

WELLS FARGO INCOME OPPORTUNITIES FUND

Form N-Q

September 28, 2016

**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: 811-21507**

**Wells Fargo Income Opportunities Fund**

**(Exact name of registrant as specified in charter)**

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

**(Address of principal executive offices) (Zip code)**

**C. David Messman**

**Wells Fargo Funds Management, LLC**

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

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

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

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

**Registrant is making a filing for Wells Fargo Income Opportunities Fund.**

**Date of reporting period: July 31, 2016**

ITEM 1. INVESTMENTS

## Wells Fargo Income Opportunities Fund

Portfolio of investments July 31, 2016 (unaudited)

Security name	Shares	Value		
<b>Common Stocks : 0.12%</b>				
<b>Energy : 0.12%</b>				
<b>Oil, Gas &amp; Consumable Fuels : 0.12%</b>				
<i>Swift Energy Company (i)</i>	27,009	\$ 729,513		
<b>Materials : 0.00%</b>				
<b>Chemicals : 0.00%</b>				
<i>LyondellBasell Industries NV Class A</i>	7	527		
<b>Total Common Stocks (Cost \$7,028,060)</b>		730,040		
	<b>Interest rate</b>	<b>Maturity date</b>	<b>Principal</b>	
<b>Corporate Bonds and Notes : 118.12%</b>				
<b>Consumer Discretionary : 21.22%</b>				
<b>Auto Components : 0.88%</b>				
<i>Cooper Tire &amp; Rubber Company (i)</i>	7.63%	3-15-2027	\$ 4,000,000	4,380,000
<i>Cooper Tire &amp; Rubber Company (i)</i>	8.00	12-15-2019	400,000	450,000
<i>Goodyear Tire &amp; Rubber Company</i>	7.00	5-15-2022	700,000	751,625
				5,581,625
<b>Distributors : 0.27%</b>				
<i>LKQ Corporation</i>	4.75	5-15-2023	1,675,000	1,679,188
<b>Diversified Consumer Services : 1.67%</b>				
<i>Service Corporation International</i>	7.50	4-1-2027	7,078,000	8,281,260
<i>Service Corporation International</i>	7.63	10-1-2018	1,100,000	1,229,250
<i>Service Corporation International</i>	8.00	11-15-2021	885,000	1,046,513
				10,557,023
<b>Hotels, Restaurants &amp; Leisure : 4.12%</b>				
<i>CCM Merger Incorporated 144A</i>	9.13	5-1-2019	10,830,000	11,357,963
<i>Greektown Holdings LLC 144A</i>	8.88	3-15-2019	12,975,000	13,591,313
<i>Hilton Worldwide Finance LLC</i>	5.63	10-15-2021	320,000	331,600
<i>Speedway Motorsports Incorporated</i>	5.13	2-1-2023	825,000	843,563
				26,124,439
<b>Household Durables : 0.81%</b>				
<i>American Greetings Corporation</i>	7.38	12-1-2021	3,375,000	3,526,875
<i>Tempur Sealy International Incorporated 144A</i>	5.50	6-15-2026	1,425,000	1,441,929
<i>Tempur Sealy International Incorporated</i>	5.63	10-15-2023	175,000	181,125
				5,149,929
<b>Leisure Products : 0.17%</b>				
<i>Vista Outdoor Incorporated 144A</i>	5.88	10-1-2023	1,025,000	1,073,688

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**Media : 10.40%**

<i>Altice US Finance I Corporation 144A</i>	5.38	7-15-2023	2,270,000	2,343,775
<i>Cablevision Systems Corporation</i>	8.63	9-15-2017	2,975,000	3,160,938
<i>CCO Holdings LLC</i>	5.13	2-15-2023	1,425,000	1,473,984
<i>CCO Holdings LLC 144A</i>	5.13	5-1-2023	2,965,000	3,065,069
<i>CCO Holdings LLC</i>	5.25	9-30-2022	2,048,000	2,132,480
<i>CCO Holdings LLC 144A</i>	5.38	5-1-2025	7,195,000	7,482,800
<i>CCO Holdings LLC 144A</i>	5.50	5-1-2026	325,000	339,219
<i>CCO Holdings LLC 144A</i>	5.75	2-15-2026	5,675,000	5,987,125
<i>CCO Holdings LLC 144A</i>	5.88	4-1-2024	2,350,000	2,508,625
<i>CCO Holdings LLC</i>	6.63	1-31-2022	1,228,000	1,297,075
<i>Cequel Communications Holdings I LLC 144A</i>	5.13	12-15-2021	340,000	339,150
<i>Cequel Communications Holdings I LLC 144A</i>	5.13	12-15-2021	1,896,000	1,885,335

Portfolio of investments July 31, 2016 (unaudited)

