | 11-1-2020     | 4,180,000 | 4,368,100 |
| <i>Sabine Pass LNG LP</i>                          | 7.50          | 11-30-2016    | 4,635,000 | 5,173,819 |
| <i>Semgroup LP 144A</i>                            | 7.50          | 6-15-2021     | 2,525,000 | 2,644,938 |
| <i>Suburban Propane Partners LP</i>                | 7.38          | 3-15-2020     | 790,000   | 847,275   |
| <i>Suburban Propane Partners LP</i>                | 7.38          | 8-1-2021      | 309,000   | 332,948   |
| <i>Suburban Propane Partners LP</i>                | 7.50          | 10-1-2018     | 422,000   | 453,123   |

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|   |      |           |         |            |
|---|------|-----------|---------|------------|
| <i>Tesoro Corporation</i>                     | 9.75 | 6-1-2019  | 945,000 | 1,032,413  |
| <i>Weatherford International Incorporated</i> | 6.35 | 6-15-2017 | 650,000 | 737,861    |
| <i>Western Gas Partners</i>                   | 5.38 | 6-1-2021  | 503,000 | 541,966    |
| <i>Williams Partners LP</i>                   | 3.35 | 8-15-2022 | 750,000 | 707,857    |
|   |      |           |         | 56,913,082 |

**Financials: 14.08%**

**Capital Markets: 0.22%**

|   |      |           |         |           |
|---|------|-----------|---------|-----------|
| <i>Ace Securities Corporation ±</i>     | 0.57 | 8-25-2045 | 118,908 | 118,557   |
| <i>Ace Securities Corporation ±</i>     | 2.80 | 6-25-2033 | 586,584 | 583,104   |
| <i>Goldman Sachs Group Incorporated</i> | 5.75 | 1-24-2022 | 750,000 | 850,177   |
|   |      |           |         | 1,551,838 |

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6 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name  | Interest rate | Maturity date | Principal  | Value      |
|--|---------------|---------------|------------|------------|
| <b>Commercial Banks: 1.09%</b>                           |               |               |            |            |
| <i>CIT Group Incorporated</i>                            | 5.25%         | 3-15-2018     | \$ 500,000 | \$ 540,625 |
| <i>CIT Group Incorporated 144A</i>                       | 5.50          | 2-15-2019     | 1,275,000  | 1,380,188  |
| <i>CIT Group Incorporated 144A</i>                       | 6.63          | 4-1-2018      | 550,000    | 623,563    |
| <i>City National Bank</i>                                | 5.38          | 7-15-2022     | 500,000    | 537,536    |
| <i>Emigrant Bancorp Incorporated 144A</i>                | 6.25          | 6-15-2014     | 3,650,000  | 3,686,500  |
| <i>HSBC Bank USA</i>                                     | 6.00          | 8-9-2017      | 650,000    | 742,774    |
|  |               |               |            | 7,511,186  |
| <b>Consumer Finance: 6.53%</b>                           |               |               |            |            |
| <i>Ally Financial Incorporated</i>                       | 5.50          | 2-15-2017     | 750,000    | 810,000    |
| <i>Ally Financial Incorporated</i>                       | 6.75          | 12-1-2014     | 998,000    | 1,050,395  |
| <i>Ally Financial Incorporated</i>                       | 7.50          | 12-31-2013    | 3,620,000  | 3,650,046  |
| <i>Ally Financial Incorporated</i>                       | 7.50          | 9-15-2020     | 1,160,000  | 1,357,200  |
| <i>Ally Financial Incorporated</i>                       | 8.00          | 3-15-2020     | 940,000    | 1,116,250  |
| <i>Ally Financial Incorporated</i>                       | 8.30          | 2-12-2015     | 2,055,000  | 2,227,106  |
| <i>BMC Software Finance Incorporated 144A</i>            | 8.13          | 7-15-2021     | 620,000    | 655,650    |
| <i>Clearwire Communications Finance Corporation 144A</i> | 12.00         | 12-1-2015     | 940,000    | 974,780    |
| <i>Clearwire Communications Finance Corporation 144A</i> | 12.00         | 12-1-2015     | 1,450,000  | 1,503,650  |
| <i>Discover Financial Services</i>                       | 5.20          | 4-27-2022     | 750,000    | 795,950    |
| <i>Ford Motor Credit Company LLC</i>                     | 5.00          | 5-15-2018     | 650,000    | 720,106    |
| <i>Ford Motor Credit Company LLC</i>                     | 8.00          | 12-15-2016    | 250,000    | 296,946    |
| <i>General Motors Financial Company Incorporated</i>     | 6.75          | 6-1-2018      | 1,415,000  | 1,602,488  |
| <i>Homer City Funding LLC (PIK at 9.23%) ¥</i>           | 8.73          | 10-1-2026     | 1,351,973  | 1,395,912  |
| <i>International Lease Finance Corporation 144A</i>      | 6.75          | 9-1-2016      | 100,000    | 111,125    |
| <i>International Lease Finance Corporation 144A</i>      | 7.13          | 9-1-2018      | 75,000     | 86,344     |
| <i>International Lease Finance Corporation</i>           | 8.63          | 9-15-2015     | 900,000    | 1,001,250  |
| <i>Level 3 Financing Incorporated</i>                    | 10.00         | 2-1-2018      | 2,010,000  | 2,148,188  |
| <i>Nielsen Finance LLC Company</i>                       | 7.75          | 10-15-2018    | 5,350,000  | 5,831,500  |
| <i>SLM Corporation</i>                                   | 7.25          | 1-25-2022     | 930,000    | 995,100    |

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|  |      |            |           |            |
|--|------|------------|-----------|------------|
| <i>SLM Corporation</i>                     | 8.00 | 3-25-2020  | 3,940,000 | 4,501,450  |
| <i>SLM Corporation</i>                     | 8.45 | 6-15-2018  | 1,675,000 | 1,955,563  |
| <i>Springleaf Finance Corporation</i>      | 5.40 | 12-1-2015  | 1,535,000 | 1,607,913  |
| <i>Springleaf Finance Corporation</i>      | 5.75 | 9-15-2016  | 1,100,000 | 1,163,250  |
| <i>Springleaf Finance Corporation 144A</i> | 6.00 | 6-1-2020   | 2,285,000 | 2,250,725  |
| <i>Springleaf Finance Corporation</i>      | 6.50 | 9-15-2017  | 200,000   | 212,000    |
| <i>Springleaf Finance Corporation</i>      | 6.90 | 12-15-2017 | 4,550,000 | 4,925,375  |
| <i>Springleaf Finance Corporation 144A</i> | 7.75 | 10-1-2021  | 70,000    | 75,250     |
|  |      |            |           | 45,021,512 |

**Diversified Financial Services: 2.39%**

|   |      |            |           |           |
|---|------|------------|-----------|-----------|
| <i>Bank of America Corporation</i>                      | 3.70 | 9-1-2015   | 650,000   | 681,036   |
| <i>Bank of America Corporation</i>                      | 5.70 | 1-24-2022  | 250,000   | 286,884   |
| <i>Blackstone Holdings Finance Company LLC<br/>144A</i> | 5.88 | 3-15-2021  | 750,000   | 846,572   |
| <i>Citigroup Incorporated</i>                           | 4.50 | 1-14-2022  | 250,000   | 266,765   |
| <i>Citigroup Incorporated</i>                           | 6.00 | 8-15-2017  | 650,000   | 747,260   |
| <i>Denali Borrower/Finance Corporation 144A</i>         | 5.63 | 10-15-2020 | 4,350,000 | 4,306,500 |
| <i>General Electric Capital Corporation</i>             | 4.65 | 10-17-2021 | 650,000   | 711,446   |
| <i>ING U.S. Incorporated</i>                            | 5.50 | 7-15-2022  | 750,000   | 823,292   |
| <i>JPMorgan Chase &amp; Company</i>                     | 3.38 | 5-1-2023   | 750,000   | 702,613   |

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 7

| Security name  | Interest rate | Maturity date | Principal    | Value        |
|--|---------------|---------------|--------------|--------------|
| <b>Diversified Financial Services (continued)</b>              |               |               |              |              |
| <i>Moody's Corporation</i>                                     | 5.50%         | 9-1-2020      | \$ 1,302,000 | \$ 1,420,870 |
| <i>MPH Intermediate Holding Company (PIK at 9.13%) 144A</i>    | 8.38          | 8-1-2018      | 325,000      | 337,594      |
| <i>Neuberger Berman Group LLC 144A</i>                         | 5.63          | 3-15-2020     | 500,000      | 518,750      |
| <i>Neuberger Berman Group LLC 144A</i>                         | 5.88          | 3-15-2022     | 650,000      | 664,625      |
| <i>Nuveen Investments Incorporated</i>                         | 5.50          | 9-15-2015     | 3,560,000    | 3,453,200    |
| <i>Nuveen Investments Incorporated 144A</i>                    | 9.13          | 10-15-2017    | 730,000      | 708,100      |
|  |               |               |              | 16,475,507   |
| <b>Insurance: 0.59%</b>  |               |               |              |              |
| <i>American International Group Incorporated</i>               | 4.88          | 6-1-2022      | 750,000      | 820,625      |
| <i>Fidelity &amp; Guaranty Life Holdings Incorporated 144A</i> | 6.38          | 4-1-2021      | 610,000      | 635,925      |
| <i>Hartford Financial Services Group Incorporated</i>          | 5.13          | 4-15-2022     | 650,000      | 726,695      |
| <i>Liberty Mutual Group Incorporated 144A</i>                  | 4.95          | 5-1-2022      | 750,000      | 792,626      |
| <i>Prudential Covered Trust 144A</i>                           | 3.00          | 9-30-2015     | 408,000      | 422,163      |
| <i>W.R. Berkley Corporation</i>                                | 4.63          | 3-15-2022     | 650,000      | 678,659      |
|  |               |               |              | 4,076,693    |
| <b>Real Estate Management &amp; Development: 0.73%</b>         |               |               |              |              |
| <i>Hockey Merger Sub 2 Incorporated 144A</i>                   | 7.88          | 10-1-2021     | 2,770,000    | 2,860,025    |
| <i>Onex Corporation 144A</i>                                   | 7.75          | 1-15-2021     | 2,100,000    | 2,142,000    |
|  |               |               |              | 5,002,025    |
| <b>REITs: 2.53%</b>  |               |               |              |              |
| <i>Alexandria Real Estate Company</i>                          | 4.60          | 4-1-2022      | 650,000      | 665,602      |
| <i>American Tower Corporation</i>                              | 5.90          | 11-1-2021     | 650,000      | 708,280      |
| <i>DuPont Fabros Technology Incorporated 144A</i>              | 5.88          | 9-15-2021     | 4,655,000    | 4,771,375    |
| <i>Essex Portfolio LP</i>                                      | 3.63          | 8-15-2022     | 750,000      | 721,847      |

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|  |      |            |           |            |
|--|------|------------|-----------|------------|
| <i>Health Care Incorporated</i>                | 5.25 | 1-15-2022  | 650,000   | 703,952    |
| <i>Omega Healthcare Investors Incorporated</i> | 6.75 | 10-15-2022 | 1,775,000 | 1,943,625  |
| <i>Sabra Health Care Incorporated</i>          | 5.38 | 6-1-2023   | 850,000   | 830,875    |
| <i>Sabra Health Care Incorporated</i>          | 8.13 | 11-1-2018  | 943,000   | 1,023,155  |
| <i>The Geo Group Incorporated</i>              | 5.13 | 4-1-2023   | 1,775,000 | 1,664,063  |
| <i>The Geo Group Incorporated 144A</i>         | 5.88 | 1-15-2022  | 2,640,000 | 2,659,800  |
| <i>The Geo Group Incorporated</i>              | 6.63 | 2-15-2021  | 365,000   | 386,444    |
| <i>Ventas Realty LP</i>                        | 4.25 | 3-1-2022   | 650,000   | 667,036    |
| <i>WEA Finance LLC 144A</i>                    | 4.63 | 5-10-2021  | 650,000   | 691,372    |
|  |      |            |           | 17,437,426 |

**Health Care: 3.22%**

**Biotechnology: 0.11%**

|                           |      |           |         |         |
|---------------------------|------|-----------|---------|---------|
| <i>Amgen Incorporated</i> | 3.63 | 5-15-2022 | 750,000 | 757,847 |
|---------------------------|------|-----------|---------|---------|

**Health Care Equipment & Supplies:**

**0.36%**

|                                      |      |           |           |           |
|--------------------------------------|------|-----------|-----------|-----------|
| <i>Boston Scientific Corporation</i> | 6.00 | 1-15-2020 | 750,000   | 874,044   |
| <i>Hologic Incorporated</i>          | 6.25 | 8-1-2020  | 1,530,000 | 1,625,625 |
|                                      |      |           |           | 2,499,669 |



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8 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name  | Interest rate | Maturity date | Principal  | Value      |
|--|---------------|---------------|------------|------------|
| <b>Health Care Providers &amp; Services: 2.38%</b>                         |               |               |            |            |
| <i>Aviv Healthcare Properties LP 144A</i>                                  | 6.00%         | 10-15-2021    | \$ 515,000 | \$ 527,875 |
| <i>Aviv Healthcare Properties LP</i>                                       | 7.75          | 2-15-2019     | 1,350,000  | 1,456,313  |
| <i>Capella Healthcare Incorporated</i>                                     | 9.25          | 7-1-2017      | 885,000    | 950,269    |
| <i>Centene Corporation</i>   | 5.75          | 6-1-2017      | 1,000,000  | 1,067,500  |
| <i>Coventry Health Care Incorporated</i>                                   | 5.45          | 6-15-2021     | 750,000    | 842,222    |
| <i>DaVita HealthCare Partners Incorporated</i>                             | 5.75          | 8-15-2022     | 525,000    | 538,781    |
| <i>Express Scripts Holding Company</i>                                     | 3.90          | 2-15-2022     | 665,000    | 681,600    |
| <i>HCA Incorporated</i>  | 6.50          | 2-15-2020     | 1,875,000  | 2,085,938  |
| <i>HCA Incorporated</i>  | 7.50          | 11-15-2095    | 800,000    | 720,000    |
| <i>HCA Incorporated</i>  | 8.50          | 4-15-2019     | 740,000    | 794,575    |
| <i>Health Management Associates Incorporated</i>                           | 6.13          | 4-15-2016     | 175,000    | 192,500    |
| <i>HealthSouth Corporation</i>   | 5.75          | 11-1-2024     | 45,000     | 44,663     |
| <i>HealthSouth Corporation</i>   | 7.25          | 10-1-2018     | 360,000    | 387,000    |
| <i>HealthSouth Corporation</i>   | 8.13          | 2-15-2020     | 495,000    | 545,119    |
| <i>Humana Incorporated</i>   | 7.20          | 6-15-2018     | 750,000    | 899,066    |
| <i>MPT Operating Partnership LP</i>  | 6.38          | 2-15-2022     | 800,000    | 826,000    |
| <i>MPT Operating Partnership LP</i>  | 6.88          | 5-1-2021      | 775,000    | 833,125    |
| <i>Multiplan Incorporated 144A</i>   | 9.88          | 9-1-2018      | 1,440,000  | 1,591,200  |
| <i>Select Medical Corporation</i>  | 6.38          | 6-1-2021      | 940,000    | 907,100    |
| <i>Tenet Healthcare Corporation 144A</i>                                   | 6.00          | 10-1-2020     | 215,000    | 227,363    |
| <i>Tenet Healthcare Corporation 144A</i>                                   | 8.13          | 4-1-2022      | 250,000    | 273,750    |
|  |               |               |            | 16,391,959 |
| <b>Health Care Technology: 0.07%</b>                                       |               |               |            |            |
| <i>Healthcare Technology Intermediate Incorporated (PIK at 8.13%) 144A</i> | 7.38          | 9-1-2018      | 480,000    | 496,200    |
| <b>Life Sciences Tools &amp; Services: 0.12%</b>                           |               |               |            |            |
| <i>Life Technologies Corporation</i>                                       | 6.00          | 3-1-2020      | 750,000    | 858,734    |
| <b>Pharmaceuticals: 0.18%</b>  |               |               |            |            |
| <i>Pinnacle Merger Sub Incorporated 144A</i>                               | 9.50          | 10-1-2023     | 500,000    | 527,500    |
| <i>Watson Pharmaceuticals Incorporated</i>                                 | 3.25          | 10-1-2022     | 750,000    | 713,669    |

1,241,169

**Industrials: 3.48%****Aerospace & Defense: 0.20%**

|                                     |      |            |         |           |
|-------------------------------------|------|------------|---------|-----------|
| <i>TransDigm Group Incorporated</i> | 5.50 | 10-15-2020 | 550,000 | 554,125   |
| <i>TransDigm Group Incorporated</i> | 7.75 | 12-15-2018 | 750,000 | 806,250   |
|                                     |      |            |         | 1,360,375 |

**Air Freight & Logistics: 0.42%**

|                                   |      |            |           |           |
|-----------------------------------|------|------------|-----------|-----------|
| <i>Bristow Group Incorporated</i> | 6.25 | 10-15-2022 | 2,740,000 | 2,877,000 |
|-----------------------------------|------|------------|-----------|-----------|

**Airlines: 0.43%**

|  |      |            |           |           |
|--|------|------------|-----------|-----------|
| <i>Aviation Capital Group Corporation 144A</i> | 6.75 | 4-6-2021   | 1,320,000 | 1,420,938 |
| <i>Aviation Capital Group Corporation 144A</i> | 7.13 | 10-15-2020 | 720,000   | 798,621   |
| <i>Delta Air Lines Incorporated</i>            | 4.75 | 11-7-2021  | 713,576   | 758,175   |
|  |      |            |           | 2,977,734 |

