

WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND

Form N-CSRS

July 01, 2014

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSRS**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANIES**

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

**Wells Fargo 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: April 30, 2014**

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**ITEM 1. REPORT TO STOCKHOLDERS**

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**Wells Fargo Advantage**

**Multi-Sector Income Fund**

**Semi-Annual Report**

April 30, 2014

**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 April 30, 2014, 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

**Global bond markets broadly rallied during the period, as low growth and low inflation expectations appeared to drive yields lower and longer-term bond prices higher, particularly in the opening months of 2014. High-yield and emerging markets debt sectors performed best, while currency markets were mixed.**

**Dear Valued Shareholder:**

We are pleased to offer you this semi-annual report for the *Wells Fargo Advantage Multi-Sector Income Fund* for the six-month period that ended April 30, 2014. Global bond markets broadly rallied during the period, as low growth and low inflation expectations appeared to drive yields lower and longer-term bond prices higher, particularly in the opening months of 2014. High-yield and emerging markets debt sectors performed best, while currency markets were mixed. The U.S. high-yield bond market (measured by the Barclays U.S. High Yield Corporate Bond Index<sup>1</sup>) provided relatively strong fixed-income returns during the period, outpacing returns from the investment-grade corporate bond markets (Barclays U.S. Corporate Bond Index<sup>2</sup>) and U.S. Treasuries (Barclays U.S. Treasury Index<sup>3</sup>). U.S. mortgage-backed securities (MBS), commercial mortgage-backed securities (CMBS), and corporate bonds generated positive returns. On the whole, fixed-income markets across the globe notably rallied over the first four months of 2014, rebounding nicely from some challenging price corrections during 2013. In general, the corporate bond sector notably high-yield corporate bonds were best across all global markets, while sovereign debt issuances generally lagged behind.

**At the end of 2013, currency markets were volatile while bond markets staged a recovery.**

Global currency markets were mixed over the final months of 2013, with strength in eastern European currencies but weakness in Australian and Brazilian currencies. The most significant event during these waning months of 2013 was a continued sharp decline in the value of the Japanese yen. Bond markets of the smaller global economies continued to outperform the bond markets of the largest economies, while the strong demand for income across global bond markets continued to support higher-yield securities, such as corporate bonds and structured products (for example,

MBS).

Simultaneously, the U.S. high-yield bond market continued to rally, building on positive gains from the previous months. Yield spreads continued to tighten significantly across the board while U.S. Treasury yields ratcheted higher, most notably in maturities of five years and longer. Lower-rated credit tiers outperformed each respectively higher-rated credit tier, while the high-yield default rate remained historically low as refinancing levels declined modestly with rate increases but net new issuance remained strong. The rise in U.S. Treasury yields pressured security prices across the U.S. investment-grade bond markets. The corporate bond and CMBS sectors provided positive returns. By contrast, U.S. Treasuries declined in value and residential MBS had negative returns as mortgage rates shifted higher.

**International and U.S. fixed-income markets rallied strongly in 2014.**

Global bond markets broadly rallied over the opening months of 2014, as low growth and low inflation expectations appeared to drive yields lower and longer-term bond prices higher. Global high-yield and emerging markets debt sectors performed best during February and March. After a volatile January 2014 that saw yields and risk move higher in smaller economic regions, markets recovered in February, carrying those trends into March and April, which led some smaller bond markets to outperform the major markets over the period. Brazil, Italy, and Spain notably outperformed other countries while Russia declined in value with the escalation of the Ukraine crisis in March. Currency markets continued to be

1. The Barclays U.S. High Yield Corporate Bond Index is an unmanaged, U.S. dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million. You cannot invest directly in an index.
2. The Barclays U.S. Corporate Bond Index is an unmanaged market-value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more. You cannot invest directly in an index.
3. The Barclays U.S. Treasury Index is an unmanaged index of prices of U.S. Treasury bonds with maturities of 1 to 30 years. You cannot invest directly in an index.

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Letter to shareholders (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 3  
mixed during the late-winter bond market rallies, as the Brazilian real appreciated while the Russian ruble and Polish zloty depreciated. The Japanese yen halted its precipitous decline from the waning months of 2013 and appreciated over the first four months of 2014.