Wells Fargo Income Opportunities Fund

Security name	Interest rate	Maturity date	Principal	Value
<b>Media (continued)</b>				
<i>Cequel Communications Holdings I LLC 144A</i>	7.75%	7-15-2025	\$ 3,625,000	\$ 3,860,625
<i>Cinemark USA Incorporated</i>	4.88	6-1-2023	600,000	612,000
<i>CSC Holdings LLC</i>	7.88	2-15-2018	1,525,000	1,647,000
<i>CSC Holdings LLC</i>	8.63	2-15-2019	635,000	707,628
<i>EMI Music Publishing 144A</i>	7.63	6-15-2024	950,000	1,018,875
<i>Gray Television Incorporated 144A</i>	5.88	7-15-2026	1,650,000	1,696,200
<i>Gray Television Incorporated</i>	7.50	10-1-2020	8,125,000	8,480,469
<i>Lamar Media Corporation</i>	5.88	2-1-2022	1,785,000	1,863,094
<i>LIN Television Corporation</i>	6.38	1-15-2021	500,000	522,500
<i>Live Nation Entertainment Incorporated 144A</i>	7.00	9-1-2020	1,190,000	1,237,600
<i>National CineMedia LLC</i>	6.00	4-15-2022	3,400,000	3,527,500
<i>National CineMedia LLC</i>	7.88	7-15-2021	1,750,000	1,811,250
<i>Nexstar Broadcasting Group Incorporated 144A</i>	5.63	8-1-2024	125,000	127,031
<i>Nexstar Broadcasting Group Incorporated 144A</i>	6.13	2-15-2022	1,340,000	1,378,525
<i>Nexstar Broadcasting Group Incorporated</i>	6.88	11-15-2020	3,510,000	3,676,725
<i>Outfront Media Capital Corporation</i>	5.25	2-15-2022	320,000	330,400
<i>Outfront Media Capital Corporation</i>	5.63	2-15-2024	35,000	36,925
<i>Outfront Media Capital Corporation</i>	5.88	3-15-2025	1,275,000	1,359,469
				65,909,391
<b>Specialty Retail : 2.76%</b>				
<i>ABC Supply Company Incorporated 144A</i>	5.63	4-15-2021	730,000	753,725
<i>ABC Supply Company Incorporated 144A</i>	5.75	12-15-2023	575,000	605,188
<i>Asbury Automotive Group Incorporated</i>	6.00	12-15-2024	3,275,000	3,358,513
<i>Century Intermediate Holding Company (PIK at 10.50%) 144A</i>	9.75	2-15-2019	465,000	474,881
<i>Penske Auto Group Incorporated</i>	5.38	12-1-2024	5,273,000	5,246,635
<i>Penske Auto Group Incorporated</i>	5.50	5-15-2026	675,000	666,563
<i>Penske Auto Group Incorporated</i>	5.75	10-1-2022	2,100,000	2,131,710
<i>Sonic Automotive Incorporated</i>	5.00	5-15-2023	2,050,000	2,024,375
<i>Sonic Automotive Incorporated</i>	7.00	7-15-2022	2,126,000	2,237,615
				17,499,205
<b>Textiles, Apparel &amp; Luxury Goods : 0.14%</b>				
<i>Wolverine World Wide Company</i>	6.13	10-15-2020	875,000	905,625
<b>Consumer Staples : 1.90%</b>				
<b>Beverages : 0.35%</b>				
<i>Cott Beverages Incorporated</i>	5.38	7-1-2022	850,000	871,250
<i>Cott Beverages Incorporated</i>	6.75	1-1-2020	1,295,000	1,358,131
				2,229,381
<b>Food Products : 1.48%</b>				

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<i>B&amp;G Foods Incorporated</i>	4.63	6-1-2021	670,000	688,425
<i>Darling Ingredients Incorporated</i>	5.38	1-15-2022	295,000	305,325
<i>Pilgrim s Pride Corporation 144A</i>	5.75	3-15-2025	1,860,000	1,883,250
<i>Pinnacle Foods Incorporated 144A</i>	5.63	5-1-2024	700,000	714,434
<i>Pinnacle Foods Incorporated 144A</i>	5.88	1-15-2024	100,000	106,250
<i>Post Holdings Incorporated 144A %%</i>	5.00	8-15-2026	1,350,000	1,345,781
<i>Prestige Brands Incorporated 144A</i>	6.38	3-1-2024	210,000	221,550
<i>Simmons Foods Incorporated 144A</i>	7.88	10-1-2021	3,625,000	3,344,063
<i>TreeHouse Foods Incorporated 144A</i>	6.00	2-15-2024	100,000	107,500
<i>US Foods Incorporated 144A</i>	5.88	6-15-2024	670,000	700,150
				9,416,728

**Household Products : 0.07%**

<i>Central Garden &amp; Pet Company</i>	6.13	11-15-2023	405,000	429,300
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**Energy : 28.75%**

**Energy Equipment & Services : 9.09%**

<i>Bristow Group Incorporated</i>	6.25	10-15-2022	8,450,000	5,999,500
<i>Cleaver Brooks Incorporated 144A</i>	8.75	12-15-2019	810,000	834,300
<i>Era Group Incorporated</i>	7.75	12-15-2022	4,720,000	4,035,600

## Wells Fargo Income Opportunities Fund

Portfolio of investments July 31, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Energy Equipment &amp; Services (continued)</b>				
<i>Hilcorp Energy Company 144A</i>	5.00%	12-1-2024	\$ 1,810,000	\$ 1,683,300
<i>Hilcorp Energy Company 144A</i>	5.75	10-1-2025	2,290,000	2,164,050
<i>Hilcorp Energy Company 144A</i>	7.63	4-15-2021	700,000	715,750
<i>Holly Energy Partners LP 144A</i>	6.00	8-1-2024	1,100,000	1,113,750
<i>Hornbeck Offshore Services Incorporated</i>	1.50	9-1-2019	2,500,000	1,451,563
<i>Hornbeck Offshore Services Incorporated</i>	5.00	3-1-2021	5,200,000	3,263,000
<i>Hornbeck Offshore Services Incorporated</i>	5.88	4-1-2020	4,562,000	2,999,515
<i>NGPL PipeCo LLC 144A</i>	7.12	12-15-2017	3,990,000	4,169,550
<i>NGPL PipeCo LLC 144A</i>	7.77	12-15-2037	19,550,000	20,136,500
<i>NGPL PipeCo LLC 144A</i>	9.63	6-1-2019	715,000	748,963
<i>PHI Incorporated</i>	5.25	3-15-2019	9,000,000	8,280,000
				57,595,341
<b>Oil, Gas &amp; Consumable Fuels : 19.66%</b>				
<i>Alpha Natural Resources Incorporated (s)</i>	6.25	6-1-2021	800,000	3,000
<i>Arch Coal Incorporated (s)</i>	7.00	6-15-2019	1,950,000	37,050
<i>Arch Coal Incorporated (s)</i>	7.25	6-15-2021	775,000	15,500
<i>Archrock Partners LP</i>	6.00	10-1-2022	525,000	472,500
<i>Continental Resources Incorporated</i>	5.00	9-15-2022	1,450,000	1,355,750
<i>Crestwood Midstream Partners LP</i>	6.13	3-1-2022	350,000	328,342
<i>Crestwood Midstream Partners LP</i>	6.25	4-1-2023	2,225,000	2,085,938
<i>Denbury Resources Incorporated</i>	4.63	7-15-2023	7,750,000	4,650,000
<i>Denbury Resources Incorporated</i>	5.50	5-1-2022	580,000	368,300
<i>Denbury Resources Incorporated</i>	6.38	8-15-2021	3,380,000	2,247,700
<i>El Paso Pipeline Partners Operating LLC</i>	5.00	10-1-2021	2,850,000	3,068,658
<i>Enable Midstream Partner LP</i>	2.40	5-15-2019	5,475,000	5,299,023
<i>Enable Midstream Partner LP</i>	3.90	5-15-2024	3,150,000	2,937,221
<i>Enable Midstream Partner LP</i>	5.00	5-15-2044	600,000	498,059
<i>Enable Oklahoma Intrastate Transmission LLC 144A</i>	6.25	3-15-2020	1,100,000	1,159,080
<i>Enlink Midstream LLC</i>	4.15	6-1-2025	5,000,000	4,693,555
<i>Enlink Midstream LLC</i>	4.40	4-1-2024	5,400,000	5,261,236
<i>Exterran Partners LP</i>	6.00	4-1-2021	4,300,000	3,966,750
<i>Kinder Morgan Incorporated</i>	5.55	6-1-2045	1,525,000	1,529,959
<i>Kinder Morgan Incorporated</i>	6.50	9-15-2020	1,155,000	1,292,578
<i>Kinder Morgan Incorporated</i>	7.00	6-15-2017	1,998,000	2,078,030
<i>Kinder Morgan Incorporated (i)</i>	7.42	2-15-2037	1,820,000	1,910,359
<i>Kinder Morgan Incorporated</i>	7.80	8-1-2031	3,050,000	3,633,041
<i>Overseas Shipholding Group Incorporated</i>	8.13	3-30-2018	4,950,000	4,999,500
<i>Rockies Express Pipeline LLC 144A</i>	5.63	4-15-2020	7,320,000	7,539,600
<i>Rockies Express Pipeline LLC 144A</i>	6.88	4-15-2040	9,100,000	8,963,500
<i>Rockies Express Pipeline LLC 144A</i>	7.50	7-15-2038	4,500,000	4,455,000
<i>Rose Rock Midstream LP</i>	5.63	7-15-2022	2,450,000	2,198,875