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 9

| Security name                                      | Interest rate | Maturity date | Principal  | Value      |
|--|---------------|---------------|------------|------------|
| <b>Commercial Services &amp; Supplies: 0.93%</b>   |               |               |            |            |
| <i>ADT Corporation</i>                             | 3.50%         | 7-15-2022     | \$ 750,000 | \$ 657,417 |
| <i>ADT Corporation 144A</i>                        | 6.25          | 10-15-2021    | 600,000    | 636,750    |
| <i>Covanta Holding Corporation</i>                 | 6.38          | 10-1-2022     | 225,000    | 232,447    |
| <i>Covanta Holding Corporation</i>                 | 7.25          | 12-1-2020     | 230,000    | 248,780    |
| <i>Interface Incorporated</i>                      | 7.63          | 12-1-2018     | 113,000    | 122,888    |
| <i>Iron Mountain Incorporated</i>                  | 6.00          | 8-15-2023     | 2,160,000  | 2,197,800  |
| <i>Iron Mountain Incorporated</i>                  | 8.38          | 8-15-2021     | 759,000    | 819,720    |
| <i>Penske Truck Leasing Company 144A</i>           | 3.75          | 5-11-2017     | 750,000    | 787,117    |
| <i>Republic Services Incorporated</i>              | 3.55          | 6-1-2022      | 750,000    | 739,142    |
|  |               |               |            | 6,442,061  |
| <b>Machinery: 0.52%</b>                            |               |               |            |            |
| <i>Columbus McKinnon Corporation</i>               | 7.88          | 2-1-2019      | 725,000    | 778,469    |
| <i>H&amp;E Equipment Services Incorporated</i>     | 7.00          | 9-1-2022      | 2,565,000  | 2,795,850  |
|  |               |               |            | 3,574,319  |
| <b>Professional Services: 0.29%</b>                |               |               |            |            |
| <i>Interactive Data Corporation</i>                | 10.25         | 8-1-2018      | 1,250,000  | 1,381,250  |
| <i>Verisk Analytics Incorporated</i>               | 5.80          | 5-1-2021      | 530,000    | 587,639    |
|  |               |               |            | 1,968,889  |
| <b>Trading Companies &amp; Distributors: 0.51%</b> |               |               |            |            |
| <i>Ashtead Capital Incorporated 144A</i>           | 6.50          | 7-15-2022     | 3,285,000  | 3,523,163  |
| <b>Transportation Infrastructure: 0.18%</b>        |               |               |            |            |
| <i>Florida East Coast Railway Corporation</i>      | 8.13          | 2-1-2017      | 885,000    | 931,463    |
| <i>Watco Companies LLC 144A</i>                    | 6.38          | 4-1-2023      | 345,000    | 341,550    |
|  |               |               |            | 1,273,013  |
| <b>Information Technology: 4.09%</b>               |               |               |            |            |

**Communications Equipment: 0.29%**

|   |      |            |           |           |
|---|------|------------|-----------|-----------|
| <i>Avaya Incorporated</i>               | 9.75 | 11-1-2015  | 575,000   | 569,250   |
| <i>CyrusOne LP</i>                      | 6.38 | 11-15-2022 | 300,000   | 302,250   |
| <i>Lucent Technologies Incorporated</i> | 6.45 | 3-15-2029  | 1,285,000 | 1,130,800 |
|   |      |            |           | 2,002,300 |

**Computers & Peripherals: 0.11%**

|                                |      |           |         |         |
|--------------------------------|------|-----------|---------|---------|
| <i>Hewlett-Packard Company</i> | 4.05 | 9-15-2022 | 750,000 | 729,333 |
|--------------------------------|------|-----------|---------|---------|

**Electronic Equipment, Instruments & Components: 1.05%**

|                                       |       |            |           |           |
|---------------------------------------|-------|------------|-----------|-----------|
| <i>CDW Financial Corporation</i>      | 12.54 | 10-12-2017 | 221,000   | 229,840   |
| <i>Jabil Circuit Incorporated</i>     | 8.25  | 3-15-2018  | 5,275,000 | 6,237,688 |
| <i>L-3 Communications Corporation</i> | 4.95  | 2-15-2021  | 750,000   | 797,055   |
|                                       |       |            |           | 7,264,583 |

**Internet Software & Services: 0.04%**

|                              |      |           |         |         |
|------------------------------|------|-----------|---------|---------|
| <i>Equinix Incorporated</i>  | 7.00 | 7-15-2021 | 75,000  | 81,938  |
| <i>Verisign Incorporated</i> | 4.63 | 5-1-2023  | 170,000 | 165,538 |
|                              |      |           |         | 247,476 |

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10 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name   | Interest rate | Maturity date | Principal    | Value        |
|---|---------------|---------------|--------------|--------------|
| <b>IT Services: 2.27%</b>   |               |               |              |              |
| <i>Audatex North America Incorporated 144A</i>  | 6.00%         | 6-15-2021     | \$ 1,400,000 | \$ 1,445,500 |
| <i>Audatex North America Incorporated 144A%%</i>  | 6.13          | 11-1-2023     | 420,000      | 426,300      |
| <i>Audatex North America Incorporated Fidelity National Information Services Incorporated</i> | 6.75          | 6-15-2018     | 750,000      | 801,975      |
| <i>First Data Corporation 144A</i>  | 7.88          | 7-15-2020     | 1,000,000    | 1,101,477    |
| <i>First Data Corporation 144A</i>  | 11.75         | 8-15-2021     | 2,120,000    | 2,157,100    |
| <i>First Data Corporation</i>   | 7.38          | 6-15-2019     | 625,000      | 672,656      |
| <i>First Data Corporation</i>   | 11.25         | 3-31-2016     | 3,489,000    | 3,506,445    |
| <i>SunGard Data Systems Incorporated</i>  | 7.38          | 11-15-2018    | 5,007,000    | 5,307,420    |
| <i>SunGard Data Systems Incorporated</i>  | 7.63          | 11-15-2020    | 250,000      | 272,188      |
|   |               |               |              | 15,691,061   |
| <b>Software: 0.33%</b>  |               |               |              |              |
| <i>Activision Blizzard Incorporated 144A</i>  | 5.63          | 9-15-2021     | 705,000      | 729,675      |
| <i>Activision Blizzard Incorporated 144A CA Incorporated</i>                                  | 6.13          | 9-15-2023     | 175,000      | 182,875      |
| <i>Nuance Communications Incorporated 144A</i>  | 5.38          | 12-1-2019     | 750,000      | 840,345      |
|   | 5.38          | 8-15-2020     | 530,000      | 526,025      |
|   |               |               |              | 2,278,920    |
| <b>Materials: 0.97%</b>   |               |               |              |              |
| <b>Chemicals: 0.20%</b>   |               |               |              |              |
| <i>Chemtura Corporation</i>   | 5.75          | 7-15-2021     | 575,000      | 582,188      |
| <i>Dow Chemical Company</i>   | 4.13          | 11-15-2021    | 750,000      | 775,045      |
|   |               |               |              | 1,357,233    |
| <b>Containers &amp; Packaging: 0.47%</b>  |               |               |              |              |
| <i>Crown Cork &amp; Seal Company Incorporated</i>   | 7.38          | 12-15-2026    | 185,000      | 204,888      |
| <i>Crown Cork &amp; Seal Company Incorporated (i)</i>   | 7.50          | 12-15-2096    | 600,000      | 561,000      |
| <i>Owens-Illinois Incorporated</i>  | 7.80          | 5-15-2018     | 1,295,000    | 1,494,106    |
| <i>Sealed Air Corporation 144A</i>  | 6.88          | 7-15-2033     | 1,075,000    | 1,010,500    |

3,270,494

**Metals & Mining: 0.08%***Freeport-McMoRan Copper & Gold*

|                     |      |          |         |         |
|---------------------|------|----------|---------|---------|
| <i>Incorporated</i> | 3.55 | 3-1-2022 | 600,000 | 565,204 |
|---------------------|------|----------|---------|---------|

|   |      |          |           |   |
|---|------|----------|-----------|---|
| <i>Indalex Holdings Corporation (i)(a)(s)</i> | 0.00 | 2-1-2014 | 3,170,000 | 0 |
|---|------|----------|-----------|---|

565,204

**Paper & Forest Products: 0.22%***Georgia-Pacific LLC*

|  |      |           |           |           |
|--|------|-----------|-----------|-----------|
|  | 8.88 | 5-15-2031 | 1,080,000 | 1,521,879 |
|--|------|-----------|-----------|-----------|

**Telecommunication Services: 8.45%****Diversified Telecommunication Services:****3.82%**

|                                 |      |           |         |         |
|---------------------------------|------|-----------|---------|---------|
| <i>CenturyLink Incorporated</i> | 5.80 | 3-15-2022 | 600,000 | 594,000 |
|---------------------------------|------|-----------|---------|---------|

|  |      |           |           |           |
|--|------|-----------|-----------|-----------|
| <i>Citizens Communications Company</i> | 7.88 | 1-15-2027 | 1,805,000 | 1,786,950 |
|--|------|-----------|-----------|-----------|

|  |      |           |         |         |
|--|------|-----------|---------|---------|
| <i>Frontier Communications Corporation</i> | 8.13 | 10-1-2018 | 845,000 | 973,863 |
|--|------|-----------|---------|---------|

|  |      |           |           |           |
|--|------|-----------|-----------|-----------|
| <i>Frontier Communications Corporation</i> | 8.25 | 4-15-2017 | 1,040,000 | 1,202,500 |
|--|------|-----------|-----------|-----------|

|  |      |           |         |         |
|--|------|-----------|---------|---------|
| <i>Frontier Communications Corporation</i> | 8.50 | 4-15-2020 | 525,000 | 599,813 |
|--|------|-----------|---------|---------|

|                         |      |          |           |           |
|-------------------------|------|----------|-----------|-----------|
| <i>GCI Incorporated</i> | 6.75 | 6-1-2021 | 2,330,000 | 2,254,275 |
|-------------------------|------|----------|-----------|-----------|

|                         |      |            |           |           |
|-------------------------|------|------------|-----------|-----------|
| <i>GCI Incorporated</i> | 8.63 | 11-15-2019 | 5,625,000 | 5,976,563 |
|-------------------------|------|------------|-----------|-----------|

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 11

| Security name   | Interest rate | Maturity date | Principal  | Value      |
|---|---------------|---------------|------------|------------|
| <b>Diversified Telecommunication Services</b>           |               |               |            |            |
| (continued)   |               |               |            |            |
| <i>Qwest Corporation</i>                                | 7.13%         | 11-15-2043    | \$ 795,000 | \$ 771,544 |
| <i>Qwest Corporation</i>                                | 7.25          | 9-15-2025     | 1,040,000  | 1,108,232  |
| <i>Qwest Corporation</i>                                | 7.63          | 8-3-2021      | 230,000    | 243,225    |
| <i>Syniverse Holdings Incorporated</i>                  | 9.13          | 1-15-2019     | 5,005,000  | 5,417,913  |
| <i>TW Telecommunications Holdings Incorporated 144A</i> | 5.38          | 10-1-2022     | 600,000    | 598,500    |
| <i>TW Telecommunications Holdings Incorporated</i>      | 5.38          | 10-1-2022     | 2,165,000  | 2,159,588  |
| <i>Windstream Corporation</i>                           | 7.88          | 11-1-2017     | 2,330,000  | 2,664,938  |
|   |               |               |            | 26,351,904 |
| <b>Wireless Telecommunication Services:</b>             |               |               |            |            |
| <b>4.63%</b>  |               |               |            |            |
| <i>Cricket Communications Incorporated</i>              | 7.75          | 10-15-2020    | 1,930,000  | 2,205,025  |
| <i>Crown Castle International Corporation</i>           | 5.25          | 1-15-2023     | 100,000    | 99,000     |
| <i>Crown Castle International Corporation</i>           | 7.13          | 11-1-2019     | 70,000     | 75,600     |
| <i>Crown Castle Towers LLC 144A</i>                     | 6.11          | 1-15-2040     | 750,000    | 853,222    |
| <i>MetroPCS Wireless Incorporated 144A</i>              | 6.25          | 4-1-2021      | 170,000    | 177,863    |
| <i>MetroPCS Wireless Incorporated</i>                   | 6.63          | 11-15-2020    | 3,300,000  | 3,489,750  |
| <i>MetroPCS Wireless Incorporated 144A</i>              | 6.63          | 4-1-2023      | 505,000    | 528,356    |
| <i>MetroPCS Wireless Incorporated</i>                   | 7.88          | 9-1-2018      | 1,950,000  | 2,106,000  |
| <i>Motorola Solutions Incorporated</i>                  | 3.75          | 5-15-2022     | 750,000    | 721,906    |
| <i>SBA Communications Corporation</i>                   | 5.63          | 10-1-2019     | 160,000    | 164,400    |
| <i>SBA Telecommunications Corporation</i>               | 5.75          | 7-15-2020     | 2,000,000  | 2,080,000  |
| <i>SBA Telecommunications Corporation</i>               | 8.25          | 8-15-2019     | 15,000     | 16,256     |
| <i>Sprint Capital Corporation</i>                       | 6.88          | 11-15-2028    | 13,665,000 | 12,981,711 |
| <i>Sprint Capital Corporation</i>                       | 8.75          | 3-15-2032     | 1,855,000  | 2,008,038  |
| <i>Sprint Corporation 144A</i>                          | 7.25          | 9-15-2021     | 200,000    | 215,500    |
| <i>Sprint Corporation 144A</i>                          | 7.88          | 9-15-2023     | 200,000    | 217,000    |
| <i>Sprint Nextel Corporation 144A</i>                   | 9.00          | 11-15-2018    | 325,000    | 394,063    |
| <i>Sprint Nextel Corporation</i>                        | 11.50         | 11-15-2021    | 625,000    | 814,063    |
| <i>T-Mobile USA Incorporated</i>                        | 6.46          | 4-28-2019     | 160,000    | 169,600    |
| <i>T-Mobile USA Incorporated</i>                        | 6.54          | 4-28-2020     | 165,000    | 174,900    |

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|                                  |      |           |         |            |
|----------------------------------|------|-----------|---------|------------|
| <i>T-Mobile USA Incorporated</i> | 6.63 | 4-28-2021 | 920,000 | 972,900    |
| <i>T-Mobile USA Incorporated</i> | 6.73 | 4-28-2022 | 875,000 | 924,219    |
| <i>T-Mobile USA Incorporated</i> | 6.84 | 4-28-2023 | 505,000 | 534,038    |
|                                  |      |           |         | 31,923,410 |

**Utilities: 3.01%**

**Electric Utilities: 1.55%**

|  |       |            |           |            |
|--|-------|------------|-----------|------------|
| <i>Energy Future Intermediate Holding Company LLC 144A</i> | 6.88  | 8-15-2017  | 500,000   | 511,250    |
| <i>Great Plains Energy Incorporated</i>                    | 4.85  | 6-1-2021   | 750,000   | 801,441    |
| <i>IPALCO Enterprises Incorporated</i>                     | 5.00  | 5-1-2018   | 1,075,000 | 1,123,375  |
| <i>IPALCO Enterprises Incorporated 144A</i>                | 7.25  | 4-1-2016   | 1,925,000 | 2,117,500  |
| <i>Mirant Mid-Atlantic LLC Series C</i>                    | 10.06 | 12-30-2028 | 3,614,632 | 4,021,278  |
| <i>Otter Tail Corporation</i>                              | 9.00  | 12-15-2016 | 1,835,000 | 2,134,716  |
| <i>PNM Resources Incorporated</i>                          | 9.25  | 5-15-2015  | 9,000     | 10,035     |
|  |       |            |           | 10,719,595 |



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12 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name  | Interest rate | Maturity date | Principal    | Value        |
|--|---------------|---------------|--------------|--------------|
| <b>Gas Utilities: 0.41%</b>                                    |               |               |              |              |
| <i>AmeriGas Finance LLC</i>                                    | 6.75%         | 5-20-2020     | \$ 1,775,000 | \$ 1,934,750 |
| <i>AmeriGas Finance LLC</i>                                    | 7.00          | 5-20-2022     | 795,000      | 858,600      |
| <i>AmeriGas Partners/Finance Corporation</i>                   | 6.50          | 5-20-2021     | 45,000       | 48,150       |
|  |               |               |              | 2,841,500    |
| <b>Independent Power Producers &amp; Energy Traders: 0.83%</b> |               |               |              |              |
| <i>Calpine Corporation 144A</i>                                | 6.00          | 1-15-2022     | 425,000      | 440,938      |
| <i>NRG Energy Incorporated</i>                                 | 8.50          | 6-15-2019     | 1,615,000    | 1,740,163    |
| <i>NSG Holdings LLC 144A</i>                                   | 7.75          | 12-15-2025    | 2,175,000    | 2,310,938    |
| <i>Reliant Energy Incorporated</i>                             | 9.24          | 7-2-2017      | 759,521      | 782,306      |
| <i>Reliant Energy Incorporated</i>                             | 9.68          | 7-2-2026      | 410,000      | 426,400      |
|  |               |               |              | 5,700,745    |
| <b>Multi-Utilities: 0.22%</b>                                  |               |               |              |              |
| <i>Ameren Illinois Company</i>                                 | 9.75          | 11-15-2018    | 500,000      | 670,333      |
| <i>CMS Energy Corporation</i>                                  | 5.05          | 3-15-2022     | 750,000      | 815,531      |
|  |               |               |              | 1,485,864    |
| <b>Total Corporate Bonds and Notes (Cost \$414,659,788)</b>    |               |               |              | 434,250,186  |
| <b>Foreign Corporate Bonds and Notes @: 4.00%</b>              |               |               |              |              |
| <b>Consumer Discretionary: 0.52%</b>                           |               |               |              |              |
| <b>Auto Components: 0.03%</b>                                  |               |               |              |              |
| <i>Gestamp Fund Luxembourg SA (EUR)</i>                        | 5.88          | 5-31-2020     | 135,000      | 190,628      |
| <b>Automobiles: 0.10%</b>                                      |               |               |              |              |
| <i>Jaguar Land Rover plc (GBP)</i>                             | 8.25          | 3-15-2020     | 300,000      | 541,147      |

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|  |      |           |           |           |
|--|------|-----------|-----------|-----------|
| <i>Servus Luxembourg Holding SCA (EUR) 144A</i>        | 7.75 | 6-15-2018 | 100,000   | 141,444   |
|  |      |           |           | 682,591   |
| <b>Hotels, Restaurants &amp; Leisure: 0.11%</b>        |      |           |           |           |
| <i>Casino Guichard Perrachon SA (EUR)</i>              | 4.73 | 5-26-2021 | 500,000   | 770,610   |
| <b>Media: 0.28%</b>                                    |      |           |           |           |
| <i>Arqiva Broadcast Finance plc (GBP) 144A</i>         | 9.50 | 3-31-2020 | 100,000   | 175,171   |
| <i>Telenet Finance V Luxembourg SCA (EUR)</i>          | 6.25 | 8-15-2022 | 400,000   | 566,453   |
| <i>Unitymedia Hessen GmbH &amp; Company (EUR) 144A</i> | 5.13 | 1-21-2023 | 500,000   | 665,915   |
| <i>Ziggo Holding BV (EUR)</i>                          | 3.63 | 3-27-2020 | 400,000   | 540,384   |
|  |      |           |           | 1,947,923 |
| <b>Consumer Staples: 0.32%</b>                         |      |           |           |           |
| <b>Food &amp; Staples Retailing: 0.15%</b>             |      |           |           |           |
| <i>Foodcorp Limited (EUR)</i>                          | 8.75 | 3-1-2018  | 690,000   | 1,030,532 |
| <b>Food Products: 0.17%</b>                            |      |           |           |           |
| <i>BRF SA (BRL) 144A</i>                               | 7.75 | 5-22-2018 | 3,100,000 | 1,150,634 |

