

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Form N-Q

March 30, 2011

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM N-Q**

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

**Investment Company Act file number: 811-21269**  
**Wells Fargo Advantage Income Opportunities Fund**  
(Exact name of registrant as specified in charter)  
525 Market Street, 12<sup>th</sup> Floor, San Francisco, CA 94105  
(Address of principal executive offices) (Zip code)  
C. David Messman  
Wells Fargo Funds Management, LLC  
525 Market Street, 12<sup>th</sup> Floor, San Francisco, CA 94105  
(Name and address of agent for service)  
Registrant's telephone number, including area code: 800-643-9691  
Date of fiscal year end: April 30, 2010  
Date of reporting period: January 31, 2011

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**TABLE OF CONTENTS**

ITEM 1. SCHEDULE OF INVESTMENTS

ITEM 2. CONTROLS AND PROCEDURES

SIGNATURES

Certifications

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**Table of Contents**

ITEM 1. SCHEDULE OF INVESTMENTS

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

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

**Media: 7.43%**

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

*The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report or Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.*

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

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

**Oil, Gas & Consumable Fuels: 12.80%**

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

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

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

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

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

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

**Pharmaceuticals: 0.24%**

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

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

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

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

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

10,383,711

**Construction Materials: 1.77%**

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

12,392,213

**Containers & Packaging: 1.31%**

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

9,195,638

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

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

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

**Utilities: 9.25%**

**Electric Utilities: 4.48%**

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

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

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

**Consumer Finance: 0.36%**

2,205,000	<i>Wind Acquisition Finance SA</i>	11.75	07/15/2017	2,513,700
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**Diversified Financial Services: 0.00%**

1,540,000	<i>Preferred Term Securities XII Limited ±<sup>^(i)</sup></i>	0.00	12/24/2033	462
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**Materials: 0.78%**

**Metals & Mining: 0.17%**

630,000	<i>Novelis Incorporated</i>	7.25	02/15/2015	642,600
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500,000	<i>Vedanta Resources plc</i>	9.50	07/18/2018	555,000
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1,197,600

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

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

**Principal****Term Loans: 10.58%**

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

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

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

**Footnote Legend: 0.00%**

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

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

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

@ *Payment-in-kind (PIK) securities are securities in which the issuer may make interest or dividend payments in cash or additional securities. These additional securities generally have the same terms as the original holdings.*

(l) *Investment in an affiliate.*

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

± *Variable rate investments.*

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

(i) *Illiquid security*

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

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

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

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**Table of Contents**

**Wells Fargo Advantage Income Opportunities Fund**

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

**SECURITIES VALUATION**

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

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

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

The valuation techniques used by the Fund to measure fair value are consistent with the market approach, income approach and/or cost approach, where applicable, for each security type.

**WHEN-ISSUED TRANSACTIONS**

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

**TERM LOANS**

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

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

**FAIR VALUATION MEASUREMENTS**

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

Level 1 quoted prices in active markets for identical securities

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

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

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**Table of Contents**

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

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

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

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

**Table of Contents**

ITEM 2. CONTROLS AND PROCEDURES

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

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

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**Table of Contents**

**SIGNATURES**

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

Wells Fargo Advantage Income Opportunities  
Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch  
President

Date: March 29, 2011

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

Wells Fargo Advantage Income Opportunities  
Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch  
President

Date: March 29, 2011

By: /s/ Kasey L. Phillips

Kasey L. Phillips  
Treasurer

Date: March 29, 2011