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<i>Rose Rock Midstream LP</i>	5.63	11-15-2023	1,375,000	1,227,188
<i>Sabine Oil &amp; Gas Corporation (i)(s)</i>	7.25	6-15-2019	850,000	8,500
<i>Sabine Oil &amp; Gas Corporation (i)(s)</i>	7.50	9-15-2020	5,733,000	114,660
<i>Sabine Pass Liquefaction LLC</i>	5.63	2-1-2021	2,275,000	2,348,938
<i>Sabine Pass Liquefaction LLC</i>	5.63	4-15-2023	2,820,000	2,876,400
<i>Sabine Pass Liquefaction LLC</i>	5.63	3-1-2025	740,000	755,496
<i>Sabine Pass Liquefaction LLC</i>	5.75	5-15-2024	525,000	538,125
<i>Sabine Pass Liquefaction LLC 144A</i>	5.88	6-30-2026	1,225,000	1,257,156
<i>Sabine Pass Liquefaction LLC</i>	6.25	3-15-2022	3,415,000	3,572,944
<i>Sabine Pass LNG LP</i>	6.50	11-1-2020	6,295,000	6,546,800
<i>Sabine Pass LNG LP</i>	7.50	11-30-2016	7,325,000	7,444,031
<i>SemGroup Corporation</i>	7.50	6-15-2021	4,620,000	4,435,200
<i>Southern Star Central Corporation 144A</i>	5.13	7-15-2022	80,000	79,200
<i>Southwestern Energy Company</i>	4.10	3-15-2022	815,000	721,275
<i>Suburban Propane Partners LP</i>	7.38	8-1-2021	716,000	744,640
<i>Swift Energy Company (a)(i)(s)</i>	7.13	6-1-2017	9,300,000	0
<i>Swift Energy Company (a)(i)(s)</i>	8.88	1-15-2020	1,750,000	0
<i>Tesoro Logistics LP</i>	6.13	10-15-2021	350,000	364,035
<i>Tesoro Logistics LP</i>	6.38	5-1-2024	725,000	764,426
<i>Ultra Petroleum Corporation (s)144A</i>	5.75	12-15-2018	650,000	487,500
<i>Ultra Petroleum Corporation (s)144A</i>	6.13	10-1-2024	14,075,000	10,556,250
<i>Valvoline Incorporated 144A</i>	5.50	7-15-2024	625,000	652,344
<i>Western Gas Partners LP</i>	3.95	6-1-2025	350,000	343,443
<i>Western Gas Partners LP</i>	4.00	7-1-2022	300,000	301,862

Portfolio of investments July 31, 2016 (unaudited)

Wells Fargo Income Opportunities Fund

Security name	Interest rate	Maturity date	Principal	Value
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>				
<i>Western Gas Partners LP</i>	5.38%	6-1-2021	\$ 375,000	\$ 399,192
<i>Western Gas Partners LP</i>	5.45	4-1-2044	1,050,000	1,026,741
				124,614,450
<b>Financials : 21.64%</b>				
<b>Banks : 1.05%</b>				
<i>CIT Group Incorporated</i>	5.25	3-15-2018	160,000	166,400
<i>CIT Group Incorporated 144A</i>	5.50	2-15-2019	2,225,000	2,358,500
<i>CIT Group Incorporated 144A</i>	6.63	4-1-2018	3,880,000	4,122,500
				6,647,400
<b>Capital Markets : 1.15%</b>				
<i>Jefferies Finance LLC 144A</i>	6.88	4-15-2022	6,910,000	6,106,713
<i>Neuberger Berman Group LLC 144A</i>	5.88	3-15-2022	1,125,000	1,165,781
				7,272,494
<b>Consumer Finance : 6.91%</b>				
<i>Ally Financial Incorporated</i>	7.50	9-15-2020	300,000	342,750
<i>Ally Financial Incorporated</i>	8.00	12-31-2018	1,300,000	1,444,625
<i>Ally Financial Incorporated</i>	8.00	3-15-2020	3,016,000	3,460,860
<i>Diamond 1 Finance Corporation/Diamond 2 Finance Corporation 144A</i>	7.13	6-15-2024	8,825,000	9,497,597
<i>Diamond 1 Finance Corporation/Diamond 2 Finance Corporation 144A</i>	5.88	6-15-2021	4,650,000	4,861,012
<i>Ford Motor Credit Company LLC</i>	8.00	12-15-2016	200,000	205,070
<i>Navient Corporation</i>	8.00	3-25-2020	2,725,000	2,912,344
<i>SLM Corporation</i>	8.45	6-15-2018	3,110,000	3,382,125
<i>Springleaf Finance Corporation</i>	5.75	9-15-2016	2,325,000	2,330,813
<i>Springleaf Finance Corporation</i>	6.00	6-1-2020	2,850,000	2,764,500
<i>Springleaf Finance Corporation</i>	6.50	9-15-2017	550,000	572,000
<i>Springleaf Finance Corporation</i>	6.90	12-15-2017	6,950,000	7,335,864
<i>Springleaf Finance Corporation</i>	7.75	10-1-2021	2,500,000	2,481,250
<i>Springleaf Finance Corporation</i>	8.25	12-15-2020	300,000	310,500
<i>Springleaf Finance Corporation</i>	8.25	10-1-2023	1,892,000	1,873,080
				43,774,390
<b>Diversified Financial Services : 2.15%</b>				
<i>Denali Borrower LLC 144A</i>	5.63	10-15-2020	6,930,000	7,268,184
<i>Infinity Acquisition LLC 144A(i)</i>	7.25	8-1-2022	2,815,000	2,477,200
<i>NewStar Financial Incorporated</i>	7.25	5-1-2020	4,075,000	3,899,979
				13,645,363
<b>Insurance : 1.61%</b>				