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 13

| Security name  | Interest rate | Maturity date | Principal  | Value        |
|--|---------------|---------------|------------|--------------|
| <b>Financials: 2.43%</b>   |               |               |            |              |
| <b>Commercial Banks: 2.04%</b>                                       |               |               |            |              |
| <i>Eurofima (AUD)</i>  | 6.25%         | 12-28-2018    | 2,450,000  | \$ 2,508,719 |
| <i>European Investment Bank (AUD)</i>                                | 6.50          | 8-7-2019      | 4,880,000  | 5,092,781    |
| <i>International Bank for Reconstruction &amp; Development (AUD)</i> | 5.75          | 10-1-2020     | 950,000    | 969,103      |
| <i>KfW (AUD)</i>   | 6.25          | 5-19-2021     | 1,210,000  | 1,260,346    |
| <i>KfW (AUD)</i>   | 6.38          | 2-17-2015     | 3,319,000  | 2,838,008    |
| <i>Sberbank Rossii (NZD)</i>   | 7.00          | 1-31-2016     | 44,000,000 | 1,371,555    |
|  |               |               |            | 14,040,512   |
| <b>Consumer Finance: 0.09%</b>                                       |               |               |            |              |
| <i>Fiat Industrial SpA (EUR)</i>                                     | 6.25          | 3-9-2018      | 400,000    | 619,834      |
| <b>Diversified Financial Services: 0.30%</b>                         |               |               |            |              |
| <i>General Electric Capital Corporation (NZD)</i>                    | 4.25          | 1-17-2018     | 2,000,000  | 1,616,853    |
| <i>Numericable Finance &amp; Company SCA (EUR)</i>                   | 12.38         | 2-15-2019     | 300,000    | 486,778      |
|  |               |               |            | 2,103,631    |
| <b>Industrials: 0.35%</b>  |               |               |            |              |
| <b>Building Products: 0.08%</b>                                      |               |               |            |              |
| <i>Heidelbergcement AG (EUR)</i>                                     | 8.50          | 10-31-2019    | 330,000    | 570,713      |
| <b>Trading Companies &amp; Distributors: 0.05%</b>                   |               |               |            |              |
| <i>Roxel SA (EUR)</i>  | 7.00          | 12-17-2018    | 200,000    | 299,319      |
| <b>Transportation Infrastructure: 0.22%</b>                          |               |               |            |              |
| <i>Heathrow Funding Limited (EUR)</i>                                | 4.60          | 2-15-2020     | 1,000,000  | 1,530,509    |
| <b>Information Technology: 0.04%</b>                                 |               |               |            |              |

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**Software: 0.04%**

|   |      |           |         |         |
|---|------|-----------|---------|---------|
| <i>Teamsystem Holdings SpA (EUR) 144A</i> | 7.38 | 5-15-2020 | 200,000 | 274,988 |
|---|------|-----------|---------|---------|

**Materials: 0.08%**

**Paper & Forest Products: 0.08%**

|  |      |            |         |         |
|--|------|------------|---------|---------|
| <i>Smurfit Kappa Funding plc (EUR)</i> | 7.25 | 11-15-2017 | 400,000 | 564,574 |
|--|------|------------|---------|---------|

**Telecommunication Services: 0.16%**

**Diversified Telecommunication Services:  
0.12%**

|   |      |            |         |         |
|---|------|------------|---------|---------|
| <i>Telefonica Emisiones Company (EUR)</i> | 4.69 | 11-11-2019 | 300,000 | 449,798 |
|---|------|------------|---------|---------|

|                                       |      |            |         |         |
|---------------------------------------|------|------------|---------|---------|
| <i>Virgin Media Finance plc (GBP)</i> | 8.88 | 10-15-2019 | 201,000 | 350,161 |
|---------------------------------------|------|------------|---------|---------|

799,959

**Wireless Telecommunication Services:  
0.04%**

|  |      |           |         |         |
|--|------|-----------|---------|---------|
| <i>Interxion Holding NV (EUR) 144A</i> | 6.00 | 7-15-2020 | 200,000 | 283,873 |
|--|------|-----------|---------|---------|

**Utilities: 0.10%**

**Water Utilities: 0.10%**

|                                  |      |           |         |         |
|----------------------------------|------|-----------|---------|---------|
| <i>Befesa Zinc Aser SA (EUR)</i> | 8.88 | 5-15-2018 | 500,000 | 729,790 |
|----------------------------------|------|-----------|---------|---------|

**Total Foreign Corporate Bonds and Notes  
(Cost \$26,079,351)**

27,590,620

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14 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name                                   | Interest rate | Maturity date | Principal       | Value        |
|---|---------------|---------------|-----------------|--------------|
| <b>Foreign Government Bonds @:</b>              |               |               |                 |              |
| <b>26.56%</b>                                   |               |               |                 |              |
| <i>Australia (AUD)</i>                          | 3.25%         | 4-21-2025     | 3,350,000       | \$ 2,913,808 |
| <i>Brazil (BRL)</i>                             | 8.50          | 1-5-2024      | 14,580,000      | 5,938,867    |
| <i>Brazil (BRL)</i>                             | 10.00         | 1-1-2017      | 31,000,000      | 13,784,248   |
| <i>Chile (CLP)</i>                              | 5.50          | 8-5-2020      | 940,000,000     | 1,871,742    |
| <i>Colombia (COP)</i>                           | 7.75          | 4-14-2021     | 5,250,000,000   | 3,172,999    |
| <i>Hungary (HUF)</i>                            | 6.75          | 11-24-2017    | 2,375,000,000   | 11,827,957   |
| <i>Indonesia (IDR)</i>                          | 7.38          | 9-15-2016     | 120,100,000,000 | 10,803,407   |
| <i>Korea (KRW)</i>                              | 5.25          | 3-10-2027     | 2,830,000,000   | 3,147,336    |
| <i>Malaysia (MYR)</i>                           | 3.26          | 3-1-2018      | 22,500,000      | 7,102,557    |
| <i>Malaysia (MYR)</i>                           | 4.26          | 9-15-2016     | 21,100,000      | 6,892,179    |
| <i>Mexico (MXN)</i>                             | 7.25          | 12-15-2016    | 129,540,000     | 10,728,292   |
| <i>Mexico (MXN)</i>                             | 7.75          | 5-29-2031     | 34,450,000      | 2,824,711    |
| <i>Mexico (MXN)</i>                             | 7.75          | 11-13-2042    | 84,190,000      | 6,760,514    |
| <i>New Zealand (NZD)</i>                        | 5.50          | 4-15-2023     | 5,625,000       | 4,976,737    |
| <i>Nigeria (NGN)</i>                            | 15.10         | 4-27-2017     | 500,000,000     | 3,386,335    |
| <i>Poland (PLN)</i>                             | 4.00          | 10-25-2023    | 43,850,000      | 14,026,847   |
| <i>Queensland Treasury (AUD)</i>                | 5.75          | 7-22-2024     | 4,100,000       | 4,144,134    |
| <i>Republic of South Africa (ZAR)</i>           | 2.00          | 1-31-2025     | 10,095,498      | 1,035,675    |
| <i>Republic of South Africa (ZAR)</i>           | 6.50          | 2-28-2041     | 67,200,000      | 5,007,358    |
| <i>Republic of South Africa (ZAR)</i>           | 7.75          | 2-28-2023     | 73,600,000      | 7,401,240    |
| <i>Romania (RON)</i>                            | 6.00          | 4-30-2016     | 11,750,000      | 3,771,243    |
| <i>Russia (RUB)</i>                             | 7.00          | 1-25-2023     | 29,000,000      | 899,730      |
| <i>Russia (RUB)</i>                             | 7.50          | 3-15-2018     | 172,600,000     | 5,570,216    |
| <i>Russia (RUB)</i>                             | 7.60          | 7-20-2022     | 354,400,000     | 11,448,388   |
| <i>State of New South Wales Australia (AUD)</i> | 5.00          | 8-20-2024     | 3,900,000       | 3,777,250    |
| <i>Thailand (THB)</i>                           | 3.25          | 6-16-2017     | 325,000,000     | 10,474,732   |
| <i>Turkey (TRY)</i>                             | 6.30          | 2-14-2018     | 675,000         | 317,339      |
| <i>Turkey (TRY)</i>                             | 8.30          | 6-20-2018     | 18,200,000      | 9,144,446    |
| <i>Turkey (TRY)</i>                             | 9.00          | 3-8-2017      | 19,350,000      | 9,964,584    |
| <b>Total Foreign Government Bonds</b>           |               |               |                 |              |
| <b>(Cost \$192,634,180)</b>                     |               |               |                 | 183,114,871  |

**Municipal Obligations: 0.05%****New York: 0.05%***Build NYC Resource Corporation**Bronx Charter School for Excellence**Project Series B (Education Revenue)*

|      |          |    |         |         |
|------|----------|----|---------|---------|
| 5.00 | 4-1-2018 | \$ | 345,000 | 337,903 |
|------|----------|----|---------|---------|

**Total Municipal Obligations (Cost  
\$345,000)**

337,903

**Non-Agency Mortgage Backed****Securities: 7.42%***American General Mortgage Loan**Series 2009 Class 1-A6 ±144A*

|      |           |  |         |         |
|------|-----------|--|---------|---------|
| 5.75 | 9-25-2048 |  | 689,918 | 690,591 |
|------|-----------|--|---------|---------|

*American General Mortgage Loan**Series 2010 Class 1A-A3 ±144A*

|      |           |  |         |         |
|------|-----------|--|---------|---------|
| 5.65 | 3-25-2058 |  | 460,000 | 477,355 |
|------|-----------|--|---------|---------|

*American Home Mortgage Assets**Series 2006-2 Class 1A1 ±*

|      |           |  |           |           |
|------|-----------|--|-----------|-----------|
| 1.11 | 9-25-2046 |  | 3,693,928 | 2,624,691 |
|------|-----------|--|-----------|-----------|

*Argent Securities Incorporated Series**2004-W5 Class AV3B ±*

|      |           |  |        |        |
|------|-----------|--|--------|--------|
| 1.07 | 4-25-2034 |  | 98,007 | 95,039 |
|------|-----------|--|--------|--------|

*Asset Backed Funding Corporation**Certificates Series 2003-AHL1 Class**A1*

|      |           |  |         |         |
|------|-----------|--|---------|---------|
| 4.18 | 3-25-2033 |  | 292,430 | 287,193 |
|------|-----------|--|---------|---------|

*Banc of America Commercial**Mortgage Securities Incorporated**Series 2006-03 Class AM ±*

|      |           |  |           |           |
|------|-----------|--|-----------|-----------|
| 5.86 | 7-10-2044 |  | 1,340,000 | 1,382,171 |
|------|-----------|--|-----------|-----------|

*Banc of America Commercial**Mortgage Securities Incorporated**Series 2008-1 Class AM ±*

|      |           |  |         |         |
|------|-----------|--|---------|---------|
| 6.25 | 2-10-2051 |  | 550,000 | 600,085 |
|------|-----------|--|---------|---------|

*Banc of America Commercial**Mortgage Trust Series 2006-5 Class**AM*

|      |           |  |         |         |
|------|-----------|--|---------|---------|
| 5.45 | 9-10-2047 |  | 750,000 | 802,616 |
|------|-----------|--|---------|---------|

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 15

| Security name  | Interest rate | Maturity date | Principal  | Value      |
|--|---------------|---------------|------------|------------|
| <b>Non-Agency Mortgage Backed Securities</b>                                 |               |               |            |            |
| (continued)  |               |               |            |            |
| <i>Banc of America Commercial Mortgage Trust Series 2007-3 Class AM ±</i>    | 5.56%         | 6-10-2049     | \$ 430,000 | \$ 477,137 |
| <i>Banc of America Funding Corporation Series 2005 Class 5-1A1</i>           | 5.50          | 9-25-2035     | 610,243    | 623,880    |
| <i>Banc of America Funding Corporation Series 2009 Class R6-3A1 ±144A</i>    | 2.24          | 1-26-2037     | 61,550     | 61,376     |
| <i>Banc of America Mortgage Securities Series 2003 Class A-3A1 ±</i>         | 2.81          | 2-25-2033     | 183,763    | 178,993    |
| <i>Bayview Financial Acquisition Trust Series 2005-B Class 1A6</i>           | 5.21          | 4-28-2039     | 11,691     | 11,693     |
| <i>Bear Stearns Commercial Mortgage Series 2007-PW17 Class AM ±</i>          | 5.89          | 6-11-2050     | 318,000    | 359,677    |
| <i>Bear Stearns Commercial Mortgage Series 2007-PW18 Class AM ±</i>          | 6.08          | 6-11-2050     | 100,000    | 111,850    |
| <i>Carrington Mortgage Loan Trust Series 2005-FRE1 Class A5 ±</i>            | 0.45          | 12-25-2035    | 38,538     | 38,351     |
| <i>Centex Home Equity Series 2002-A Class AF6</i>                            | 5.54          | 1-25-2032     | 343,745    | 343,393    |
| <i>Centex Home Equity Series 2002-D Class AF6 ±</i>                          | 4.66          | 12-25-2032    | 121,124    | 122,956    |
| <i>Centex Home Equity Series 2003-C Class AF4</i>                            | 5.46          | 4-25-2032     | 46,137     | 46,340     |
| <i>Centex Home Equity Series 2004-B Class AF6</i>                            | 4.69          | 3-25-2034     | 299,733    | 299,909    |
| <i>Chase Funding Mortgage Loan Series 2003 Class 5-1A4</i>                   | 4.40          | 2-25-2030     | 134,428    | 134,297    |
| <i>Citigroup Commercial Mortgage Trust Series 2006 Class C4 ±</i>            | 5.78          | 3-15-2049     | 680,000    | 738,243    |
| <i>Citigroup Commercial Mortgage Trust Series 2007-C6 Class AM ±</i>         | 5.71          | 12-10-2049    | 450,000    | 499,236    |
| <i>Citigroup Commercial Mortgage Trust Series 2012-GC8 Class C ±144A</i>     | 4.88          | 9-10-2045     | 1,000,000  | 1,025,156  |
| <i>Citigroup Mortgage Loan Trust Incorporated Series 2003-HE3 Class A3 ±</i> | 0.55          | 12-25-2033    | 106,306    | 100,582    |
| <i>Commercial Mortgage Trust Series 2012-CR2 Class C ±</i>                   | 4.86          | 8-15-2045     | 1,000,000  | 1,025,740  |
|  | 5.79          | 2-25-2034     | 97,099     | 100,557    |

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|  |      |            |           |           |
|--|------|------------|-----------|-----------|
| <i>Countrywide Asset Backed Certificates Series</i>      |      |            |           |           |
| <i>2003-5 Class AF5</i>                                  |      |            |           |           |
| <i>Countrywide Home Loans Series 2003-48</i>             |      |            |           |           |
| <i>Class 2A2 ±</i>                                       | 0.67 | 10-25-2033 | 194,545   | 196,615   |
| <i>Credit-Based Asset Servicing &amp; Securitization</i> |      |            |           |           |
| <i>LLC Series 2005-CB2 Class M1 ±</i>                    |      |            |           |           |
|  | 0.83 | 4-25-2036  | 304,098   | 294,083   |
| <i>Credit Suisse First Boston Commercial</i>             |      |            |           |           |
| <i>Mortgage Trust Series 2006-C4 Class AM</i>            |      |            |           |           |
|  | 5.51 | 9-15-2039  | 1,500,000 | 1,621,644 |
| <i>Credit Suisse First Boston Mortgage</i>               |      |            |           |           |
| <i>Securities Series 2002-AR5 Class 1A1 ±</i>            |      |            |           |           |
|  | 2.19 | 9-25-2032  | 657,794   | 652,693   |
| <i>Credit Suisse First Boston Mortgage</i>               |      |            |           |           |
| <i>Securities Series 2003-AR15 Class 3A1 ±</i>           |      |            |           |           |
|  | 2.81 | 6-25-2033  | 238,947   | 234,056   |
| <i>Credit Suisse First Boston Mortgage</i>               |      |            |           |           |
| <i>Securities Series 2003-AR9 Class 2A2 ±</i>            |      |            |           |           |
|  | 2.29 | 3-25-2033  | 55,056    | 55,115    |
| <i>Credit Suisse Mortgage Capital Certificate</i>        |      |            |           |           |
| <i>Series 2006 ±</i>                                     |      |            |           |           |
|  | 5.79 | 6-15-2038  | 1,045,000 | 1,141,799 |
| <i>Credit Suisse Mortgage Trust Series 2006-C5</i>       |      |            |           |           |
| <i>Class AM</i>  |      |            |           |           |
|  | 5.34 | 12-15-2039 | 1,000,000 | 1,066,004 |
| <i>Equity One Asset Backed Securities Series</i>         |      |            |           |           |
| <i>2004-2 Class AF4 ±</i>                                |      |            |           |           |
|  | 4.62 | 7-25-2034  | 423,501   | 433,312   |
| <i>First Franklin Mortgage Loan Assets Series</i>        |      |            |           |           |
| <i>2005-FT9 Class A3 ±</i>                               |      |            |           |           |
|  | 0.45 | 10-25-2035 | 29,286    | 29,271    |
| <i>First Horizon Mortgage Pass Through Series</i>        |      |            |           |           |
| <i>2004-AR1 Class 1A1 ±</i>                              |      |            |           |           |
|  | 2.59 | 2-25-2034  | 478,390   | 471,649   |
| <i>First Horizon Mortgage Pass Through Series</i>        |      |            |           |           |
| <i>2004-AR4 Class 3A1 ±</i>                              |      |            |           |           |
|  | 2.59 | 8-25-2034  | 19,223    | 18,522    |
| <i>Global Mortgage Securitization Limited Series</i>     |      |            |           |           |
| <i>2004-A Class A2 ±144A</i>                             |      |            |           |           |
|  | 0.49 | 11-25-2032 | 528,874   | 497,442   |
| <i>GMAC Mortgage Corporation Loan Series</i>             |      |            |           |           |
| <i>2003-GH1 Class A5</i>                                 |      |            |           |           |
|  | 5.60 | 7-25-2034  | 16,418    | 16,688    |
| <i>Greenpoint Mortgage Funding Trust Series</i>          |      |            |           |           |
| <i>2005-HE4 Class 1A1 ±</i>                              |      |            |           |           |
|  | 0.61 | 7-25-2030  | 37,660    | 36,068    |
| <i>Greenwich Capital Commercial Funding</i>              |      |            |           |           |
| <i>Corporation Series 2006-GG7 Class AM ±</i>            |      |            |           |           |
|  | 5.83 | 7-10-2038  | 2,570,000 | 2,815,586 |
| <i>Greenwich Capital Commercial Funding</i>              |      |            |           |           |
| <i>Corporation Series 2007-GG11 Class A4</i>             |      |            |           |           |
|  | 5.74 | 12-10-2049 | 475,000   | 535,343   |
| <i>GS Mortgage Securities Trust Series</i>               |      |            |           |           |
| <i>2006-GG6 Class AM ±</i>                               |      |            |           |           |
|  | 5.62 | 4-10-2038  | 835,000   | 906,418   |
| <i>GS Mortgage Securities Trust Series</i>               |      |            |           |           |
| <i>2007-GG10 Class A4 ±</i>                              |      |            |           |           |
|  | 5.80 | 8-10-2045  | 1,000,000 | 1,108,886 |
| <i>GS Mortgage Securities Trust Series 2010-C1</i>       |      |            |           |           |
| <i>Class X ±144A(c)</i>                                  |      |            |           |           |
|  | 1.52 | 8-10-2043  | 6,516,227 | 462,457   |
| <i>GS Mortgage Securities Trust Series</i>               |      |            |           |           |
| <i>2012-GCJ7 Class XA ±(c)</i>                           |      |            |           |           |
|  | 2.60 | 5-10-2045  | 4,910,001 | 657,469   |
| <i>GSA Home Equity Trust Series 2004-5 Class</i>         |      |            |           |           |
| <i>AF5 ±</i>   |      |            |           |           |
|  | 4.65 | 6-25-2034  | 57,852    | 59,239    |
| <i>GSMPS Mortgage Loan Trust Series</i>                  |      |            |           |           |
| <i>2005-AHL Class M1 ±</i>                               |      |            |           |           |
|  | 0.60 | 4-25-2035  | 22,274    | 21,512    |
| <i>GSMPS Mortgage Loan Trust Series 2006-1</i>           |      |            |           |           |
| <i>Class A1 ±144A</i>                                    |      |            |           |           |
|  | 0.47 | 3-25-2035  | 220,452   | 212,849   |
|  | 0.47 | 5-25-2036  | 330,803   | 323,963   |