**Favorable conditions for U.S. fixed-income markets were restored in the early months of 2014.**

Seemingly much to the surprise of many everyday investors and seasoned investment professionals alike, U.S. fixed-income markets (measured by the Barclays U.S. Aggregate Bond Index<sup>4</sup>) largely outperformed U.S. equity markets (measured by the S&P 500 Index<sup>5</sup>) during the opening months of 2014. This helped support global bond markets, particularly global corporate bonds. Reassurances from the U.S. Federal Reserve (Fed) that a highly accommodative monetary policy would continue throughout 2014 inspired bond rallies across the globe.

One positive takeaway for bond investors that helped fuel the global fixed-income rallies was former Fed Chairman Ben Bernanke's guidance at the end of 2013. He indicated that the tapering of the Fed's bond-buying program would proceed at a slow pace and that a reduction in quantitative easing should not be equivocated with a tightening of monetary policy. The distinction was important although the bond-buying program was declining in volume, it was, nonetheless, still continuing. In addition, he indicated that the federal funds target rate would remain unchanged for the foreseeable future, with the implication that it would not increase until the bond-buying program was fully disbanded. These were important statements for investors that helped bolster U.S. fixed-income and global bond valuations in the opening months of 2014.

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

Periods of investment uncertainty can present challenges, but experience has taught us that maintaining long-term investment goals can be an effective way to plan for the future. To help you create a sound strategy based on your personal goals and risk tolerance, *Wells Fargo Advantage Funds* offers more than 100 mutual funds spanning a wide range of asset classes and investment styles. 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](http://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

**Reassurances from the U.S. Federal Reserve (Fed) that a highly accommodative monetary policy would continue throughout 2014 inspired bond rallies across the globe.**

4. The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. You cannot invest directly in an index.
  
5. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index with each stock's weight in the index proportionate to its market value. You cannot invest directly in an index.

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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 April 30, 2014**

	6 Months	1 Year	5 Year	10 Year
Based on market value	6.42	(4.43)	15.19	8.14
Based on net asset value (NAV) per share	4.57	2.30	13.85	8.05

**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 six months ended April 30, 2014, were 1.23% and 1.23%, 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 6.42% during the six month period that ended April 30, 2014. During the same period, the Fund's return based on its net asset value was 4.57%.

The global bond markets continued to be affected by low growth in the largest economies of the world during the recent six-month period. Investment-grade and high-yield corporate debt markets continued to perform relatively well, as investors sought the higher yields from the spread sectors.

In the U.S., growth indicators disappointed during the period, which helped curtail rising yields in U.S. Treasuries. Across the eurozone, growth and inflation remained low and credit growth appeared constrained. Additional policy steps to ward off deflation appeared likely to surface. Japan remained an unattractive bond market due to negative real yields, while the U.K. modestly benefited from a perceived safe-haven status among European countries as uncertainty ensued across the eurozone and periphery countries.

During the period, U.S. high-yield bonds continued to benefit from rising stock prices, relatively low volatility, and strong investor demand for attractive income. High-yield companies continued to issue more debt as companies took advantage of the strong investor demand for high-yield securities and low borrowing costs.

U.S. investment-grade corporate bond and structured product sectors significantly outperformed U.S. Treasuries during the period despite a rocky start. In general, the lower-rated segments of the mortgage-backed securities (MBS), commercial mortgage-backed securities (CMBS), asset-backed securities, and corporate bond sectors were the best contributors to performance during the period.

**Ten largest holdings<sup>3</sup> (%) as of April 30, 2014**

Brazil, 10.00%, 1-1-2023	2.91
Texas Competitive Electric Holdings LLC, 3.74%, 10-10-2014	2.18
Sprint Capital Corporation, 6.88%, 11-15-2028	1.95
Poland, 4.00%, 10-25-2023	1.89
Turkey, 9.00%, 3-8-2017	1.64
Thailand, 3.25%, 6-16-2017	1.49
Republic of South Africa, 7.75%, 2-28-2023	1.26
Turkey, 8.30%, 6-20-2018	1.22
Dell Incorporated, 4.50%, 4-29-2020	1.21
Hungary, 6.75%, 11-24-2017	1.21

**Contributors to performance**

In the international sleeve, positioning in the higher-yielding bond markets of Australia, Brazil, Hungary, Mexico, Malaysia, New Zealand, Poland, and South Africa contributed to performance. In currency positioning, the New Zealand dollar, Mexican peso, Turkish lira, and South African rand added value. Allocations to high yield in the global sector contributed to performance. The U.S. high-yield bond allocation in the Fund continued to benefit from a strong appreciation across the high-yield bond market and accommodative monetary policy.