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<i>Hub Holdings LLC (PIK at 8.88%) 144A</i>	8.13	7-15-2019	3,405,000	3,285,825
<i>Hub International Limited 144A</i>	7.88	10-1-2021	6,900,000	6,917,250
				10,203,075

**Real Estate Management & Development :**

**1.04%**

<i>Onex Corporation 144A</i>	7.75	1-15-2021	6,540,000	6,605,400
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**REITs : 7.73%**

<i>Crown Castle International Corporation</i>	4.88	4-15-2022	760,000	841,616
<i>Crown Castle International Corporation</i>	5.25	1-15-2023	4,385,000	5,019,334
<i>DuPont Fabros Technology Incorporated LP</i>	5.63	6-15-2023	4,875,000	5,100,469
<i>DuPont Fabros Technology Incorporated LP</i>	5.88	9-15-2021	7,670,000	8,039,119
<i>Equinix Incorporated</i>	5.88	1-15-2026	700,000	754,250
<i>ESH Hospitality Incorporated 144A</i>	5.25	5-1-2025	6,425,000	6,408,938
<i>Iron Mountain Incorporated 144A</i>	4.38	6-1-2021	2,500,000	2,587,500
<i>Iron Mountain Incorporated 144A</i>	5.38	6-1-2026	2,175,000	2,202,188
<i>Iron Mountain Incorporated 144A</i>	6.00	10-1-2020	600,000	633,000

## Wells Fargo Income Opportunities Fund

Portfolio of investments July 31, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>REITs (continued)</b>				
<i>Iron Mountain Incorporated</i>	6.00%	8-15-2023	\$ 5,185,000	\$ 5,509,063
<i>Sabra Health Care Incorporated</i>	5.38	6-1-2023	2,100,000	2,115,750
<i>Sabra Health Care Incorporated</i>	5.50	2-1-2021	1,960,000	2,043,300
<i>The Geo Group Incorporated</i>	5.13	4-1-2023	1,305,000	1,308,263
<i>The Geo Group Incorporated</i>	5.88	1-15-2022	4,495,000	4,612,994
<i>The GEO Group Incorporated</i>	5.88	10-15-2024	1,450,000	1,486,250
<i>The Geo Group Incorporated</i>	6.00	4-15-2026	325,000	333,531
				48,995,565

**Health Care : 11.86%***Health Care Equipment & Supplies : 2.24%*

<i>Crimson Merger Sub Incorporated 144A</i>	6.63	5-15-2022	6,225,000	5,306,813
<i>Hill-Rom Holdings Incorporated 144A</i>	5.75	9-1-2023	325,000	339,219
<i>Hologic Incorporated 144A</i>	5.25	7-15-2022	1,500,000	1,590,000
<i>Kinetics Concepts Incorporated 144A</i>	7.88	2-15-2021	3,750,000	4,042,988
<i>Surgery Center Holdings Company 144A</i>	8.88	4-15-2021	2,775,000	2,955,375
				14,234,395

**Health Care Providers & Services : 7.84%**

<i>Acadia Healthcare Company Incorporated</i>	6.50	3-1-2024	310,000	320,267
<i>Centene Corporation</i>	5.75	6-1-2017	1,925,000	1,982,750
<i>DaVita HealthCare Partners Incorporated</i>	5.00	5-1-2025	2,215,000	2,239,919
<i>DaVita HealthCare Partners Incorporated</i>	5.75	8-15-2022	2,925,000	3,089,531
<i>Fresenius Medical Care Holdings Incorporated 144A</i>	5.63	7-31-2019	1,000,000	1,100,000
<i>Fresenius Medical Care Holdings Incorporated</i>	6.88	7-15-2017	700,000	731,500
<i>HCA Incorporated</i>	5.88	3-15-2022	750,000	825,000
<i>HCA Incorporated</i>	6.50	2-15-2020	6,525,000	7,185,656
<i>HealthSouth Corporation</i>	5.75	9-15-2025	1,725,000	1,781,270
<i>Mednax Incorporated 144A</i>	5.25	12-1-2023	775,000	807,938
<i>Molina Healthcare Incorporated 144A</i>	5.38	11-15-2022	775,000	790,500
<i>MPH Acquisition Holdings LLC 144A</i>	7.13	6-1-2024	1,125,000	1,200,938
<i>MPT Operating Partnership LP</i>	5.25	8-1-2026	2,050,000	2,155,063
<i>MPT Operating Partnership LP</i>	6.38	2-15-2022	2,025,000	2,126,250
<i>MPT Operating Partnership LP</i>	6.38	3-1-2024	170,000	185,300
<i>MPT Operating Partnership LP</i>	6.88	5-1-2021	3,175,000	3,287,078
<i>Select Medical Corporation</i>	6.38	6-1-2021	9,180,000	9,082,508
<i>Team Health Incorporated 144A</i>	7.25	12-15-2023	3,575,000	3,896,750
<i>Tenet Healthcare Corporation</i>	6.00	10-1-2020	2,600,000	2,749,500
<i>Vizient Incorporated 144A</i>	10.38	3-1-2024	3,665,000	4,132,288
				49,670,006