*GSMPS Mortgage Loan Trust Series*

*2006-SEA1 Class A ±144A*

*Home Equity Asset Trust Series 2006-3 Class*

*2A3 ±*

|      |           |       |       |
|------|-----------|-------|-------|
| 0.35 | 7-25-2036 | 8,156 | 8,133 |
|------|-----------|-------|-------|

*JPMorgan Chase Commercial Mortgage Trust*

*Series 2007-CB18 Class AM ±*

|      |           |         |         |
|------|-----------|---------|---------|
| 5.47 | 6-12-2047 | 875,000 | 961,954 |
|------|-----------|---------|---------|

*JPMorgan Chase Commercial Mortgage Trust*

*Series 2007-CB20 Class AM ±*

|      |           |         |         |
|------|-----------|---------|---------|
| 5.87 | 2-12-2051 | 785,000 | 888,408 |
|------|-----------|---------|---------|

*JPMorgan Mortgage Trust Series 2004-A3*

*Class 2A1 ±*

|      |           |        |        |
|------|-----------|--------|--------|
| 2.72 | 7-25-2034 | 89,054 | 87,995 |
|------|-----------|--------|--------|

*JPMorgan Mortgage Trust Series 2004-A3*

*Series 3A3 ±*

|      |           |         |         |
|------|-----------|---------|---------|
| 4.74 | 7-25-2034 | 132,369 | 131,794 |
|------|-----------|---------|---------|

*JPMorgan Mortgage Trust Series 2005-A3*

*Class 11A2 ±*

|      |           |         |         |
|------|-----------|---------|---------|
| 3.32 | 6-25-2035 | 530,110 | 521,966 |
|------|-----------|---------|---------|

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16 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name   | Interest rate | Maturity date | Principal | Value     |
|---|---------------|---------------|-----------|-----------|
| <b>Non-Agency Mortgage Backed Securities</b>  |               |               |           |           |
| (continued)   |               |               |           |           |
| <i>JPMorgan Mortgage Trust Series 2009-7 Class 2A1 ±144A</i>                        | 6.00%         | 2-27-2037     | \$ 88,066 | \$ 89,438 |
| <i>JPMorgan Mortgage Trust Series 2009-7 Class 5A1 ±144A</i>                        | 6.00          | 2-27-2037     | 449,053   | 459,692   |
| <i>Lehman Brothers-UBS Commercial Mortgage Trust Series 2007-C1 Class AM</i>        | 5.46          | 2-15-2040     | 750,000   | 821,040   |
| <i>Lehman Brothers-UBS Commercial Mortgage Trust Series 2008-C1 Class AM ±</i>      | 6.15          | 4-15-2041     | 820,000   | 926,505   |
| <i>Lehman XS Trust Series 2006-18N Class A5A ±(i)</i>                               | 0.34          | 12-25-2036    | 3,106,749 | 2,153,713 |
| <i>MASTR Adjustable Rate Mortgage Trust Series 2003-6 Class 3A1 ±</i>               | 2.84          | 12-25-2033    | 736,326   | 726,726   |
| <i>MASTR Adjustable Rate Mortgage Trust Series 2003-6 Class 4A2 ±</i>               | 4.65          | 1-25-2034     | 39,566    | 38,938    |
| <i>MASTR Adjustable Rate Mortgage Trust Series 2004-13 Class 3A7 ±</i>              | 2.62          | 11-21-2034    | 49,587    | 51,136    |
| <i>MASTR Alternative Loans Trust Series 2005-1 Class 5A1</i>                        | 5.50          | 1-25-2020     | 98,143    | 99,988    |
| <i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2006-4 Class AM ±</i> | 5.20          | 12-12-2049    | 340,000   | 371,696   |
| <i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2007-9 Class A4</i>   | 5.70          | 9-12-2049     | 829,000   | 930,542   |
| <i>Merrill Lynch Mortgage Trust Series 2005-A8 Class A1B3 ±</i>                     | 5.25          | 8-25-2036     | 120,000   | 121,187   |
| <i>Merrill Lynch Mortgage Trust Series 2006-C1 Class AM ±</i>                       | 5.68          | 5-12-2039     | 565,000   | 611,093   |
| <i>Mesa Trust Asset Backed Certificates Series 2001-5 Class A ±144A</i>             | 0.97          | 12-25-2031    | 23,740    | 21,951    |
| <i>Mid State Trust Series 11 Class A1</i>   | 4.86          | 7-15-2038     | 280,974   | 299,927   |
| <i>MLCC Mortgage Investors Incorporated Series 2003-G Class A2 ±</i>                | 1.10          | 1-25-2029     | 211,143   | 207,960   |
| <i>Morgan Stanley Bank of America Merrill Lynch Trust Series 2012-C5 Class XA</i>   | 1.89          | 8-15-2045     | 5,907,696 | 580,969   |

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±144A(c)

|   |      |            |           |           |
|---|------|------------|-----------|-----------|
| <i>Morgan Stanley Capital I Trust Series 2004-NC1 Class M1 ±</i>                    | 1.22 | 12-27-2033 | 760,547   | 731,012   |
| <i>Morgan Stanley Capital I Trust Series 2005-HQ6 Class A4B</i>                     | 5.04 | 8-13-2042  | 650,000   | 682,482   |
| <i>Morgan Stanley Capital I Trust Series 2006-HQ10 Class AM</i>                     | 5.36 | 11-12-2041 | 500,000   | 551,197   |
| <i>Morgan Stanley Capital I Trust Series 2006-HQ9 Class AJ ±</i>                    | 5.79 | 7-12-2044  | 1,000,000 | 1,083,906 |
| <i>Morgan Stanley Capital I Trust Series 2006-HQ9 Class AM ±</i>                    | 5.77 | 7-12-2044  | 25,000    | 27,436    |
| <i>Morgan Stanley Capital I Trust Series 2006-IQ12 Class AM</i>                     | 5.37 | 12-15-2043 | 500,000   | 548,006   |
| <i>Morgan Stanley Capital I Trust Series 2007-HQ13 Class A3</i>                     | 5.57 | 12-15-2044 | 1,355,000 | 1,481,950 |
| <i>Morgan Stanley Capital I Trust Series 2010-GG10 Class A4B ±144A</i>              | 5.80 | 8-15-2045  | 615,000   | 681,146   |
| <i>Morgan Stanley Capital I Trust Series 2010-R5 Class 3A ±144A</i>                 | 0.48 | 3-26-2037  | 29,989    | 29,915    |
| <i>Morgan Stanley Capital I Trust Series 2012-C4 Class C ±144A</i>                  | 5.53 | 3-15-2045  | 900,000   | 975,716   |
| <i>New Century Home Equity Loan Trust Series 2004-3 Class M1 ±</i>                  | 1.10 | 11-25-2034 | 1,165,049 | 1,071,261 |
| <i>New Century Home Equity Loan Trust Series 2005-1 Class AIMZ ±</i>                | 0.46 | 3-25-2035  | 62,015    | 60,543    |
| <i>Provident Funding Mortgage Loan Series 2005-1 Class 2A1 ±</i>                    | 2.71 | 5-25-2035  | 79,071    | 79,805    |
| <i>RBSSP Resecuritization Trust Series 2010-3 Class 4A1 ±144A</i>                   | 3.16 | 12-26-2035 | 50,249    | 50,565    |
| <i>Renaissance Home Equity Loan Trust Series 2004-4 Class AF4</i>                   | 4.88 | 2-25-2035  | 762,057   | 772,861   |
| <i>Residential Asset Mortgage Products Incorporated Series 2006-EFC1 Class A2 ±</i> | 0.37 | 2-25-2036  | 167,095   | 165,856   |
| <i>Residential Asset Securities Corporation Series 2004-KS3 Class AI4 ±</i>         | 3.77 | 1-25-2032  | 257,753   | 259,129   |
| <i>Residential Funding Mortgage Securities I Series 2004-S9 Class 1A19</i>          | 5.50 | 12-25-2034 | 200,000   | 199,748   |
| <i>Saxon Asset Securities Trust Series 2002-1 Class AF5 ±</i>                       | 6.76 | 12-25-2030 | 194,505   | 192,820   |
| <i>Saxon Asset Securities Trust Series 2003-1 Class AF7</i>                         | 4.03 | 6-25-2033  | 747,749   | 758,086   |
| <i>Sequoia Mortgage Trust Series 2003-1 Class 1A ±</i>                              | 0.93 | 4-20-2033  | 33,388    | 32,743    |
| <i>Structured Adjustable Rate Mortgage Loan Trust Series 2004-2 Class 2A ±</i>      | 2.60 | 3-25-2034  | 93,386    | 92,682    |
| <i>Structured Asset Investment Loan Trust Series 2005-4 Class M1 ±</i>              | 0.77 | 5-25-2035  | 43,827    | 43,643    |
| <i>Structured Asset Securities Corporation Series 2002-9 Class A2 ±</i>             | 0.77 | 10-25-2027 | 124,344   | 123,055   |
| <i>Terwin Mortgage Trust Series 2003-6HE Class A3 ±</i>                             | 1.31 | 11-25-2033 | 338,187   | 336,413   |

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|   |      |           |           |            |
|---|------|-----------|-----------|------------|
| <i>Vendee Mortgage Trust Series 2003-2 Class IO ±(c)</i>                  | 0.82 | 5-15-2033 | 7,793,046 | 273,355    |
| <i>Wachovia Bank Commercial Mortgage Trust Series 2006-C23 Class AM ±</i> | 5.47 | 1-15-2045 | 1,220,000 | 1,321,918  |
| <i>Washington Mutual Mortgage Trust Series 2004-RA4 Class 3A</i>          | 7.50 | 7-25-2034 | 313,908   | 328,504    |
| <b>Total Non-Agency Mortgage Backed Securities (Cost \$48,547,700)</b>    |      |           |           | 51,196,294 |

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 17

| Security name                                    | Dividend yield | Shares | Value        |
|--|----------------|--------|--------------|
| <b>Preferred Stocks: 0.17%</b>                   |                |        |              |
| <b>Financials: 0.17%</b>                         |                |        |              |
| <b>Diversified Financial Services: 0.17%</b>     |                |        |              |
| <i>GMAC Capital Trust I ±</i>                    | 8.13%          | 44,400 | \$ 1,192,584 |
| <b>Total Preferred Stocks (Cost \$1,130,339)</b> |                |        | 1,192,584    |

|   | Interest rate | Maturity date | Principal    |           |
|---|---------------|---------------|--------------|-----------|
| <b>Term Loans: 18.74%</b>                     |               |               |              |           |
| <i>ADS Waste Holdings Incorporated</i>        | 4.25          | 10-9-2019     | \$ 1,076,978 | 1,082,556 |
| <i>Advantage Sales &amp; Marketing LLC</i>    | 8.25          | 6-17-2018     | 452,143      | 456,099   |
| <i>Albertson's LLC &lt;</i>                   | 0.00          | 3-21-2019     | 55,000       | 55,000    |
| <i>Albertson's LLC</i>                        | 4.25          | 3-21-2016     | 301,068      | 302,070   |
| <i>Albertson's LLC</i>                        | 4.75          | 3-21-2019     | 196,432      | 196,919   |
| <i>Alliance Laundry Systems LLC</i>           | 4.25          | 12-10-2018    | 1,751,263    | 1,756,376 |
| <i>Alliance Laundry Systems LLC</i>           | 9.50          | 12-10-2019    | 2,028,122    | 2,047,146 |
| <i>Allison Transmission Incorporated</i>      | 3.18          | 8-7-2017      | 907,435      | 911,591   |
| <i>Allison Transmission Incorporated</i>      | 3.75          | 8-23-2019     | 2,441,316    | 2,456,574 |
| <i>American Capital Holdings Incorporated</i> | 4.00          | 8-22-2016     | 1,401,375    | 1,404,879 |
| <i>Applied Systems Incorporated</i>           | 4.25          | 12-8-2016     | 583,964      | 585,908   |
| <i>Applied Systems Incorporated</i>           | 8.25          | 6-8-2017      | 420,000      | 421,751   |
| <i>Arris Group Incorporated</i>               | 3.50          | 4-17-2020     | 895,500      | 892,518   |
| <i>Barrington Broadcasting Group LLC</i>      | 7.50          | 6-14-2017     | 2,936,821    | 2,933,150 |
| <i>Capital Automotive LP</i>                  | 4.00          | 4-5-2019      | 3,188,912    | 3,205,845 |
| <i>Capital Automotive LP</i>                  | 6.00          | 4-30-2020     | 1,460,000    | 1,501,975 |
| <i>CBAC Borrower LLC</i>                      | 8.25          | 7-2-2020      | 1,200,000    | 1,236,000 |
| <i>CCC Information Services Incorporated</i>  | 4.00          | 12-20-2019    | 596,495      | 595,380   |
| <i>CCM Merger Incorporated</i>                | 5.00          | 3-1-2017      | 2,769,205    | 2,783,051 |
| <i>CDW LLC</i>                                | 3.50          | 4-29-2020     | 895,750      | 891,836   |
| <i>Centaur LLC &lt;</i>                       | 5.25          | 2-20-2019     | 134,500      | 135,930   |
| <i>Centaur LLC</i>                            | 8.75          | 2-20-2020     | 1,850,000    | 1,870,036 |
| <i>Covanta Energy Holdings</i>                | 3.50          | 3-28-2019     | 2,561,000    | 2,566,327 |
| <i>Cricket Communications Incorporated</i>    | 4.75          | 10-10-2019    | 297,750      | 298,867   |

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|   |       |            |            |            |
|---|-------|------------|------------|------------|
| <i>Crown Castle International Corporation</i>               | 3.25  | 1-31-2019  | 6,534,054  | 6,523,992  |
| <i>DaVita HealthCare Partners Incorporated</i>              | 4.00  | 11-1-2019  | 1,132,554  | 1,138,783  |
| <i>Dell Incorporated &lt;</i>                               | 0.00  | 4-30-2020  | 11,320,000 | 11,250,382 |
| <i>DineEquity Incorporated</i>                              | 3.75  | 10-19-2017 | 1,405,551  | 1,416,683  |
| <i>Dunkin Brands Incorporated</i>                           | 3.75  | 2-11-2020  | 1,561,749  | 1,565,654  |
| <i>Entercom Radio LLC</i>                                   | 5.02  | 11-23-2018 | 1,321,278  | 1,334,491  |
| <i>Federal-Mogul Corporation</i>                            | 2.12  | 12-27-2014 | 2,469,296  | 2,444,158  |
| <i>Federal-Mogul Corporation</i>                            | 2.12  | 12-27-2015 | 3,685,369  | 3,647,852  |
| <i>Focus Brands Incorporated</i>                            | 4.25  | 2-21-2018  | 822,505    | 821,477    |
| <i>Focus Brands Incorporated</i>                            | 10.25 | 8-21-2018  | 2,023,863  | 2,049,161  |
| <i>Genesys Telecommunication Holdings U.S. Incorporated</i> | 4.00  | 2-8-2020   | 621,875    | 617,988    |
| <i>Goodyear Tire &amp; Rubber Company</i>                   | 4.75  | 4-30-2019  | 5,500,000  | 5,559,565  |
| <i>HHI Holdings LLC</i>                                     | 5.00  | 10-5-2018  | 1,950,867  | 1,962,240  |
| <i>Hub International Limited</i>                            | 4.75  | 10-2-2020  | 279,000    | 281,143    |
| <i>Interactive Data Corporation</i>                         | 3.75  | 2-11-2018  | 3,342,144  | 3,337,966  |
| <i>Kronos Incorporated</i>                                  | 4.50  | 10-30-2019 | 490,917    | 492,758    |