Holdings in the pipeline and gaming sectors contributed to performance. The U.S. mortgage/corporate credit sleeve's focus on A-rated and BBB-rated credits added value, as lower-rated credits outperformed the higher-rated credits during the period. The Fund's holdings in corporate bonds, CMBS, and residential MBS broadly added value during the period, as credit spreads tightened over the past two quarters, in addition to providing incremental yield carry.

#### **Detractors from performance**

In the international sleeve, underperformance in the Russian bond market late in the period modestly detracted from performance. Currency exposure to the Australian dollar, Malaysian ringgit, and Chilean peso also detracted from performance. The U.S. high-yield bond allocation lagged the performance of the broader high-yield market due to our bias for higher-quality securities. Lower-rated securities performed better. Holdings in the media/noncable sector detracted. The U.S. mortgage/corporate credit sleeve's allocation to specific residential MBS modestly detracted from performance, as returns in the sector were mixed during the period. The large allocation in financial institutions also slightly detracted.

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<b>6 Wells Fargo Advantage Multi-Sector Income Fund</b>	<b>Performance highlights (unaudited)</b>
<b>Credit quality<sup>4</sup> as of April 30, 2014</b>	

**Management outlook**

Global growth remains sluggish, in our estimation, at around 3% and appears to be trending slightly lower. Inflation has remained weak with some parts of the world close to deflation, particularly the eurozone. Accommodative central banks, low growth, and low inflation have provided a positive backdrop for global fixed income. We intend to continue underweighting the major markets in favor of smaller economies, which had not only higher yields but also healthier fundamentals.

This is a continuing theme that we have followed since 2009. At the end of the period, we have significant allocations in the bond markets of Australia, Brazil, Hungary, Italy, Korea, Malaysia, Mexico, Norway, Poland, Spain, Sweden, Turkey, and South Africa. We have low exposure to the major currencies of the U.K., the U.S., and Japan and the euro. We have diversified exposure to some emerging markets currencies, where we see better value in terms of higher yields, better growth, and healthier trade positions, such as the Brazilian real, Mexican peso, Hungarian forint, South Korean won, and Malaysian ringgit.

In the U.S. high-yield market, prices appear close to their maximum levels, as spreads to U.S. Treasury yields have tightened. We see two potential outcomes for high yield going forward. Our base case is that high-yield bonds are relatively stable and may potentially outperform other fixed-income asset classes that may be more affected by rising U.S. Treasury yields. In the long run, we expect high yield's relative performance may be primarily driven by corporate fundamentals and defaults. In the near term, our default outlook remains very benign and supportive of high yield.

Within U.S. mortgages and investment-grade corporate bonds, we believe that stable interest-rate policy for the remainder of the year should continue to preserve a comfortable environment for yield compensation. The impact from the U.S. Federal Reserve policy tapering appears to be fully priced into the market and has not negatively affected spreads in either sector. We continue to focus on the medium-quality credit tiers of A-rated and BBB-rated securities as compelling sources of yield. Approximately 55% of the mortgage/corporate sleeve's exposure is in corporate credit, and around 44% is in fixed-rate and floating-rate mortgage securities. Our credit exposure remains centered on industrials and financials, particularly in telecommunications and banks.

**Effective maturity distribution<sup>5</sup> as of April 30, 2014**

**Country allocation<sup>5</sup> as of April 30, 2014**

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. The credit quality of portfolio holdings reflected in the chart is based on ratings from Standard & Poor's, Moody's Investors Service, and/or Fitch Ratings Ltd. Credit quality ratings apply to the underlying holdings of the Fund and not to the Fund itself. The percentages of the Fund's portfolio with the ratings depicted in the chart are calculated based on the total market value of fixed income securities held by the Fund. If a security was rated by all three rating agencies, the middle rating was utilized. If rated by two of three rating agencies, the lower rating was utilized, and if rated by one of the rating agencies, that rating was utilized. Standard & Poor's rates the creditworthiness of bonds, 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 on a scale SP-1 (highest) to SP-3 (lowest). Moody's rates the creditworthiness of bond 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, ranging from AAA (highest) to D (lowest). Credit quality, and credit quality ratings, are subject to change.
5. Percentages are subject to change and are calculated based on the total long-term investments of the Fund.