**Health Care Technology : 1.42%**

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<i>Change Healthcare Holdings Incorporated 144A</i>	6.00	2-15-2021	1,085,000	1,150,100
<i>Change Healthcare Holdings Incorporated</i>	11.00	12-31-2019	7,415,000	7,841,363
				8,991,463

**Pharmaceuticals : 0.36%**

<i>Endo Finance LLC 144A</i>	5.38	1-15-2023	1,275,000	1,106,063
<i>Endo Finance LLC 144A</i>	5.75	1-15-2022	1,180,000	1,062,000
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	7.25	7-15-2022	100,000	89,250
				2,257,313

**Industrials : 5.77%**

**Airlines : 0.40%**

<i>Aviation Capital Group Corporation 144A</i>	6.75	4-6-2021	2,190,000	2,559,015
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**Commercial Services & Supplies : 1.75%**

<i>Aramark Services Incorporated</i>	5.13	1-15-2024	200,000	206,500
<i>Covanta Holding Corporation</i>	5.88	3-1-2024	5,393,000	5,339,070

Portfolio of investments July 31, 2016 (unaudited)

Wells Fargo Income Opportunities Fund

Security name	Interest rate	Maturity date	Principal	Value
<b>Commercial Services &amp; Supplies (continued)</b>				
<i>Covanta Holding Corporation</i>	6.38%	10-1-2022	\$ 3,205,000	\$ 3,309,163
<i>Covanta Holding Corporation</i>	7.25	12-1-2020	2,150,000	2,227,938
				11,082,671
<b>Construction &amp; Engineering : 1.00%</b>				
<i>AECOM</i>	5.75	10-15-2022	355,000	373,638
<i>AECOM</i>	5.88	10-15-2024	4,280,000	4,590,300
<i>United Rentals North America Incorporated</i>	4.63	7-15-2023	1,340,000	1,366,800
				6,330,738
<b>Professional Services : 0.05%</b>				
<i>Ascent Capital Group Incorporated</i>	4.00	7-15-2020	600,000	358,500
<b>Trading Companies &amp; Distributors : 2.57%</b>				
<i>Ashtead Capital Incorporated 144A</i>	6.50	7-15-2022	8,075,000	8,519,125
<i>H&amp;E Equipment Services Incorporated</i>	7.00	9-1-2022	6,370,000	6,640,725
<i>International Lease Finance Corporation 144A</i>	7.13	9-1-2018	1,015,000	1,124,113
				16,283,963
<b>Information Technology : 7.41%</b>				
<b>Communications Equipment : 0.33%</b>				
<i>CommScope Technologies Finance LLC 144A</i>	6.00	6-15-2025	2,000,000	2,110,000
<b>Electronic Equipment, Instruments &amp; Components : 2.81%</b>				
<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	13,532,000	14,716,050
<i>Zebra Technologies Corporation</i>	7.25	10-15-2022	2,910,000	3,106,425
				17,822,475
<b>Internet Software &amp; Services : 0.41%</b>				
<i>Infor Software Parent LLC</i>	6.50	5-15-2022	875,000	868,438
<i>Infor Software Parent LLC (PIK at 7.88%) 144A</i>	7.13	5-1-2021	1,260,000	1,174,950
<i>Zayo Group LLC</i>	6.00	4-1-2023	250,000	260,000
<i>Zayo Group LLC</i>	6.38	5-15-2025	300,000	313,875
				2,617,263
<b>IT Services : 0.42%</b>				
<i>First Data Corporation 144A</i>	5.00	1-15-2024	690,000	695,175
<i>First Data Corporation 144A</i>	5.75	1-15-2024	520,000	524,550
<i>First Data Corporation 144A</i>	6.75	11-1-2020	1,391,000	1,450,118
				2,669,843

**Semiconductors & Semiconductor Equipment :****1.09%**

<i>Micron Technology Incorporated 144A</i>	5.25	8-1-2023	600,000	538,500
<i>Micron Technology Incorporated 144A</i>	5.25	1-15-2024	1,325,000	1,189,188
<i>Micron Technology Incorporated</i>	5.50	2-1-2025	2,850,000	2,557,875
<i>Micron Technology Incorporated 144A</i>	5.63	1-15-2026	1,379,000	1,223,863
<i>Micron Technology Incorporated</i>	5.88	2-15-2022	1,410,000	1,360,650
				6,870,076

**Software : 0.94%**

<i>Activision Blizzard Incorporated 144A</i>	5.63	9-15-2021	1,155,000	1,208,419
<i>Activision Blizzard Incorporated 144A</i>	6.13	9-15-2023	285,000	311,006
<i>Boxer Parent Company Incorporated (PIK at 9.75%) 144A</i>	9.00	10-15-2019	4,375,000	3,696,875
<i>SS&amp;C Technologies Incorporated</i>	5.88	7-15-2023	700,000	726,250
				5,942,550