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18 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name                                  | Interest rate | Maturity date | Principal  | Value      |
|--|---------------|---------------|------------|------------|
| <b>Term Loans (continued)</b>                  |               |               |            |            |
| <i>Learfield Communications Incorporated</i>   | 8.75%         | 10-9-2021     | \$ 100,000 | \$ 102,000 |
| <i>Level 3 Financing Incorporated</i>          | 4.00          | 1-15-2020     | 1,700,000  | 1,707,089  |
| <i>LIN Television Corporation</i>              | 4.00          | 12-21-2018    | 742,454    | 747,154    |
| <i>Local TV Finance LLC</i>                    | 4.17          | 5-7-2015      | 2,492,681  | 2,488,019  |
| <i>LPL Holdings Incorporated</i>               | 3.25          | 3-29-2019     | 3,718,564  | 3,709,267  |
| <i>LTS Buyer LLC</i>                           | 8.00          | 4-12-2021     | 50,000     | 50,625     |
| <i>MedAssets Incorporated</i>                  | 4.00          | 12-13-2019    | 284,084    | 284,510    |
| <i>MGM Resorts International</i>               | 3.50          | 12-20-2019    | 1,365,620  | 1,363,422  |
| <i>Mission Broadcasting Incorporated</i>       | 3.75          | 10-1-2020     | 229,167    | 229,522    |
| <i>Mission Broadcasting Incorporated</i>       | 3.75          | 10-1-2020     | 45,833     | 45,904     |
| <i>Mission Broadcasting Incorporated</i>       | 4.25          | 12-3-2019     | 285,894    | 286,537    |
| <i>Nexstar Broadcasting Group Incorporated</i> | 4.25          | 12-3-2019     | 676,249    | 677,771    |
| <i>Nielsen Finance LLC Company</i>             | 2.92          | 5-2-2016      | 482,313    | 483,461    |
| <i>Novelis Incorporated</i>                    | 3.75          | 3-10-2017     | 979,956    | 983,101    |
| <i>nTelos Incorporated</i>                     | 5.75          | 11-9-2019     | 1,322,118  | 1,327,076  |
| <i>Nusil Technology LLC</i>                    | 5.25          | 4-7-2017      | 395,640    | 390,695    |
| <i>Philadelphia Energy Solutions LLC</i>       | 6.25          | 4-4-2018      | 2,860,625  | 2,560,259  |
| <i>Prestige Brands Incorporated</i>            | 3.78          | 1-31-2019     | 212,974    | 214,038    |
| <i>Progressive Waste Solutions Limited</i>     | 3.50          | 10-24-2019    | 1,596,465  | 1,595,795  |
| <i>Riverbed Technology Incorporated</i>        | 4.00          | 12-18-2019    | 149,768    | 150,517    |
| <i>SBA Senior Finance II LLC</i>               | 3.75          | 6-30-2018     | 725,744    | 726,347    |
| <i>SBA Senior Finance II LLC</i>               | 3.75          | 9-20-2019     | 150,097    | 150,285    |
| <i>Sedgwick CMS Holdings Incorporated</i>      | 8.00          | 12-12-2018    | 500,000    | 508,125    |
| <i>Spin Holdco Incorporated</i>                | 4.25          | 11-14-2019    | 1,110,000  | 1,107,225  |
| <i>Springleaf Finance Corporation</i>          | 4.75          | 9-30-2019     | 470,000    | 474,503    |
| <i>Syniverse Holdings Incorporated</i>         | 4.00          | 4-23-2019     | 959,826    | 961,746    |
| <i>Syniverse Holdings Incorporated</i>         | 4.00          | 4-23-2019     | 169,666    | 170,019    |
| <i>Tallgrass Energy Partners LP</i>            | 5.25          | 11-13-2018    | 1,731,544  | 1,742,366  |
| <i>Telesat Holdings Incorporated</i>           | 3.50          | 3-28-2019     | 2,616,974  | 2,628,437  |
| <i>Tempur-Pedic International Incorporated</i> | 3.50          | 3-18-2020     | 941,360    | 940,381    |
| <i>Texas Competitive Electric Holdings LLC</i> | 3.70          | 10-10-2014    | 20,096,983 | 13,519,441 |
| <i>Transdigm Group Incorporated</i>            | 3.75          | 2-28-2020     | 3,464,731  | 3,465,459  |
| <i>TWCC Holding Corporation</i>                | 7.00          | 6-26-2020     | 200,000    | 204,876    |
|  | 4.25          | 4-19-2017     | 1,917,113  | 1,923,113  |

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|  |      |            |           |             |
|--|------|------------|-----------|-------------|
| <i>United Surgical Partners International Incorporated</i> |      |            |           |             |
| <i>United Surgical Partners International Incorporated</i> | 4.75 | 4-3-2019   | 1,051,679 | 1,054,834   |
| <i>Valeant Pharmaceuticals International Incorporated</i>  | 3.75 | 2-13-2019  | 1,674,553 | 1,687,631   |
| <i>Valeant Pharmaceuticals International Incorporated</i>  | 3.75 | 12-11-2019 | 200,054   | 201,805     |
| <i>W3 Company</i>  | 9.25 | 9-13-2020  | 289,275   | 294,337     |
| <i>WASH Multifamily Laundry Systems LLC</i>                | 5.25 | 2-21-2019  | 1,661,650 | 1,665,804   |
| <i>Wendy s International Incorporated</i>                  | 3.25 | 5-15-2019  | 1,351,502 | 1,352,353   |
| <b>Total Term Loans (Cost \$133,921,834)</b>               |      |            |           | 129,207,926 |

**Yankee Corporate Bonds and Notes:**

7.59%

**Consumer Discretionary: 0.58%**

**Diversified Consumer Services: 0.10%**

|  |      |           |         |         |
|--|------|-----------|---------|---------|
| <i>Anglo American Capital Company 144A</i> | 4.13 | 9-27-2022 | 750,000 | 711,647 |
|--|------|-----------|---------|---------|



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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 19

| Security name                                      | Interest rate | Maturity date | Principal  | Value      |
|--|---------------|---------------|------------|------------|
| <b>Media: 0.48%</b>                                |               |               |            |            |
| <i>Grupo Televisa SA</i>                           | 6.00%         | 5-15-2018     | \$ 750,000 | \$ 851,473 |
| <i>Myriad International Holdings BV</i>            | 6.00          | 7-18-2020     | 500,000    | 532,500    |
| <i>Myriad International Holdings BV 144A</i>       | 6.38          | 7-28-2017     | 750,000    | 823,125    |
| <i>Videotron Limited</i>                           | 9.13          | 4-15-2018     | 363,000    | 381,604    |
| <i>WPP Finance 2010 Company</i>                    | 3.63          | 9-7-2022      | 750,000    | 726,553    |
|  |               |               |            | 3,315,255  |
| <b>Consumer Staples: 0.33%</b>                     |               |               |            |            |
| <b>Beverages: 0.11%</b>                            |               |               |            |            |
| <i>Pernod Ricard SA 144A</i>                       | 4.45          | 1-15-2022     | 760,000    | 785,334    |
| <b>Food Products: 0.11%</b>                        |               |               |            |            |
| <i>BRF SA 144A</i>                                 | 5.88          | 6-6-2022      | 750,000    | 780,000    |
| <b>Tobacco: 0.11%</b>                              |               |               |            |            |
| <i>BAT International Finance plc 144A</i>          | 3.25          | 6-7-2022      | 750,000    | 738,986    |
| <b>Energy: 0.92%</b>                               |               |               |            |            |
| <b>Energy Equipment &amp; Services: 0.12%</b>      |               |               |            |            |
| <i>Ensco plc</i>                                   | 4.70          | 3-15-2021     | 750,000    | 810,014    |
| <b>Oil, Gas &amp; Consumable Fuels: 0.80%</b>      |               |               |            |            |
| <i>Griffin Coal Mining Company Limited 144A(s)</i> | 0.00          | 12-1-2016     | 1,685,411  | 1,398,891  |
| <i>Griffin Coal Mining Company Limited (s)</i>     | 0.00          | 12-1-2016     | 137,792    | 114,367    |
| <i>Lukoil International Finance BV</i>             | 4.56          | 4-24-2023     | 1,400,000  | 1,338,750  |
| <i>Petrobras International Finance Company</i>     | 5.38          | 1-27-2021     | 670,000    | 681,017    |
| <i>Petroleos Mexicanos</i>                         | 4.88          | 1-24-2022     | 750,000    | 780,000    |
| <i>Petroplus Finance Limited</i>                   | 5.75          | 1-20-2020     | 650,000    | 686,375    |
| <i>Woodside Finance Limited 144A</i>               | 8.75          | 3-1-2019      | 405,000    | 522,024    |

5,521,424

**Financials: 1.75%****Commercial Banks: 0.89%**

|                                       |      |           |           |           |
|---------------------------------------|------|-----------|-----------|-----------|
| <i>Banco de Brasil 144A</i>           | 5.88 | 1-26-2022 | 750,000   | 754,500   |
| <i>Banco del Estado de Chile 144A</i> | 3.88 | 2-8-2022  | 650,000   | 635,409   |
| <i>Export Import Bank of Korea</i>    | 5.00 | 4-11-2022 | 750,000   | 836,235   |
| <i>ITAU Unibanco Holding SA</i>       | 5.13 | 5-13-2023 | 1,650,000 | 1,546,050 |
| <i>Macquarie Bank Limited 144A</i>    | 5.00 | 2-22-2017 | 750,000   | 822,284   |
| <i>Royal Bank of Scotland plc</i>     | 4.38 | 3-16-2016 | 750,000   | 803,527   |
| <i>Standard Chartered Bank 144A</i>   | 6.40 | 9-26-2017 | 650,000   | 745,804   |
|                                       |      |           |           | 6,143,809 |

**Consumer Finance: 0.57%**

|  |       |           |           |           |
|--|-------|-----------|-----------|-----------|
| <i>Wind Acquisition Finance SpA 144A</i> | 11.75 | 7-15-2017 | 3,660,000 | 3,888,750 |
|--|-------|-----------|-----------|-----------|

**Diversified Financial Services: 0.29%**

|   |      |            |         |         |
|---|------|------------|---------|---------|
| <i>Corporación Andina de Fomento</i>                | 4.38 | 6-15-2022  | 958,000 | 970,750 |
| <i>Nielsen Holding and Finance BV 144A</i>          | 5.50 | 10-1-2021  | 415,000 | 426,413 |
| <i>Preferred Term Securities XII Limited (i)(s)</i> | 0.00 | 12-24-2033 | 635,000 | 6       |

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20 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments October 31, 2013

| Security name                                     | Interest rate | Maturity date | Principal  | Value      |
|---|---------------|---------------|------------|------------|
| <b>Diversified Financial Services (continued)</b> |               |               |            |            |
| <i>Tyco Electronics Group SA</i>                  | 3.50%         | 2-3-2022      | \$ 625,000 | \$ 607,976 |
|   |               |               |            | 2,005,145  |
| <b>Health Care: 0.30%</b>                         |               |               |            |            |
| <b>Pharmaceuticals: 0.30%</b>                     |               |               |            |            |
| <i>VPII Escrow Corporation 144A</i>               | 6.75          | 8-15-2018     | 680,000    | 744,600    |
| <i>VPII Escrow Corporation 144A</i>               | 7.50          | 7-15-2021     | 1,210,000  | 1,343,100  |
|   |               |               |            | 2,087,700  |
| <b>Industrials: 0.16%</b>                         |               |               |            |            |
| <b>Commercial Services &amp; Supplies: 0.05%</b>  |               |               |            |            |
| <i>Iron Mountain Incorporated</i>                 | 6.75          | 10-15-2018    | 250,000    | 343,205    |
| <b>Road &amp; Rail: 0.11%</b>                     |               |               |            |            |
| <i>Canadian Pacific Railway Company</i>           | 4.50          | 1-15-2022     | 750,000    | 794,834    |
| <b>Information Technology: 0.56%</b>              |               |               |            |            |
| <b>Computers &amp; Peripherals: 0.44%</b>         |               |               |            |            |
| <i>Seagate Technology HDD Holdings</i>            | 6.80          | 10-1-2016     | 650,000    | 736,125    |
| <i>Seagate Technology HDD Holdings</i>            | 6.88          | 5-1-2020      | 1,035,000  | 1,135,913  |
| <i>Seagate Technology HDD Holdings</i>            | 7.00          | 11-1-2021     | 1,050,000  | 1,160,250  |
|   |               |               |            | 3,032,288  |
| <b>Internet Software &amp; Services: 0.12%</b>    |               |               |            |            |
| <i>Tencent Holdings Limited 144A</i>              | 4.63          | 12-12-2016    | 750,000    | 806,885    |
| <b>Materials: 0.78%</b>                           |               |               |            |            |
| <b>Metals &amp; Mining: 0.60%</b>                 |               |               |            |            |

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|                                   |      |            |           |           |
|-----------------------------------|------|------------|-----------|-----------|
| <i>ArcelorMittal</i>              | 5.00 | 2-25-2017  | 725,000   | 765,781   |
| <i>Novelis Incorporated</i>       | 8.38 | 12-15-2017 | 550,000   | 588,500   |
| <i>Novelis Incorporated</i>       | 8.75 | 12-15-2020 | 725,000   | 806,563   |
| <i>Vale Overseas Limited</i>      | 4.38 | 1-11-2022  | 750,000   | 733,616   |
| <i>Vedanta Resources plc 144A</i> | 6.00 | 1-31-2019  | 1,300,000 | 1,254,500 |
|                                   |      |            |           | 4,148,960 |

**Paper & Forest Products: 0.18%**

|                           |      |           |           |           |
|---------------------------|------|-----------|-----------|-----------|
| <i>Sappi Limited 144A</i> | 7.50 | 6-15-2032 | 1,560,000 | 1,212,900 |
|---------------------------|------|-----------|-----------|-----------|

**Telecommunication Services: 2.11%**

**Diversified Telecommunication Services:  
1.88%**

|  |      |           |           |           |
|--|------|-----------|-----------|-----------|
| <i>Ericsson LM</i>                       | 4.13 | 5-15-2022 | 750,000   | 745,571   |
| <i>Intelsat Bermuda Limited 144A</i>     | 7.75 | 6-1-2021  | 1,195,000 | 1,260,725 |
| <i>Intelsat Bermuda Limited 144A</i>     | 8.13 | 6-1-2023  | 530,000   | 560,475   |
| <i>Intelsat Jackson Holdings SA 144A</i> | 5.50 | 8-1-2023  | 2,900,000 | 2,798,500 |
| <i>Intelsat Jackson Holdings SA</i>      | 7.25 | 4-1-2019  | 2,055,000 | 2,214,263 |
| <i>Intelsat Jackson Holdings SA</i>      | 7.50 | 4-1-2021  | 525,000   | 572,250   |
| <i>Intelsat Jackson Holdings SA</i>      | 8.50 | 11-1-2019 | 1,400,000 | 1,536,500 |

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Portfolio of investments October 31, 2013

Wells Fargo Advantage Multi-Sector Income Fund 21

| Security name   | Interest rate | Maturity date | Principal     | Value             |
|---|---------------|---------------|---------------|-------------------|
| <b>Diversified Telecommunication Services</b>   |               |               |               |                   |
| (continued)   |               |               |               |                   |
| <i>Intelsat Jackson Holdings SA</i>   | 7.25%         | 10-15-2020    | \$ 1,775,000  | \$ 1,925,875      |
| <i>Qtel International Finance Limited</i>   | 5.00          | 10-19-2025    | 300,000       | 306,750           |
| <i>Sable International Finance Limited</i>  | 7.75          | 2-15-2017     | 350,000       | 368,375           |
| <i>Virgin Media Finance plc</i>   | 6.50          | 1-15-2018     | 650,000       | 676,000           |
|   |               |               |               | 12,965,284        |
| <b>Wireless Telecommunication Services:</b>   |               |               |               |                   |
| <b>0.23%</b>  |               |               |               |                   |
| <i>Globo Comunicacoes Participacoes SA 144A</i>                                       | 4.88          | 4-11-2022     | 750,000       | 757,500           |
| <i>Telesat Canada Incorporated 144A</i>   | 6.00          | 5-15-2017     | 775,000       | 809,875           |
|   |               |               |               | 1,567,375         |
| <b>Utilities: 0.10%</b>   |               |               |               |                   |
| <b>Electric Utilities: 0.10%</b>  |               |               |               |                   |
| <i>Comision Federal de Electricidad 144A</i>  | 4.88          | 5-26-2021     | 650,000       | 677,625           |
| <b>Total Yankee Corporate Bonds and Notes</b><br>(Cost \$51,118,726)                  |               |               |               | 52,337,420        |
|   | <b>Yield</b>  |               | <b>Shares</b> |                   |
| <b>Short-Term Investments: 3.44%</b>  |               |               |               |                   |
| <b>Investment Companies: 3.44%</b>  |               |               |               |                   |
| <i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)##</i> | 0.08          |               | 23,733,647    | 23,733,647        |
| <b>Total Short-Term Investments (Cost \$23,733,647)</b>                               |               |               |               | <b>23,733,647</b> |

|  |                |                       |
|--|----------------|-----------------------|
| <b>Total investments in securities</b>   |                |                       |
| <b>(Cost \$910,959,416) *</b>            | 133.62%        | 921,405,076           |
| <i>Other assets and liabilities, net</i> | (33.62)        | (231,831,716)         |
| <b>Total net assets</b>                  | <b>100.00%</b> | <b>\$ 689,573,360</b> |

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

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.

(c) Interest-only securities entitle holders to receive only the interest payments on the underlying mortgages. The principal amount shown is the notional amount of the underlying mortgages. Interest rate disclosed represents the coupon rate.

Non-income-earning security

(i) Illiquid security for which the designation as illiquid is unaudited

(a) Security is fair valued by the Management Valuation Team, and in certain instances by the Board of Trustees, in accordance with procedures approved by the Board of Trustees.

¥ 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.

%% Security issued on a when-issued basis.

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

@ Foreign bond principal is denominated in local currency.

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

(l) Investment in an affiliate

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

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

\* Cost for federal income tax purposes is \$915,360,215 and unrealized appreciation (depreciation) consists of:

|                               |               |
|-------------------------------|---------------|
| Gross unrealized appreciation | \$ 38,521,660 |
| Gross unrealized depreciation | (32,476,799)  |
| Net unrealized appreciation   | \$ 6,044,861  |

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Report of independent registered public accounting firm      Wells Fargo Advantage Multi-Sector Income Fund   1  
**THE BOARD OF TRUSTEES AND SHAREHOLDERS OF WELLS FARGO ADVANTAGE  
MULTI-SECTOR INCOME FUND:**

We have audited the financial statements of the Wells Fargo Advantage Multi-Sector Income Fund (the Fund ), as of October 31, 2013, and for each of the years presented and have issued our unqualified report thereon dated December 23, 2013 (which report and financial statements are included in Item 1 of this Certified Shareholder Report on Form N-CSR). We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our audit included an audit of this portfolio of investments (the Portfolio ) as of October 31, 2013 appearing in Item 6 of this Form N-CSR. This Portfolio is the responsibility of management. Our responsibility is to express an opinion on this Portfolio based on our audit.

In our opinion, the Portfolio referred to above, when read in conjunction with the financial statements of the Fund, presents fairly, in all material respects, the information set forth therein.