## Wells Fargo Income Opportunities Fund

Portfolio of investments July 31, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Technology Hardware, Storage &amp; Peripherals : 1.41%</b>				
<i>NCR Corporation</i>	5.88%	12-15-2021	\$ 380,000	\$ 395,200
<i>NCR Corporation</i>	6.38	12-15-2023	8,238,000	8,526,330
				8,921,530
<b>Materials : 2.53%</b>				
<b>Chemicals : 0.08%</b>				
<i>Celanese U.S. Holdings LLC</i>	5.88	6-15-2021	440,000	501,600
<b>Containers &amp; Packaging : 2.40%</b>				
<i>Ball Corporation</i>	5.25	7-1-2025	305,000	329,400
<i>Berry Plastics Corporation</i>	5.13	7-15-2023	700,000	723,625
<i>Berry Plastics Corporation</i>	6.00	10-15-2022	350,000	371,438
<i>Crown Cork &amp; Seal Company Incorporated</i>	7.38	12-15-2026	60,000	66,750
<i>Crown Cork &amp; Seal Company Incorporated (i)</i>	7.50	12-15-2096	1,225,000	1,249,500
<i>Owens-Brockway Glass Container Incorporated 144A</i>	5.88	8-15-2023	1,300,000	1,397,500
<i>Owens-Illinois Incorporated 144A</i>	5.38	1-15-2025	925,000	960,844
<i>Owens-Illinois Incorporated 144A</i>	6.38	8-15-2025	5,380,000	5,901,188
<i>Owens-Illinois Incorporated</i>	7.80	5-15-2018	837,000	916,515
<i>Sealed Air Corporation 144A</i>	5.13	12-1-2024	1,775,000	1,865,969
<i>Silgan Holdings Incorporated</i>	5.00	4-1-2020	1,400,000	1,421,000
				15,203,729
<b>Metals &amp; Mining : 0.05%</b>				
<i>Indalex Holdings Corporation (a)(i)(s)</i>	11.50	2-1-2020	5,985,000	0
<i>Kaiser Aluminum Corporation 144A</i>	5.88	5-15-2024	325,000	341,250
				341,250
<b>Telecommunication Services : 12.88%</b>				
<b>Diversified Telecommunication Services : 5.01%</b>				
<i>Citizens Communications Company</i>	7.88	1-15-2027	830,000	726,582
<i>Frontier Communications Corporation</i>	8.13	10-1-2018	1,980,000	2,178,000
<i>Frontier Communications Corporation</i>	8.25	4-15-2017	2,380,000	2,487,100
<i>Frontier Communications Corporation</i>	8.50	4-15-2020	1,000,000	1,076,000
<i>GCI Incorporated</i>	6.75	6-1-2021	4,200,000	4,326,000
<i>GCI Incorporated</i>	6.88	4-15-2025	2,450,000	2,541,875
<i>Level 3 Financing Incorporated</i>	5.13	5-1-2023	1,595,000	1,642,850
<i>Level 3 Financing Incorporated</i>	5.38	8-15-2022	2,545,000	2,672,250
<i>Level 3 Financing Incorporated</i>	5.38	5-1-2025	1,595,000	1,674,750
<i>Level 3 Financing Incorporated</i>	5.63	2-1-2023	1,275,000	1,338,750
<i>Level 3 Financing Incorporated</i>	6.13	1-15-2021	1,690,000	1,759,713



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<i>Level 3 Financing Incorporated 144A</i>	5.25	3-15-2026	1,050,000	1,098,563
<i>Level 3 Financing Incorporated</i>	5.38	1-15-2024	1,125,000	1,179,844
<i>SBA Communications Corporation</i>	5.63	10-1-2019	270,000	278,775
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	11,370,000	5,670,788
<i>Windstream Corporation</i>	6.38	8-1-2023	1,250,000	1,081,250
				31,733,090

**Wireless Telecommunication Services :**

**7.87%**

<i>Metro PCS Wireless Incorporated</i>	6.63	11-15-2020	5,910,000	6,087,300
<i>SBA Communications Corporation</i>	4.88	7-15-2022	1,485,000	1,522,125
<i>SBA Communications Corporation</i>	5.75	7-15-2020	2,795,000	2,878,850
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	18,785,000	16,061,175
<i>Sprint Capital Corporation</i>	8.75	3-15-2032	5,455,000	5,127,700
<i>Sprint Communications Incorporated</i>	7.00	8-15-2020	380,000	360,924
<i>Sprint Corporation</i>	7.13	6-15-2024	995,000	885,550
<i>Sprint Corporation</i>	7.63	2-15-2025	675,000	607,500
<i>T-Mobile USA Incorporated</i>	6.00	3-1-2023	500,000	528,620
<i>T-Mobile USA Incorporated</i>	6.13	1-15-2022	140,000	147,438
<i>T-Mobile USA Incorporated</i>	6.25	4-1-2021	290,000	303,413
<i>T-Mobile USA Incorporated</i>	6.38	3-1-2025	2,800,000	2,996,000
<i>T-Mobile USA Incorporated</i>	6.46	4-28-2019	265,000	269,969

Portfolio of investments July 31, 2016 (unaudited)

Wells Fargo Income Opportunities Fund

Security name	Interest rate	Maturity date	Principal	Value
<b>Wireless Telecommunication Services (continued)</b>				
<i>T-Mobile USA Incorporated</i>	6.50%	1-15-2024	\$ 140,000	\$ 149,800
<i>T-Mobile USA Incorporated</i>	6.50	1-15-2026	805,000	871,815
<i>T-Mobile USA Incorporated</i>	6.54	4-28-2020	275,000	283,938
<i>T-Mobile USA Incorporated</i>	6.63	4-1-2023	1,050,000	1,126,965
<i>T-Mobile USA Incorporated</i>	6.63	4-28-2021	1,525,000	1,603,156
<i>T-Mobile USA Incorporated</i>	6.73	4-28-2022	5,645,000	5,913,138
<i>T-Mobile USA Incorporated</i>	6.84	4-28-2023	1,765,000	1,884,138
<i>T-Mobile USA Incorporated</i>	6.00	4-15-2024	275,000	293,477
				49,902,991
<b>Utilities : 4.16%</b>				
<b>Electric Utilities : 0.64%</b>				
<i>Energy Future Intermediate Holding Company LLC (s)</i>				
	10.00	12-1-2020	150,000	4,125
<i>Otter Tail Corporation (i)</i>	9.00	12-15-2016	3,985,000	4,080,238
				4,084,363
<b>Gas Utilities : 0.24%</b>				
<i>AmeriGas Finance LLC</i>	5.63	5-20-2024	725,000	750,375
<i>AmeriGas Finance LLC</i>	5.88	8-20-2026	725,000	759,438
				1,509,813
<b>Independent Power &amp; Renewable Electricity Producers : 3.28%</b>				
<i>Calpine Corporation 144A</i>	5.88	1-15-2024	455,000	478,888
<i>Calpine Corporation 144A</i>	6.00	1-15-2022	865,000	903,925
<i>Calpine Corporation 144A</i>	7.88	1-15-2023	872,000	922,140
<i>NSG Holdings LLC 144A</i>	7.75	12-15-2025	5,693,058	6,091,572
<i>Reliant Energy Incorporated</i>	9.68	7-2-2026	780,000	725,400
<i>TerraForm Power Operating LLC 144A</i>	5.88	2-1-2023	8,590,000	8,622,213
<i>TerraForm Power Operating LLC 144A</i>	6.13	6-15-2025	3,050,000	3,034,750
				20,778,888
<b>Total Corporate Bonds and Notes (Cost \$736,162,767)</b>				748,686,525
<b>Loans : 3.42%</b>				
<b>Consumer Discretionary : 0.74%</b>				
<b>Hotels, Restaurants &amp; Leisure : 0.10%</b>				
<i>CCM Merger Incorporated ±</i>	4.50	8-8-2021	616,148	617,177
<b>Specialty Retail : 0.64%</b>				
<i>Focus Brands Incorporated ±</i>	10.25	8-21-2018	4,124,203	4,088,116
<b>Financials : 0.15%</b>				

**Diversified Financial Services : 0.15%**

<i>American Beacon Advisors Incorporated ±(i)</i>	9.75	3-3-2023	1,010,000	959,500
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**Health Care : 0.33%****Pharmaceuticals : 0.33%**

<i>Valeant Pharmaceuticals International Incorporated ±</i>	4.75	12-11-2019	2,133,568	2,108,498
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**Industrials : 0.17%****Commercial Services & Supplies : 0.17%**

<i>W3 Company ±(i)</i>	9.25	9-13-2020	488,775	195,510
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<i>WASH Multifamily Laundry Systems LLC ±</i>	4.25	5-14-2022	673,199	667,732
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<i>WASH Multifamily Laundry Systems LLC ±</i>	8.00	5-12-2023	29,808	29,287
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## Wells Fargo Income Opportunities Fund

Portfolio of investments July 31, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Commercial Services &amp; Supplies (continued)</b>				
<i>WASH Multifamily Laundry Systems LLC ±(i)</i>	8.00%	5-14-2023	\$ 170,192	\$ 167,213
				1,059,742
<b>Information Technology : 0.10%</b>				
<b>Technology Hardware, Storage &amp; Peripherals : 0.10%</b>				
<i>Peak 10 Incorporated ±(i)</i>	8.25	6-17-2022	700,239	623,213
<b>Telecommunication Services : 0.15%</b>				
<b>Wireless Telecommunication Services : 0.15%</b>				
<i>LTS Buyer LLC ±(i)</i>	8.00	4-12-2021	935,369	933,031
<b>Utilities : 1.78%</b>				
<b>Electric Utilities : 1.78%</b>				
<i>Texas Competitive Electric Holdings Company LLC (s)±</i>	4.66	10-10-2016	34,355,889	11,294,498
<b>Total Loans (Cost \$44,910,192)</b>				21,683,775
<b>Yankee Corporate Bonds and Notes : 8.65%</b>				
<b>Consumer Staples : 0.10%</b>				
<b>Food Products : 0.10%</b>				
<i>Fage International S.A. 144A%%</i>	5.63	8-15-2026	625,000	638,281
<b>Energy : 1.78%</b>				
<b>Oil, Gas &amp; Consumable Fuels : 1.78%</b>				
<i>Baytex Energy Corporation 144A</i>	5.13	6-1-2021	1,150,000	931,500
<i>Baytex Energy Corporation 144A</i>	5.63	6-1-2024	1,700,000	1,343,000
<i>Griffin Coal Mining Company Limited (a)(i)(s)144A</i>	9.50	12-1-2016	2,119,383	847,753
<i>Griffin Coal Mining Company Limited (a)(i)(s)</i>	9.50	12-1-2016	290,088	116,035
<i>Teekay Corporation</i>	8.50	1-15-2020	7,708,000	6,628,880
<i>Teekay Corporation 144A</i>	8.50	1-15-2020	1,650,000	1,386,000
				11,253,168
<b>Financials : 0.11%</b>				
<b>Banks : 0.11%</b>				
<i>Nielsen Holding and Finance BV 144A</i>	5.50	10-1-2021	700,000	728,000
<i>Preferred Term Securities XII Limited (a)(i)(s)</i>	0.00	12-24-2033	1,540,000	0
				728,000
<b>Health Care : 2.64%</b>				
<b>Pharmaceuticals : 2.64%</b>				

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<i>Mallinckrodt plc 144A</i>	5.50	4-15-2025	970,000	894,825
<i>Mallinckrodt plc 144A</i>	5.63	10-15-2023	445,000	427,200
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	5.63	12-1-2021	1,178,000	1,005,718
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	5.88	5-15-2023	3,600,000	2,997,000
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	6.13	4-15-2025	8,675,000	7,200,250
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	6.38	10-15-2020	2,375,000	2,143,438
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	6.75	8-15-2021	700,000	628,250
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	7.50	7-15-2021	1,541,000	1,433,130
				16,729,811
<b>Industrials : 0.79%</b>				
<b>Building Products : 0.06%</b>				
<i>Allegion plc</i>	5.88	9-15-2023	340,000	362,100

Portfolio of investments July 31, 2016 (unaudited)

Wells Fargo Income Opportunities Fund

Security name	Interest rate	Maturity date	Principal	Value
<b>Commercial Services &amp; Supplies : 0.67%</b>				
<i>GFL Environmental Incorporated 144A</i>	7.88%	4-1-2020	\$ 3,205,000	\$ 3,309,163
<i>GFL Environmental Incorporated 144A</i>	9.88	2-1-2021	850,000	922,250
				4,231,413
<b>Machinery : 0.06%</b>				
<i>Sensata Technologies BV 144A</i>	5.00	10-1-2025	385,000	394,625
<b>Materials : 0.71%</b>				
<b>Containers &amp; Packaging : 0.64%</b>				
<i>Ardagh Finance Holdings SA (PIK at 8.63%) 144A</i>	8.63	6-15-2019	2,708,234	2,789,481
<i>Ardagh Packaging Finance plc 144A</i>	7.25	5-15-2024	1,175,000	1,239,625
				4,029,106
<b>Metals &amp; Mining : 0.07%</b>				
<i>ArcelorMittal SA</i>	6.13	6-1-2025	450,000	476,861
<b>Telecommunication Services : 2.52%</b>				
<b>Diversified Telecommunication Services : 2.29%</b>				
<i>Intelsat Jackson Holdings SA</i>	5.50	8-1-2023	11,740,000	7,689,700
<i>Intelsat Jackson Holdings SA</i>	7.25	4-1-2019	4,000,000	2,990,000
<i>Intelsat Luxembourg SA</i>	7.75	6-1-2021	2,600,000	598,000
<i>Intelsat Luxembourg SA</i>	8.13	6-1-2023	10,050,000	2,336,625
<i>Virgin Media Finance plc 144A</i>	5.38	4-15-2021	274,500	285,480
<i>Virgin Media Finance plc 144A</i>	6.38	4-15-2023	605,000	621,638
				14,521,443
<b>Wireless Telecommunication Services : 0.23%</b>				
<i>Telesat Canada Incorporated 144A</i>	6.00	5-15-2017	1,475,000	1,471,286
<b>Total Yankee Corporate Bonds and Notes</b>				
<b>(Cost \$71,035,060)</b>				54,836,094
	<b>Yield</b>		<b>Shares</b>	
<b>Short-Term Investments : 4.25%</b>				
<b>Investment Companies : 4.25%</b>				