Boston, Massachusetts

December 23, 2013



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

**PROXY VOTING POLICIES AND PROCEDURES**

**REVISED AS OF FEBRUARY 8, 2012**

1. Scope of Policies and Procedures. These Policies and Procedures ( Procedures ) are used to determine how to vote proxies relating to portfolio securities held by the series of Wells Fargo Funds Trust, Wells Fargo Master Trust, Wells Fargo Variable Trust, Asset Allocation Trust, Wells Fargo Advantage Global Dividend Opportunity Fund, Wells Fargo Advantage Income Opportunities Fund, Wells Fargo Advantage Multi-Sector Income Fund, and Wells Fargo Advantage Utilities and High Income Fund (the Trusts ) except for those series that exclusively hold non-voting securities (hereafter, all such series, and all such Trusts not having separate series, holding voting securities are referred to as the Funds ).

2. Voting Philosophy. The Funds and Wells Fargo Funds Management, LLC ( Funds Management ) have adopted these Procedures to ensure that proxies are voted in the best interests of Fund shareholders, without regard to any relationship that any affiliated person of the Fund (or an affiliated person of such affiliated person) may have with the issuer. Funds Management exercises its voting responsibility, as a fiduciary, with the goal of maximizing value to shareholders consistent with governing laws and the investment policies of each Fund. While securities are not purchased to exercise control or to seek to effect corporate change through share ownership, the Funds support sound corporate governance practices within companies in which they invest.

3. Responsibilities

(a) Board of Trustees. The Board of Trustees of each Trust (the Board ) has delegated the responsibility for voting proxies relating to the Funds portfolio securities to Funds Management. The Board retains the authority to make or ratify any voting decisions or approve any changes to these Procedures as the Board deems appropriate. Funds Management will provide reports to the Board regarding voting matters when and as reasonably requested by the Board. The Board shall review these Procedures as often as it deems appropriate to consider whether any revisions are warranted. On an annual basis, the Board shall receive and review a report from Funds Management on the proxy voting process.

(b) Funds Management Proxy Committee

(i) Responsibilities. The Funds Management Proxy Voting Committee (the Proxy Committee ) shall be responsible for overseeing the proxy voting process to ensure its implementation in conformance with these Procedures. The Proxy Committee shall monitor Institutional Shareholder Services ( ISS ), the proxy voting agent for Funds Management, to determine that ISS is accurately applying the Procedures as set forth herein. The Proxy Committee shall review the continuing appropriateness of the Procedures set forth herein, recommend revisions to the Board as necessary and provide an annual update to the Board on the proxy voting process.

(ii) Voting Guidelines. Appendix A hereto sets forth guidelines regarding how proxies will be voted on the issues specified. ISS will vote proxies for or against as directed by the guidelines. Where the guidelines specify a case by case determination for a particular issue, ISS will forward the proxy to the

Proxy Committee for a vote determination by the Proxy Committee. Finally, with respect to issues for which a vote for or against is specified by the Procedures, the Proxy Committee shall have the authority to direct ISS to forward the proxy to the Proxy Committee for a discretionary vote by the Proxy Committee if the Proxy Committee determines that a case-by-case review of such matter is warranted. The Proxy Committee may also consult Fund sub-advisers on certain proxy voting issues on a case-by-case basis as the Proxy Committee deems appropriate or to the extent that a sub-adviser of a Fund makes a recommendation regarding a proxy voting

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issue. As a general matter, however, proxies are voted consistently on the same matter when securities of an issuer are held by multiple Funds.

- (iii) Proxy Committee. In all cases, the Proxy Committee will exercise its voting discretion in accordance with the voting philosophy of the Funds. In cases where a proxy is forwarded by ISS to the Proxy Committee, the Proxy Committee may be assisted in its voting decision through receipt of:
  - (i) independent research and voting recommendations provided by ISS or other independent sources;
  - (ii) input from the investment sub-adviser responsible for purchasing the security; and (iii) information provided by company management and shareholder groups.

Voting decisions made by the Proxy Committee will be reported to ISS to ensure that the vote is registered in a timely manner and included in Form N-PX reporting.

- (iv) Securities on Loan. As a general matter, securities on loan will not be recalled to facilitate proxy voting (in which case the borrower of the security shall be entitled to vote the proxy). However, if the Proxy Committee is aware of an item in time to recall the security and has determined in good faith that the importance of the matter to be voted upon outweighs the loss in lending revenue that would result from recalling the security (i.e., if there is a controversial upcoming merger or acquisition, or some other significant matter), the security will be recalled for voting.
- (v) Practical Limitations to Proxy Voting. While Funds Management uses its best efforts to vote proxies, in certain circumstances it may be impractical or impossible for Funds Management to vote proxies (e.g., limited value or unjustifiable costs). For example, in accordance with local law or business practices, many foreign companies prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting ( share blocking ). Due to these restrictions, Funds Management must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. As a result, Funds Management will generally not vote those proxies in the absence of an unusual, significant vote or compelling economic importance. Additionally, Funds Management may not be able to vote proxies for certain foreign securities if Funds Management does not receive the proxy statement in time to vote the proxies due to custodial processing delays.
- (vi) Conflicts of Interest. Funds Management may have a conflict of interest regarding a proxy to be voted upon if, for example, Funds Management or its affiliates have other relationships with the issuer of the proxy. In most instances, conflicts of interest are avoided through a strict and objective application of the voting guidelines attached hereto. However, when the Proxy Committee is aware of a material conflict of interest regarding a matter that would otherwise require a vote by the Proxy Committee, the Proxy Committee shall address the material conflict by using any of the following methods:
  - (1) instructing ISS to vote in accordance with the recommendation ISS makes to its clients;
  - (2) disclosing the conflict to the Board and obtaining their consent before voting; (3) submitting the matter to the Board to exercise its authority to vote on such matter; (4) engaging an independent fiduciary who will direct the Proxy Committee on voting instructions for the proxy; (5) consulting with outside legal counsel for guidance on resolution of the conflict of interest; (6) erecting information

barriers around the person or persons making voting decisions; (7) voting in proportion to other shareholders ( mirror voting ); or (8) voting in other ways that are consistent with each Fund s obligation to vote in the best interests of its shareholders. Additionally, the Proxy Committee will not permit its votes to be influenced by any conflict of interest that exists for any other affiliated person of the Fund (such as a sub-adviser or principal underwriter)

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or any affiliated persons of such affiliated persons and the Proxy Committee will vote all such matters without regard to the conflict.

Funds Management may also have a conflict of interest regarding a proxy to be voted on if a member of the Board has an affiliation, directly or indirectly, with a public or private company (an Identified Company). Identified Companies include a Board member's employer, as well as any company of which the Board member is a director or officer or a 5% or more shareholder. The Proxy Committee shall address such a conflict by instructing ISS to vote in accordance with the recommendation ISS makes to its clients.

(vii) Meetings. The Proxy Committee shall convene as needed and when discretionary voting determinations need to be considered, and shall have the authority to act by vote of a majority of the Proxy Committee members available at that time. The Proxy Committee shall also meet at least semi-annually to review the Procedures and the performance of ISS in exercising its proxy voting responsibilities.

(viii) Membership. The voting members of the Proxy Committee shall be Tom Biwer, Travis Keshemberg, Patrick McGuinnis and Erik Sens. Andrew Owen shall be a non-voting member and serve in an advisory capacity on the Proxy Committee. Changes to the membership of the Proxy Committee will be made only with Board approval. Upon departure from Funds Management, a member's position on the Proxy Committee will automatically terminate.

4. Disclosure of Policies and Procedures. Each Fund shall disclose in its statement of additional information a description of the policies and procedures it uses to determine how to vote proxies relating to securities held in its portfolio. In addition, each Fund shall disclose in its semi- and annual reports that a description of its proxy voting policies and procedures is available without charge, upon request, by calling 1-800-222-8222, on the Fund's web site at [www.wellsfargo.com/advantagefunds](http://www.wellsfargo.com/advantagefunds) and on the Securities and Exchange Commission's website at <http://www.sec.gov>.

5. Disclosure of Proxy Voting Record. Each Trust shall file with the Commission an annual report on Form N-PX not later than August 31 of each year (beginning August 31, 2004), containing the Trust's proxy voting record for the most recent twelve-month period ended June 30.

Each Fund shall disclose in its statement of additional information and semi- and annual reports that information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge on the Funds' web site at [www.wellsfargo.com/advantagefunds](http://www.wellsfargo.com/advantagefunds) or by accessing the Commission's web site at [www.sec.gov](http://www.sec.gov).

Each Fund shall disclose the following information on Form N-PX for each matter relating to a portfolio security considered at any shareholder meeting held during the period covered by the report and with respect to which the Fund was entitled to vote:

The name of the issuer of the portfolio security;

The exchange ticker symbol of the portfolio security;

The Council of Uniform Securities Identification Procedures ( CUSIP ) number for the portfolio security (unless the CUSIP is not available through reasonably practicable means, in which case it will be omitted);

The shareholder meeting date;

A brief identification of the matter voted on;

Whether the matter was proposed by the issuer or by a security holder;

Whether the Fund cast its vote on the matter;

How the Fund cast its vote (e.g. for or against a proposal, or abstain; for or withhold regarding election of directors); and

Whether the Fund cast its vote for or against management.

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Form N-PX shall be made available to Fund shareholders through the SEC web site.

**APPENDIX A****TO****PROXY VOTING POLICIES AND PROCEDURES**

Funds Management will vote proxies relating to portfolio securities held by the Trusts in accordance with the following proxy voting guidelines. To the extent the specific guidelines below do not address a proxy voting proposal, Funds Management will vote pursuant to ISS' current U.S. and International proxy voting guidelines. Proxies for securities held by the Wells Fargo Advantage Social Awareness Fund related to social and environmental proposals will be voted pursuant to ISS' current SRI Proxy Voting Guidelines. In addition, proxies related to issues not addressed by the specific guidelines below or by ISS' current U.S. and International proxy voting guidelines will be forwarded to the Proxy Committee for a vote determination by the Proxy Committee.

**Uncontested Election of Directors or Trustees**

|   |          |
|---|----------|
| THE FUNDS will generally vote for all uncontested director or trustee nominees. The Nominating Committee is in the best position to select nominees who are available and capable of working well together to oversee management of the company. THE FUNDS will not require a performance test for directors.   | FOR      |
| THE FUNDS will generally vote for reasonably crafted shareholder proposals calling for directors to be elected with an affirmative majority of votes cast and/or the elimination of the plurality standard for electing directors, unless the company has adopted formal corporate governance principles that present a meaningful alternative to the majority voting standard. | FOR      |
| THE FUNDS will withhold votes for a director if the nominee fails to attend at least 75% of the board and committee meetings without a valid excuse.  | WITHHOLD |
| THE FUNDS will vote against routine election of directors if any of the following apply: company fails to disclose adequate information in a timely manner, serious issues with the finances, questionable transactions, conflicts of interest, record of abuses against minority shareholder interests, bundling of director elections, and/or egregious governance practices. | AGAINST  |
| THE FUNDS will withhold votes from the entire board (except for new nominees) where the director(s) receive more than 50% withhold votes out of those cast and the issue that was the underlying cause of the high level of withhold votes has not been addressed.  | WITHHOLD |
| THE FUNDS will withhold votes from members of the Audit Committee and/or the full board if poor accounting practices, which rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures, are identified.  | WITHHOLD |
| THE FUNDS will withhold votes from members of the Audit Committee if the company receives an adverse opinion on the company's financial statements from its auditor.  | WITHHOLD |
| THE FUNDS will withhold votes from members of the Audit Committee if there is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse  | WITHHOLD |

against the audit firm.

THE FUNDS will withhold votes from all directors (except for new nominees) if the company has adopted or renewed a poison pill without shareholder approval since the



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company's last annual meeting, does not put the pill to a vote at the current annual meeting, and does not have a requirement or does not commit to put the pill to shareholder vote within 12 months. In addition, THE FUNDS will withhold votes on all directors at any company that responds to the majority of the shareholders voting by putting the poison pill to a shareholder vote with a recommendation other than to eliminate the pill. WITHHOLD

THE FUNDS will withhold votes from compensation committee members if they fail to submit one-time transferable stock options (TSOs) to shareholders for approval. WITHHOLD

**Limitation on Number of Boards a Director May Sit On**

THE FUNDS will withhold votes from directors who sit on more than six boards. WITHHOLD

THE FUNDS will withhold votes from CEO directors who sit on more than two outside boards besides their own. WITHHOLD

**Ratification of Auditors**

THE FUNDS will vote against auditors and withhold votes from audit committee members if non-audit fees are greater than audit fees, audit-related fees, and permitted tax fees, combined. THE FUNDS will follow the disclosure categories being proposed by the SEC in applying the above formula. AGAINST/  
WITHHOLD

With the above exception, THE FUNDS will generally vote for proposals to ratify auditors unless: FOR

an auditor has a financial interest in or association with the company, and is therefore not independent, or AGAINST

there is reason to believe that the independent auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position. AGAINST

THE FUNDS will vote against proposals that require auditors to attend annual meetings as auditors are regularly reviewed by the board audit committee, and such attendance is unnecessary. AGAINST

THE FUNDS will vote for shareholder proposals requesting a shareholder vote for audit firm ratification. FOR

THE FUNDS will vote against shareholder proposals asking for audit firm rotation. This practice is viewed as too disruptive and too costly to implement for the benefit achieved. AGAINST

**Company Name Change/Purpose**

THE FUNDS will vote for proposals to change the company name as management and the board is best suited to determine if such change in company name is necessary. FOR

However, where the name change is requested in connection with a reorganization of the company, the vote will be based on the merits of the reorganization. CASE-BY-CASE

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|  |              |
|--|--------------|
| In addition, THE FUNDS will generally vote for proposals to amend the purpose of the company. Management is in the best position to know whether the description of what the company does is accurate, or whether it needs to be updated by deleting, adding or revising language.   | FOR          |
| <b>Employee Stock Purchase Plans/401(k) Employee Benefit Plans</b>   |              |
| THE FUNDS will vote for proposals to adopt, amend or increase authorized shares for employee stock purchase plans and 401(k) plans for employees as properly structured plans enable employees to purchase common stock at a slight discount and thus own a beneficial interest in the company, provided that the total cost of the company's plan is not above the allowable cap for the company. | FOR          |
| Similarly, THE FUNDS will generally vote for proposals to adopt or amend thrift and savings plans, retirement plans, pension plans and profit plans.   | FOR          |
| <b>Anti-Hedging/Pledging/Speculative Investments Policy</b>  |              |
| THE FUNDS will consider proposals prohibiting named executive officers from engaging in derivative or speculative transactions involving company stock, including hedging, holding stock in a margin account, or pledging stock as collateral for a loan on a case-by-case basis. The company's existing policies regarding responsible use of company stock will be considered.                   | CASE-BY-CASE |
| <b>Approve Other Business</b>  |              |
| THE FUNDS will generally vote for proposals to approve other business. This transfer of authority allows the corporation to take certain ministerial steps that may arise at the annual or special meeting.  | FOR          |
| However, THE FUNDS retains the discretion to vote against such proposals if adequate information is not provided in the proxy statement, or the measures are significant and no further approval from shareholders is sought.  | AGAINST      |
| <b>Independent Board of Directors/Board Committees</b>   |              |
| THE FUNDS will vote for proposals requiring that two-thirds of the board be independent directors. An independent board faces fewer conflicts and is best prepared to protect stockholders interests.  | FOR          |
| THE FUNDS will withhold votes from insiders and affiliated outsiders on boards that are not at least majority independent.   | WITHHOLD     |
| THE FUNDS will withhold votes from compensation committee members where there is a pay-for-performance disconnect (for Russell 3000 companies).  | WITHHOLD     |
| THE FUNDS will vote for proposals requesting that the board audit, compensation and/or nominating committees be composed of independent directors, only. Committees should be composed entirely of independent directors in order to avoid conflicts of interest.  | FOR          |
| THE FUNDS will withhold votes from any insiders or affiliated outsiders on audit, compensation or nominating committees. THE FUNDS will withhold votes from any insiders or affiliated outsiders on the board if any of these key committees has not been established.   | WITHHOLD     |

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THE FUNDS will vote against proposals from shareholders requesting an independent compensation consultant. AGAINST

**Director Fees**

THE FUNDS will vote for proposals to set director fees. FOR

**Minimum Stock Requirements by Directors**

THE FUNDS will vote against proposals requiring directors to own a minimum number of shares of company stock in order to qualify as a director, or to remain on the board. Minimum stock ownership requirements can impose an across-the-board requirement that could prevent qualified individuals from serving as directors. AGAINST

**Indemnification and Liability Provisions for Directors and Officers**

THE FUNDS will vote for proposals to allow indemnification of directors and officers, when the actions taken were on behalf of the company and no criminal violations occurred. THE FUNDS will also vote in favor of proposals to purchase liability insurance covering liability in connection with those actions. Not allowing companies to indemnify directors and officers to the degree possible under the law would limit the ability of the company to attract qualified individuals. FOR

Alternatively, THE FUNDS will vote against indemnity proposals that are overly broad. For example, THE FUNDS will oppose proposals to indemnify directors for acts going beyond mere carelessness, such as gross negligence, acts taken in bad faith, acts not otherwise allowed by state law or more serious violations of fiduciary obligations. AGAINST

**Nominee Statement in the Proxy**

THE FUNDS will vote against proposals that require board nominees to have a statement of candidacy in the proxy, since the proxy statement already provides adequate information pertaining to the election of directors. AGAINST

**Director Tenure/Retirement Age**

THE FUNDS will vote against proposals to limit the tenure of directors as such limitations based on an arbitrary number could prevent qualified individuals from serving as directors. However, THE FUNDS is in favor of inserting cautionary language when the average director tenure on the board exceeds 15 years for the entire board. AGAINST

The Funds will vote for proposals to establish a mandatory retirement age for directors provided that such retirement age is not less than 65. FOR

**Board Powers/Procedures/Qualifications**

THE FUNDS will consider on a case-by-case basis proposals to amend the corporation's By-laws so that the Board of Directors shall have the power, without the assent or vote of the shareholders, to make, alter, amend, or rescind the By-laws, fix the amount to be reserved as working capital, and fix the number of directors and what number shall constitute a quorum of the Board. In determining these issues, THE FUNDS will rely on the proxy voting Guidelines. CASE-BY-CASE

**Adjourn Meeting to Solicit Additional Votes**

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THE FUNDS will examine proposals to adjourn the meeting to solicit additional votes on a case-by-case basis. As additional solicitation may be costly and could result in coercive pressure on shareholders, THE FUNDS will consider the nature of the proposal and its vote recommendations for the scheduled meeting. CASE-BY-CASE

THE FUNDS will vote for this item when:

THE FUNDS is supportive of the underlying merger proposal; the company provides a sufficient, compelling reason to support the adjournment proposal; and the authority is limited to adjournment proposals requesting the authority to adjourn solely to solicit proxies to approve a transaction THE FUNDS supports. FOR

**Reimbursement of Solicitation Expenses**

THE FUNDS will consider contested elections on a case-by-case basis, considering the following factors: long-term financial performance of the target company relative to its industry; management's track record; background of the proxy contest; qualifications of director or trustee nominees (both slates); evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and stock ownership positions. CASE-BY-CASE

**Board Structure: Staggered vs. Annual Elections**

THE FUNDS will consider the issue of classified boards on a case-by-case basis. In some cases, the division of the board into classes, elected for staggered terms, can entrench the incumbent management and make them less responsive to shareholder concerns. On the other hand, in some cases, staggered elections may provide for the continuity of experienced directors on the Board. CASE-BY-CASE

**Removal of Directors**

THE FUNDS will consider on a case-by-case basis proposals to eliminate shareholders' rights to remove directors with or without cause or only with approval of two-thirds or more of the shares entitled to vote. CASE-BY-CASE

However, a requirement that a 75% or greater vote be obtained for removal of directors is abusive and will warrant a vote against the proposal. AGAINST

**Board Vacancies**

THE FUNDS will vote against proposals that allow the board to fill vacancies without shareholder approval as these authorizations run contrary to basic shareholders' rights. AGAINST

Alternatively, THE FUNDS will vote for proposals that permit shareholders to elect directors to fill board vacancies. FOR

**Cumulative Voting**

THE FUNDS will vote on proposals to permit or eliminate cumulative voting on a case-by-case basis based upon the existence of a counterbalancing governance structure and company performance, in accordance with its proxy voting guideline philosophy. CASE-BY-CASE

THE FUNDS will vote for against cumulative voting if the board is elected annually.

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|   | AGAINST      |
|---|--------------|
| <b>Board Size</b>   |              |
| THE FUNDS will vote for proposals that seek to fix the size of the board, as the ability for management to increase or decrease the size of the board in the face of a proxy contest may be used as a takeover defense.   | FOR          |
| However, if the company has cumulative voting, downsizing the board may decrease a minority shareholder's chances of electing a director.   |              |
| By increasing the size of the board, management can make it more difficult for dissidents to gain control of the board. Fixing the size of the board also prevents a reduction in the board size as a means to oust independent directors or those who cause friction within an otherwise homogenous board.   |              |
| <b>Shareholder Rights Plan (Poison Pills)</b>   |              |
| THE FUNDS will generally vote for proposals that request a company to submit its poison pill for shareholder ratification.  | FOR          |
| Alternatively, THE FUNDS will analyze proposals to redeem a company's poison pill, or requesting the ratification of a poison pill on a case-by-case basis.   | CASE-BY-CASE |
| Poison pills are one of the most potent anti-takeover measures and are generally adopted by boards without shareholder approval. These plans harm shareholder value and entrench management by deterring stock acquisition offers that are not favored by the board.  |              |
| <b>Fair Price Provisions</b>  |              |
| THE FUNDS will consider fair price provisions on a case-by-case basis, evaluating factors such as the vote required to approve the proposed mechanism, the vote required to approve the proposed acquisition, the vote required to repeal the fair price provision, and the mechanism for determining the fair price.   | CASE-BY-CASE |
| THE FUNDS will vote against fair price provisions with shareholder vote requirements of 75% or more of disinterested shares.  | AGAINST      |
| <b>Greenmail</b>  |              |
| THE FUNDS will generally vote in favor of proposals limiting the corporation's authority to purchase shares of common stock (or other outstanding securities) from a holder of a stated interest (5% or more) at a premium unless the same offer is made to all shareholders. These are known as anti-greenmail provisions. Greenmail discriminates against rank-and-file shareholders and may have an adverse effect on corporate image. | FOR          |
| If the proposal is bundled with other charter or bylaw amendments, THE FUNDS will analyze such proposals on a case-by-case basis. In addition, THE FUNDS will analyze restructurings that involve the payment of pale greenmail on a case-by-case basis.  | CASE-BY-CASE |
| <b>Voting Rights</b>  |              |
| THE FUNDS will vote for proposals that seek to maintain or convert to a one-share, one-vote capital structure as such a principle ensures that management is accountable to all the company's   | FOR          |

owners.

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Alternatively, THE FUNDS will vote against any proposals to cap the number of votes a shareholder is entitled to. Any measure that places a ceiling on voting may entrench management and lessen its interest in maximizing shareholder value. AGAINST

**Dual Class/Multiple-Voting Stock**

THE FUNDS will vote against proposals that authorize, amend or increase dual class or multiple-voting stock which may be used in exchanges or recapitalizations. Dual class or multiple-voting stock carry unequal voting rights, which differ from those of the broadly traded class of common stock. AGAINST

Alternatively, THE FUNDS will vote for the elimination of dual class or multiple-voting stock, which carry different rights than the common stock. FOR

**Confidential Voting**

THE FUNDS will vote for proposals to adopt confidential voting. FOR

**Vote Tabulations**

THE FUNDS will vote against proposals asking corporations to refrain from counting abstentions and broker non-votes in their vote tabulations and to eliminate the company's discretion to vote unmarked proxy ballots. Vote counting procedures are determined by a number of different standards, including state law, the federal proxy rules, internal corporate policies, and mandates of the various stock exchanges. AGAINST

**Equal Access to the Proxy**

THE FUNDS will evaluate Shareholder proposals requiring companies to give shareholders access to the proxy ballot for the purpose of nominating board members, on a case-by-case basis taking into account the ownership threshold proposed in the resolution and the proponent's rationale for the proposal at the targeted company in terms of board and director conduct. CASE-BY-CASE

**Disclosure of Information**

THE FUNDS will vote against shareholder proposals requesting fuller disclosure of company policies, plans, or business practices. Such proposals rarely enhance shareholder return and in many cases would require disclosure of confidential business information. AGAINST

**Annual Meetings**

THE FUNDS will vote for proposals to amend procedures or change date or location of the annual meeting. Decisions as to procedures, dates or locations of meetings are best placed with management. FOR

Alternatively, THE FUNDS will vote against proposals from shareholders calling for a change in the location or date of annual meetings as no date or location proposed will be acceptable to all shareholders. AGAINST

THE FUNDS will generally vote in favor of proposals to reduce the quorum necessary for shareholders' meetings, subject to a minimum of a simple majority of the company's outstanding voting shares. FOR

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**Shareholder Advisory Committees/Independent Inspectors**

THE FUNDS will vote against proposals seeking to establish shareholder advisory committees or independent inspectors. The existence of such bodies dilutes the responsibility of the board for managing the affairs of the corporation. AGAINST

**Technical Amendments to the Charter of Bylaws**

THE FUNDS will generally vote in favor of charter and bylaw amendments proposed solely to conform to modern business practices, for simplification, or to comply with what management's counsel interprets as applicable law. FOR

However, amendments that have a material effect on shareholder's rights will be considered on a case-by-case basis. CASE-BY-CASE

**Bundled Proposals**

THE FUNDS will vote for bundled or conditional proxy proposals on a case-by-case basis, as THE FUNDS will examine the benefits and costs of the packaged items, and determine if the effect of the conditioned items are in the best interests of shareholders. CASE-BY-CASE

**Dividends**

THE FUNDS will vote for proposals to allocate income and set dividends. FOR

THE FUNDS will also vote for proposals that authorize a dividend reinvestment program as it allows investors to receive additional stock in lieu of a cash dividend. FOR

However, if a proposal for a special bonus dividend is made that specifically rewards a certain class of shareholders over another, THE FUNDS will vote against the proposal. AGAINST

THE FUNDS will also vote against proposals from shareholders requesting management to redistribute profits or restructure investments. Management is best placed to determine how to allocate corporate earnings or set dividends. AGAINST

**Reduce the Par Value of the Common Stock**

THE FUNDS will vote for proposals to reduce the par value of common stock. FOR

**Preferred Stock Authorization**

THE FUNDS will generally vote for proposals to create preferred stock in cases where the company expressly states that the stock will not be used as a takeover defense or carry superior voting rights, or where the stock may be used to consummate beneficial acquisitions, combinations or financings. FOR

Alternatively, THE FUNDS will vote against proposals to authorize or issue preferred stock if the board has asked for the unlimited right to set the terms and conditions for the stock and may issue it for anti-takeover purposes without shareholder approval (blank check preferred stock). AGAINST



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In addition, THE FUNDS will vote against proposals to issue preferred stock if the shares to be used have voting rights greater than those available to other shareholders. AGAINST

THE FUNDS will vote for proposals to require shareholder approval of blank check preferred stock issues for other than general corporate purposes (white squire placements). FOR

**Preemptive Rights**

THE FUNDS will generally vote for proposals to eliminate preemptive rights. Preemptive rights are unnecessary to protect shareholder interests due to the size of most modern companies, the number of investors and the liquidity of trading. FOR

**Share Repurchase Plans**

THE FUNDS will vote for share repurchase plans, unless: FOR

- there is clear evidence of past abuse of the authority; or AGAINST
- the plan contains no safeguards against selective buy-backs. AGAINST

Corporate stock repurchases are a legitimate use of corporate funds and can add to long-term shareholder returns.

**Executive and Director Compensation Plans**

THE FUNDS will analyze on a case-by-case basis proposals on executive or director compensation plans, with the view that viable compensation programs reward the creation of stockholder wealth by having high payout sensitivity to increases in shareholder value. Such proposals may seek shareholder approval to adopt a new plan, or to increase shares reserved for an existing plan. CASE-BY-CASE

THE FUNDS will review the potential cost and dilutive effect of the plan. After determining how much the plan will cost, ISS evaluates whether the cost is reasonable by comparing the cost to an allowable cap. The allowable cap is industry-specific, market cap-base, and pegged to the average amount paid by companies performing in the top quartile of their peer groups. If the proposed cost is below the allowable cap, THE FUNDS will vote for the plan. ISS will also apply a pay for performance overlay in assessing equity-based compensation plans for Russell 3000 companies. FOR

If the proposed cost is above the allowable cap, THE FUNDS will vote against the plan. AGAINST

Among the plan features that may result in a vote against the plan are:

- plan administrators are given the authority to reprice or replace underwater options; repricing guidelines will conform to changes in the NYSE and NASDAQ listing rules. AGAINST

THE FUNDS will vote against equity plans that have high average three-year burn rate. (The burn rate is calculated as the total number of stock awards and stock options granted any given year divided by the number of common shares outstanding.) THE FUNDS will define a high average three-year burn rate as the following: The company's most recent three-year burn rate exceeds one standard deviation of its four-digit GICS peer group segmented by Russell 3000 index and non-Russell 3000 index; and the company's most recent three-year burn rate exceeds 2% of common shares outstanding. For companies that grant both full value awards and stock options to their employees, THE FUNDS shall apply AGAINST

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a premium on full value awards for the past three fiscal years.

Even if the equity plan fails the above burn rate, THE FUNDS will vote for the plan if the company commits in a public filing to a three-year average burn rate equal to its GICS group burn rate mean plus one standard deviation. If the company fails to fulfill its burn rate commitment, THE FUNDS will consider withholding from the members of the compensation committee. FOR

THE FUNDS will calculate a higher award value for awards that have Dividend Equivalent Rights (DER s) associated with them.

THE FUNDS will generally vote for shareholder proposals requiring performance-based stock options unless the proposal is overly restrictive or the company demonstrates that it is using a substantial portion of performance-based awards for its top executives. CASE-BY-CASE

THE FUNDS will vote for shareholder proposals asking the company to expense stock options, as a result of the FASB final rule on expensing stock options. FOR

THE FUNDS will generally vote for shareholder proposals to exclude pension fund income in the calculation of earnings used in determining executive bonuses/compensation.

THE FUNDS will generally vote for TSO awards within a new equity plan if the total cost of the equity plan is less than the company s allowable cap. FOR

THE FUNDS will generally vote against shareholder proposals to ban future stock option grants to executives. This may be supportable in extreme cases where a company is a serial repricer, has a huge overhang, or has highly dilutive, broad-based (non-approved) plans and is not acting to correct the situation. FOR

THE FUNDS will evaluate shareholder proposals asking companies to adopt holding periods for their executives on a case-by-case basis taking into consideration the company s current holding period or officer share ownership requirements, as well as actual officer stock ownership in the company. FOR

For certain OBRA-related proposals, THE FUNDS will vote for plan provisions that (a) place a cap on annual grants or amend administrative features, and (b) add performance criteria to existing compensation plans to comply with the provisions of Section 162(m) of the Internal Revenue Code. AGAINST

In addition, director compensation plans may also include stock plans that provide directors with the option of taking all or a portion of their cash compensation in the form of stock. THE FUNDS will consider these plans based on their voting power dilution. CASE-BY-CASE

THE FUNDS will generally vote for retirement plans for directors.

THE FUNDS will evaluate compensation proposals (Tax Havens) requesting share option schemes or amending an existing share option scheme on a case-by-case basis. FOR

Stock options align management interests with those of shareholders by motivating executives to maintain stock price appreciation. Stock options, however, may harm shareholders by diluting each owner s interest. In addition, exercising options can shift the balance of voting power by increasing executive ownership. CASE-BY-CASE

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|  |                     |
|--|---------------------|
|  | FOR<br>CASE-BY-CASE |
| <b>Bonus Plans</b>   |                     |
| THE FUNDS will vote for proposals to adopt annual or long-term cash or cash-and-stock bonus plans on a case-by-case basis. These plans enable companies qualify for a tax deduction under the provisions of Section 162(m) of the IRC. Payouts under these plans may either be in cash or stock and are usually tied to the attainment of certain financial or other performance goals. THE FUNDS will consider whether the plan is comparable to plans adopted by companies of similar size in the company's industry and whether it is justified by the company's performance. | CASE-BY-CASE        |
| <b>Deferred Compensation Plans</b>   |                     |
| THE FUNDS will generally vote for proposals to adopt or amend deferred compensation plans as they allow the compensation committee to tailor the plan to the needs of the executives or board of directors, unless   | FOR                 |
| the proposal is embedded in an executive or director compensation plan that is contrary to guidelines  | AGAINST             |
| <b>Disclosure on Executive or Director Compensation Cap or Restrict Executive or Director Compensation</b>   |                     |
| THE FUNDS will generally vote for shareholder proposals requiring companies to report on their executive retirement benefits (deferred compensation, split-dollar life insurance, SERPs, and pension benefits.   | FOR                 |
| THE FUNDS will generally vote for shareholder proposals requesting to put extraordinary benefits contained in SERP agreements to a shareholder vote, unless the company's executive pension plans do not contain excessive benefits beyond what is offered under employee-wide plans.  | FOR                 |
| THE FUNDS will generally vote against proposals seek to limit executive and director pay.  | AGAINST             |
| <b>Tax-Gross-Up Payments</b>   |                     |
| THE FUNDS will examine on a case-by-case basis proposals calling for companies to adopt a policy of not providing tax gross-up payments to executives.   | CASE-BY-CASE        |
| <b>Relocation Benefits</b>   |                     |
| The FUNDS will not consider relocation benefits as a problematic pay practice in connection with management say-on-pay proposals.  |                     |
| <b>Exchange Offers/Re-Pricing</b>  |                     |
| The FUNDS will not vote against option exchange programs made available to executives and directors that are otherwise found acceptable.   |                     |
| <b>Golden and Tin Parachutes</b>   |                     |

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THE FUNDS will vote for proposals that seek shareholder ratification of golden or tin parachutes as shareholders should have the opportunity to approve or disapprove of these severance agreements. FOR

Alternatively, THE FUNDS will examine on a case-by-case basis proposals that seek to ratify or cancel golden or tin parachutes. Effective parachutes may encourage management to consider takeover bids more fully and may also enhance employee morale and productivity. Among the arrangements that will be considered on their merits are: CASE-BY-CASE

arrangements guaranteeing key employees continuation of base salary for more than three years or lump sum payment of more than three times base salary plus retirement benefits;

guarantees of benefits if a key employee voluntarily terminates;

guarantees of benefits to employees lower than very senior management; and

indemnification of liability for excise taxes.

By contrast, THE FUNDS will vote against proposals that would guarantee benefits in a management-led buyout. AGAINST

**Stakeholder Laws**

THE FUNDS will vote against resolutions that would allow the Board to consider stakeholder interests (local communities, employees, suppliers, creditors, etc.) when faced with a takeover offer. AGAINST

Similarly, THE FUNDS will vote for proposals to opt out of stakeholder laws, which permit directors, when taking action, to weight the interests of constituencies other than shareholders in the process of corporate decision-making. Such laws allow directors to consider nearly any factor they deem relevant in discharging their duties. FOR

**Mergers/Acquisitions and Corporate Restructurings**

THE FUNDS will consider proposals on mergers and acquisitions on a case-by-case basis. THE FUNDS will determine if the transaction is in the best economic interests of the shareholders. THE FUNDS will take into account the following factors: CASE-BY-CASE

anticipated financial and operating benefits;

offer price (cost versus premium);

prospects for the combined companies;

how the deal was negotiated;

changes in corporate governance and their impact on shareholder rights.

In addition, THE FUNDS will also consider whether current shareholders would control a minority of the combined company's outstanding voting power, and whether a reputable financial advisor was retained in order to ensure the protection of shareholders' interests.

CASE-BY-CASE

On all other business transactions, i.e. corporate restructuring, spin-offs, asset sales, liquidations, and restructurings, THE FUNDS will analyze such proposals on a case-by-case basis and utilize the majority of the above factors in determining what is in the best interests of shareholders. Specifically, for liquidations, the cost versus premium factor may not be applicable, but THE FUNDS may also review the compensation plan for executives managing the liquidation.

CASE-BY-CASE

### **Appraisal Rights**

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THE FUNDS will vote for proposals to restore, or provide shareholders with rights of appraisal. FOR  
Rights of appraisal provide shareholders who are not satisfied with the terms of certain corporate transactions (such as mergers) the right to demand a judicial review in order to determine the fair value of their shares.

**Mutual Fund Proxies**

THE FUNDS will vote mutual fund proxies on a case-by-case basis. Proposals may include, and CASE-BY-CASE  
are not limited to, the following issues:

eliminating the need for annual meetings of mutual fund shareholders;

entering into or extending investment advisory agreements and management contracts;

permitting securities lending and participation in repurchase agreements;

changing fees and expenses; and

changing investment policies.

**APPENDIX B**

**TO**

**PROXY VOTING POLICIES AND PROCEDURES**

Members of Funds Management Proxy Voting Committee

**Thomas C. Biwer, CFA**

Mr. Biwer has 38 years experience in finance and investments. He has served as an investment analyst, portfolio strategist, and corporate pension officer. He received B.S. and M.B.A. degrees from the University of Illinois and has earned the right to use the CFA designation.