<i>Wells Fargo Government Money</i>			
<i>Market Fund Select Class (l)(u)##</i>	0.32	26,920,312	26,920,311
<b>Total Short-Term Investments</b>			
<b>(Cost \$26,920,311)</b>			26,920,311
<b>Total investments in securities</b>			
<b>(Cost \$886,056,390)*</b>			
	134.56%		852,856,745
<i>Other assets and liabilities, net</i>	(34.56)		(219,034,504)
<b>Total net assets</b>	100.00%		\$ 633,822,241

*Non-income-earning security**(i) Illiquid security**144A The security may be resold in transactions exempt from registration, normally to qualified institutional buyers, pursuant to Rule 144A under the Securities Act of 1933.**¥ A payment-in-kind (PIK) security is a security in which the issuer may make interest or dividend payments in cash or additional securities. These additional securities generally have the same terms as the original holdings.**%% The security is issued on a when-issued basis.**(s) The security is currently in default with regards to scheduled interest and/or principal payments. The Fund has stopped accruing interest on the security.**(a) The security is fair valued in accordance with procedures approved by the Board of Trustees.**± Variable rate investment. The rate shown is the rate in effect at period end.**(l) The issuer of the security is an affiliated person of the Fund as defined in the Investment Company Act of 1940.**(u) The rate represents the 7-day annualized yield at period end.**## All or a portion of this security is segregated for when-issued securities.*

**Wells Fargo Income Opportunities Fund****Portfolio of investments July 31, 2016 (unaudited)**

\* *Cost for federal income tax purposes is \$892,291,739 and unrealized gains (losses) consists of:*

<i>Gross unrealized gains</i>	<i>\$ 37,114,117</i>
<i>Gross unrealized losses</i>	<i>(76,549,111)</i>
<i>Net unrealized losses</i>	<i>\$ (39,434,994)</i>

*Abbreviations:*

<i>LLC</i>	<i>Limited liability company</i>
<i>LP</i>	<i>Limited partnership</i>
<i>plc</i>	<i>Public limited company</i>
<i>REIT</i>	<i>Real estate investment trust</i>



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

**Notes to Portfolio of investments July 31, 2016 (unaudited)**

**Securities valuation**

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

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

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

Investments in registered open-end investment companies are valued at net asset value.

Investments which are not valued using any of the methods discussed above are valued at their fair value, as determined in good faith by the Board of Trustees of the Fund. The Board of Trustees has established a Valuation Committee comprised of the Trustees and has delegated to it the authority to take any actions regarding the valuation of portfolio securities that the Valuation Committee deems necessary or appropriate, including determining the fair value of portfolio securities, unless the determination has been delegated to the Management Valuation Team of Wells Fargo Funds Management, LLC ( Funds Management ). The Board of Trustees retains the authority to make or ratify any valuation decisions or approve any changes to the Valuation Procedures as it deems appropriate. On a quarterly basis, the Board of Trustees receives reports on any valuation actions taken by the Valuation Committee or the Management Valuation Team which may include items for ratification.

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

**When-issued transactions**

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

## Loans

The Fund may invest in direct debt instruments which are interests in amounts owed to lenders by corporate or other borrowers. The loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. Investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties. When the Fund purchases participations, it generally has no rights to enforce compliance with terms of the loan agreement with the borrower. As a result, the Fund assumes the credit risk of both the borrower and the lender that is selling the participation. When the Fund purchases assignments from lenders, it acquires direct rights against the borrower on the loan and may enforce compliance by the borrower with the terms of the loan agreement. Loans may include fully funded term loans or unfunded loan commitments, which are contractual obligations for future funding.

## Fair valuation measurements

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

- |         |   |
|---------|---|
| Level 1 | quoted prices in active markets for identical securities  |
| Level 2 | other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, use of amortized cost, etc.) |
| Level 3 | significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)   |

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

The following is a summary of the inputs used in valuing the Fund's assets and liabilities as of July 31, 2016:

	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Assets</b>				
<b>Investments in :</b>				
<b>Common stocks</b>				
Energy	\$ 729,513	\$ 0	\$ 0	\$ 729,513
Materials	527	\$ 0	0	527
<b>Corporate bonds and notes</b>	0	748,686,525	0	748,686,525
<b>Loans</b>	0	18,108,289	3,575,486	21,683,775
<b>Yankee corporate bonds and notes</b>	0	53,872,306	963,788	54,836,094
<b>Short-term investments</b>				
Investment companies	26,920,311	0	0	26,920,311
<b>Total assets</b>	\$ 27,650,351	\$ 820,667,120	\$ 4,539,274	\$ 852,856,745

The Fund recognizes transfers between levels within the fair value hierarchy at the end of the reporting period. At July 31, 2016, the Fund did not have any transfers into/out of Level 1. The Fund had no material transfers between Level 2 and Level 3.

**ITEM 2. CONTROLS AND PROCEDURES**

(a) The President and Treasurer have concluded that the Wells Fargo Income Opportunities 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 last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

**SIGNATURES**

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

Wells Fargo Income Opportunities Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch  
President

Date: September 23, 2016

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 Income Opportunities Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch  
President

Date: September 23, 2016

By: /s/ Jeremy DePalma

Jeremy DePalma  
Treasurer

Date: September 23, 2016