**Erik J. Sens, CFA**

Mr. Sens has 22 years of investment industry experience. He has served as an investment analyst and portfolio manager. He received undergraduate degrees in Finance and Philosophy from the University of San Francisco and has earned the right to use the CFA designation.

**Travis L. Keshemberg, CFA**

Mr. Keshemberg has 17 years experience in the investment industry. He has served as a overlay portfolio manager and investment consultant. He holds a Masters Degree from the University of Wisconsin Milwaukee and Bachelors degree from Marquette University. He has earned the right to use the CFA, CIPM and CIMA designations.

**Patrick E. McGuinnis, CFA**

Mr. McGuinnis has 12 years of experience in the investment industry as an analyst. He holds B.S. and M.S. degrees in Finance from the University of Wisconsin and has earned the right to use the CFA designation.

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

**Niklas Nordenfelt, CFA**

Mr. Nordenfelt is currently managing director, senior portfolio manager with the Sutter High Yield Fixed Income team at Wells Capital Management. Niklas joined the Sutter High Yield Fixed Income team of Wells Capital Management in February 2003 as investment strategist. Niklas began his investment career in 1991 and has managed portfolios ranging from quantitative-based

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and tactical asset allocation strategies to credit driven portfolios. Previous to joining Sutter, Niklas was at Barclays Global Investors (BGI) from 1996-2002 where he was a principal. At BGI, he worked on their international and emerging markets equity strategies after having managed their asset allocation products. Prior to this, Niklas was a quantitative analyst at Fidelity and a portfolio manager and group leader at Mellon Capital Management. He earned a bachelor's degree in economics from the University of California, Berkeley, and has earned the right to use the CFA designation.

### **Philip Susser**

Mr. Susser is currently managing director, senior portfolio manager, and co-head of the Sutter High Yield Fixed Income team at Wells Capital Management. Philip joined the Sutter High Yield Fixed Income team as a senior research analyst in 2001. He has extensive research experience in the cable/satellite, gaming, hotels, restaurants, printing/publishing, telecom, REIT, lodging and distressed sectors. Philip's investment experience began in 1995 spending three years as a securities lawyer at Cahill Gordon and Shearman & Sterling representing underwriters and issuers of high yield debt. Later, Philip evaluated venture investment opportunities for MediaOne Ventures before joining Deutsche Bank as a research analyst. He received his bachelor's degree in economics from the University of Pennsylvania and his law degree from the University of Michigan Law School.

### **Janet S. Rilling, CFA, CPA**

Mrs. Rilling is a senior portfolio manager for the Wells Capital Management Fixed Income team. She joined Wells Capital Management from Strong Capital Management in 2005. Janet began her investment industry career in 1995, joining Strong as a research analyst and then becoming a portfolio manager in 2000. Prior to joining Strong, she was an auditor with Coopers & Lybrand for three years, specializing in the manufacturing and financial services industries. She earned a bachelor's degree in accounting and finance and a master's degree in finance from the University of Wisconsin, Madison. Janet is a Certified Public Accountant and has earned the right to use the CFA designation.

### **Michael Bray, CFA**

Mr. Bray is the managing director of taxable fixed income and senior portfolio manager for the Wells Capital Management Fixed Income team. He began his investment industry career in 1988. Prior to joining Wells Capital Management in 2005, he was managing director at State Street Research and Management, focusing on mutual fund and institutional account management. He also gained experience while with Merrill Lynch & Company as vice president of mortgage securities research and sales. Earlier, he was an analyst with Manufacturers Hanover Company, specializing in mortgage and derivative securities. Michael earned a bachelor's degree in math and actuarial science from the University of Connecticut, Storrs, and a master's degree in business administration with an emphasis in finance from The Pennsylvania State University. He has earned the right to use the CFA designation.

### **Christopher Y. Kauffman, CFA**

Mr. Kauffman is a portfolio manager for the Wells Capital Management Fixed Income team. He joined WellsCap from Tattersall Advisory Group (TAG), where he served in a similar role since 2003. He began his investment industry career in 1997 as an investment officer for NISA Investment Advisors, where he was responsible for MBS analysis, risk assessment, and trading. He earned a bachelor's degree in finance and economics and a master's degree in business administration with an emphasis in finance from Washington University in St. Louis. He has earned the right to use the CFA designation and is a member of the St. Louis Society of Financial Analysts and the CFA Institute.

### **Anthony Norris**



Mr. Norris is a managing director and senior portfolio manager with the First International Advisors team at Wells Capital Management. Tony is one of five senior members of the investment team that forms the Senior Strategy Team. His responsibilities include developing investment strategies, macro-portfolio allocation, portfolio positioning, and risk management. He joined WellsCap from Evergreen Investments, where he served in a similar role since 1990. Previously, he spent several years in banking, with particular emphasis on foreign exchange. Tony served in senior executive positions at Reserve Asset Managers and Gillett Brothers Fund Management. He began his investment industry career in 1967 at Wallace Brothers Bank. He is a member of the Society of Technical Analysts and is an associate of the International Federation of Technical Analysts.

**Peter Wilson**

Mr. Wilson is a managing director and senior portfolio manager with the First International Advisors team at Wells Capital Management. Peter is one of five senior members of the investment team that forms the Senior Strategy Team. His responsibilities include macro-portfolio allocation, portfolio positioning, and risk management. He joined WellsCap from Evergreen Investments, where he served in a similar role since 1989. Previously, he served as treasurer and portfolio manager for Axe-Houghton, vice president at Bankers Trust in London and New York, and portfolio manager at Merchant Bankers Kleinwort Benson Ltd. Peter began his investment industry career in 1978 at international stockbrokers James Capel & Co. He was educated in Canada, Hong Kong, and England.

**Michael Lee**

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Mr. Lee is a senior portfolio manager with the First International Advisors team at Wells Capital Management. Mike is one of five senior members of the investment team that forms the Senior Strategy Team. His responsibilities include the day-to-day management and implementation of portfolio strategies. He joined WellsCap from Evergreen Investments, where he served in a similar role since 1992. Prior to this, he worked at Northern Trust Co. Earlier, he held investment positions at JPMorganChase and National Westminster Bank. Michael began his investment industry career in 1982. He is a member of the U.K. Society of Investment Professionals.

**Alex Perrin**

Mr. Perrin is a senior portfolio manager with the First International Advisors team at Wells Capital Management. Alex is one of five senior members of the investment team that forms the Senior Strategy Team. His responsibilities include developing investment strategies, macro-portfolio allocation, portfolio positioning, and risk management. He joined First International Advisors in 1992. Alex earned a bachelor's degree in mathematics and computer science from Hull University in the U.K. He is a member of the Society of Technical Analysts and an Associate Member of the U.K. Society of Investment Professionals.

**Christopher Wightman**

Mr. Wightman is a senior portfolio manager with the First International Advisors team at Wells Capital Management. Chris is one of five senior members of the investment team that forms the Senior Strategy Team. His responsibilities include macro-portfolio allocation, portfolio positioning, and risk management. He joined First International Advisors in 2011 from JP Morgan Chase, where he served as a senior investment manager specializing in global fixed income strategies. Earlier, Chris served as a senior fixed income trader at Fidelity International. He began his investment industry career in 1997 as a Graduate Analyst at Morgan Stanley. Chris earned a B.A. (Hons) in business studies at Staffordshire University (UK).

**OTHER FUNDS AND ACCOUNTS MANAGED**

The following table provides information about the registered investment companies and other pooled investment vehicles and accounts managed by the portfolio manager of the Fund as of the Fund's most recent period ended October 31, 2013.

**Niklas Nordenfelt**

|   | Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
|---|---------------------------------|----------------------------------|----------------|
| I manage the following types of accounts: |                                 |                                  |                |
| Number of above accounts                  | 4                               | 5                                | 32             |
| Total assets of above accounts (millions) | \$ 1,670.9                      | \$ 480.7                         | \$ 2,281.4     |

performance based fee accounts:

|   | Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
|---|---------------------------------|----------------------------------|----------------|
| I manage the following types of accounts: |                                 |                                  |                |
| Number of above accounts                  | 0                               | 1                                | 0              |

|   |    |     |    |       |    |     |
|---|----|-----|----|-------|----|-----|
| Total assets of above accounts (millions) | \$ | 0.0 | \$ | 217.9 | \$ | 0.0 |
|---|----|-----|----|-------|----|-----|

**Philip Susser**

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 4                                     | 5                                      | 32                |
| Total assets of above accounts (millions) | \$ 1,670.9                            | \$ 480.7                               | \$ 2,281.4        |

performance based fee accounts:

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 0                                     | 1                                      | 0                 |

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|   |    |     |    |       |    |     |
|---|----|-----|----|-------|----|-----|
| Total assets of above accounts (millions) | \$ | 0.0 | \$ | 217.9 | \$ | 0.0 |
|---|----|-----|----|-------|----|-----|

**Janet S. Rilling**

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other Accounts |
|---|---------------------------------------|--|----------------|
| I manage the following types of accounts: |                                       |  |                |
| Number of above accounts                  | 1                                     | 4                                      | 29             |
| Total assets of above accounts (millions) | \$ 429                                | \$ 2,113                               | \$ 3,709       |

performance based fee accounts:

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 0                                     | 0                                      | 1                 |
| Total assets of above accounts (millions) | \$ 0.0                                | \$ 0.0                                 | \$ 436            |

**Michael Bray**

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 5                                     | 2                                      | 7                 |
| Total assets of above accounts (millions) | \$ 3,575                              | \$ 1,879                               | \$ 2,082          |

performance based fee accounts:

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 0                                     | 0                                      | 0                 |
| Total assets of above accounts (millions) | \$ 0.0                                | \$ 0.0                                 | \$ 0.0            |

**Christopher Y. Kauffman**

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 4                                     | 0                                      | 2                 |
| Total assets of above accounts (millions) | \$ 5,273                              | \$ 0.0                                 | \$ 99             |

performance based fee accounts:

|   | Registered Investment<br>Companies | Other Pooled Investment<br>Vehicles | Other<br>Accounts |
|---|------------------------------------|-------------------------------------|-------------------|
| I manage the following types of accounts: |                                    |                                     |                   |
| Number of above accounts                  | 0                                  | 0                                   | 0                 |

|   |    |     |    |     |    |     |
|---|----|-----|----|-----|----|-----|
| Total assets of above accounts (millions) | \$ | 0.0 | \$ | 0.0 | \$ | 0.0 |
|---|----|-----|----|-----|----|-----|

**Table of Contents****Anthony Norris**

|   | Registered Investment<br>Companies | Other Pooled Investment<br>Vehicles | Other<br>Accounts |
|---|------------------------------------|-------------------------------------|-------------------|
| I manage the following types of accounts: |                                    |                                     |                   |
| Number of above accounts                  | 4                                  | 19                                  | 6                 |
| Total assets of above accounts (millions) | \$ 1,684.41                        | \$ 1,726                            | \$ 2,331          |

performance based fee accounts:

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 0                                     | 1                                      | 0                 |
| Total assets of above accounts (millions) | \$ 0.0                                | \$ 217                                 | \$ 0.0            |

**Peter Wilson**

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 4                                     | 19                                     | 6                 |
| Total assets of above accounts (millions) | \$ 1,684.41                           | \$ 1,176                               | \$ 2,331          |

performance based fee accounts:

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 0                                     | 1                                      | 0                 |
| Total assets of above accounts (millions) | \$ 0.0                                | \$ 217                                 | \$ 0.0            |

**Michael Lee**

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 3                                     | 19                                     | 6                 |
| Total assets of above accounts (millions) | \$ 1,610.38                           | \$ 1,726                               | \$ 2,331          |

performance based fee accounts:

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 0                                     | 1                                      | 0                 |
| Total assets of above accounts (millions) | \$ 0.0                                | \$ 217                                 | \$ 0.0            |

**Alex Perrin**

| Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---------------------------------------|--|-------------------|
|---------------------------------------|--|-------------------|

I manage the following types of accounts:

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|   |             |          |          |
|---|-------------|----------|----------|
| Number of above accounts                  | 3           | 19       | 6        |
| Total assets of above accounts (millions) | \$ 1,610.38 | \$ 1,726 | \$ 2,331 |
| performance based fee accounts:           |             |          |          |

|   | Registered Investment<br>Companies | Other Pooled Investment<br>Vehicles | Other<br>Accounts |
|---|------------------------------------|-------------------------------------|-------------------|
| I manage the following types of accounts: |                                    |                                     |                   |
| Number of above accounts                  | 0                                  | 1                                   | 0                 |
| Total assets of above accounts (millions) | \$ 0.0                             | \$ 217                              | \$ 0.0            |

**Christopher Wightman**

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 3                                     | 19                                     | 6                 |
| Total assets of above accounts (millions) | \$ 1,610.38                           | \$ 1,726                               | \$ 2,331          |

performance based fee accounts:

|   | Registered<br>Investment<br>Companies | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|---|---------------------------------------|--|-------------------|
| I manage the following types of accounts: |                                       |  |                   |
| Number of above accounts                  | 0                                     | 1                                      | 0                 |
| Total assets of above accounts (millions) | \$ 0.0                                | \$ 217                                 | \$ 0.0            |

**MATERIAL CONFLICTS OF INTEREST**

The Portfolio Managers face inherent conflicts of interest in their day-to-day management of the Funds and other accounts because the Funds may have different investment objectives, strategies and risk profiles than the other accounts managed by the Portfolio Managers. For instance, to the extent that the Portfolio Managers manage accounts with different investment strategies than the Funds, they may from time to time be inclined to purchase securities, including initial public offerings, for one account but not for a Fund. Additionally, some of the accounts managed by the Portfolio Managers may have different fee structures, including performance fees, which are or have the potential to be higher or lower, in some cases significantly higher or lower, than the fees paid by the Funds. The differences in fee structures may provide an incentive to the Portfolio Managers to allocate more favorable trades to the higher-paying accounts.

To minimize the effects of these inherent conflicts of interest, the Sub-Advisers have adopted and implemented policies and procedures, including brokerage and trade allocation policies and procedures, that they believe address the potential conflicts associated with managing portfolios for multiple clients and ensure that all clients are treated fairly and equitably. Additionally, some of the Sub-Advisers minimize inherent conflicts of interest by assigning the Portfolio Managers to accounts having similar objectives. Accordingly, security block purchases are allocated to all accounts with similar objectives in proportionate weightings. Furthermore, the Sub-Advisers have adopted a Code of Ethics under Rule 17j-1 of the 1940 Act and Rule 204A-1 under the Investment Advisers Act of 1940 (the Advisers Act ) to address potential conflicts associated with managing the Funds and any personal accounts the Portfolio Managers may maintain.



**First International Advisors**

First International Advisors Portfolio Managers often provide investment management for separate accounts advised in the same or similar investment style as that provided to mutual funds. While management of multiple accounts could potentially lead to conflicts of interest over various issues such as trade allocation, fee disparities and research acquisition, First International Advisors has implemented policies and procedures for the express purpose of ensuring that clients are treated fairly and that potential conflicts of interest are minimized.

**Table of Contents****Wells Capital Management**

Wells Capital Management's Portfolio Managers often provide investment management for separate accounts advised in the same or similar investment style as that provided to mutual funds. While management of multiple accounts could potentially lead to conflicts of interest over various issues such as trade allocation, fee disparities and research acquisition, Wells Capital Management has implemented policies and procedures for the express purpose of ensuring that clients are treated fairly and that potential conflicts of interest are minimized.

**COMPENSATION**

The Portfolio Managers were compensated by their employing sub-adviser from the fees the Adviser paid the Sub-Adviser using the following compensation structure:

**First International Advisors Compensation.** The compensation structure for First International Advisors's Portfolio Managers includes a competitive fixed base salary plus variable incentives (First International Advisors utilizes investment management compensation surveys as confirmation). Incentive bonuses are typically tied to pretax relative investment performance of all accounts under his or her management within acceptable risk parameters. Relative investment performance is generally evaluated for 1, 3, and 5 year performance results, with a predominant weighting on the 3- and 5- year time periods, versus the relevant benchmarks and/or peer groups consistent with the investment style. This evaluation takes into account relative performance of the accounts to each account's individual benchmark and/or the relative composite performance of all accounts to one or more relevant benchmarks consistent with the overall investment style. In the case of each Fund, the benchmark(s) against which the performance of the Fund's portfolio may be compared for these purposes generally are indicated in the Performance sections of the Prospectuses.

**Wells Capital Management Compensation.** The compensation structure for Wells Capital Management's Portfolio Managers includes a competitive fixed base salary plus variable incentives (Wells Capital Management utilizes investment management compensation surveys as confirmation). Incentive bonuses are typically tied to pretax relative investment performance of all accounts under his or her management within acceptable risk parameters. Relative investment performance is generally evaluated for 1, 3, and 5 year performance results, with a predominant weighting on the 3- and 5- year time periods, versus the relevant benchmarks and/or peer groups consistent with the investment style. This evaluation takes into account relative performance of the accounts to each account's individual benchmark and/or the relative composite performance of all accounts to one or more relevant benchmarks consistent with the overall investment style. In the case of each Fund, the benchmark(s) against which the performance of the Fund's portfolio may be compared for these purposes generally are indicated in the Performance sections of the Prospectuses.

**BENEFICIAL OWNERSHIP OF THE FUND**

The following table shows for each Portfolio Manager the dollar value of the Fund beneficially owned by the Portfolio Manager as of October 31, 2013:

|                      |      |
|----------------------|------|
| Niklas Nordenfelt    | none |
| Phil Susser          | none |
| Janet S. Rilling     | none |
| Michael J. Bray      | none |
| Christopher Kauffman | none |
| Tony Norris          | none |

|                      |      |
|----------------------|------|
| Peter Wilson         | none |
| Michael Lee          | none |
| Alex Perrin          | none |
| Christopher Wightman | none |

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

Not applicable.

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

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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 Advantage Multi-Sector Income Fund (the Fund) 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 Fund 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 Fund'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) Code of Ethics pursuant to Item 2 of Form N-CSR is filed and attached hereto as Exhibit 99(a)(1).

(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 Advantage Multi-Sector Income  
Fund

By:

/s/ Karla M. Rabusch

Karla M. Rabusch  
President

Date: December 23, 2013

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 Advantage Multi-Sector Income  
Fund

By:

/s/ Karla M. Rabusch

Karla M. Rabusch  
President

Date: December 23, 2013

By:

/s/ Jeremy DePalma

Jeremy DePalma  
Treasurer

Date: December 23, 2013