**Table of Contents**Summary portfolio of investments April 30, 2014  
(unaudited)

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/semi/holdings/multisectorincome.pdf>  
or by calling *Wells Fargo Advantage Funds* at **1-800-222-8222**. This complete schedule, filed on the Form N-CSRS, 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: 2.31%</b>					
<i>FHLMC</i>	0.55-8.50%	4-25-2020 to 7-25-2048	\$ 21,039,385	\$ 13,885,830	2.01%
<i>Other securities</i>				2,087,250	0.30
<b>Total Agency Securities (Cost \$15,017,782)</b>				15,973,080	2.31
<b>Asset-Backed Securities: 0.10%</b>					
<i>Other securities</i>				694,893	0.10
<b>Total Asset-Backed Securities (Cost \$681,487)</b>				694,893	0.10
<b>Common Stocks: 0.14%</b>					
<b>Consumer Discretionary: 0.00%</b>					
<b>Hotels, Restaurants &amp; Leisure: 0.00%</b>					
<i>Other securities</i>				0	0.00



**Telecommunication Services: 0.14%**

**Diversified Telecommunication Services: 0.14%**

<i>Other securities</i>				960,829	0.14
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<b>Total Common Stocks (Cost \$1,617,838)</b>				960,829	0.14
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**Corporate Bonds and Notes: 66.17%**

**Consumer Discretionary: 12.18%**

**Auto Components: 1.08%**

<i>Allison Transmission Incorporated 144A</i>	7.13	5-15-2019	3,790,000	4,093,200	0.59
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<i>Other securities</i>				3,355,220	0.49
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				7,448,420	1.08
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**Distributors: 0.11%**

<i>Other securities</i>				768,000	0.11
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**Diversified Consumer Services: 1.11%**

<i>Service Corporation International</i>	6.75-8.00	4-1-2016 to 4-1-2027	6,683,000	7,328,877	1.06
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<i>Other securities</i>				363,300	0.05
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				7,692,177	1.11
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**Hotels, Restaurants & Leisure: 3.65%**

<i>CCM Merger Incorporated 144A</i>	9.13	5-1-2019	6,270,000	6,724,575	0.97
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<i>Greektown Holdings LLC 144A</i>	8.88	3-15-2019	6,500,000	6,695,000	0.97
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<i>Other securities</i>				11,813,970	1.71
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				25,233,545	3.65
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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 April 30, 2014  
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Household Durables: 0.22%</b>					
<i>Other securities</i>				\$ 1,523,338	0.22%
<b>Internet &amp; Catalog Retail: 0.12%</b>					
<i>Other securities</i>				831,578	0.12
<b>Media: 4.48%</b>					
<i>Gray Television Incorporated</i>	7.50%	10-1-2020	\$ 5,235,000	5,627,625	0.81
<i>Other securities</i>				25,370,399	3.67
				30,998,024	4.48
<b>Multiline Retail: 0.09%</b>					
<i>Other securities</i>				622,879	0.09
<b>Specialty Retail: 1.32%</b>					
<i>Other securities</i>				9,124,753	1.32
<b>Consumer Staples: 0.62%</b>					
<b>Food &amp; Staples Retailing: 0.09%</b>					
<i>Other securities</i>				619,300	0.09
<b>Food Products: 0.42%</b>					
<i>Other securities</i>				2,899,637	0.42

**Tobacco: 0.11%**

<i>Other securities</i>				767,449	0.11
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**Energy: 13.55%****Energy Equipment &****Services: 4.47%**

<i>Gulfmark Offshore Incorporated</i>	6.38		3-15-2022	4,600,000	4,772,500	0.69
<i>NGPL PipeCo LLC</i>	7.12-9.63	12-15-2017 to	6-1-2019	3,125,000	3,132,900	0.46
<i>NGPL PipeCo LLC 144A</i>	7.77		12-15-2037	6,975,000	6,521,625	0.94
<i>PHI Incorporated 144A</i>	5.25		3-15-2019	4,250,000	4,313,750	0.62
<i>Other securities</i>					12,166,857	1.76
					30,907,632	4.47

**Oil, Gas & Consumable****Fuels: 9.08%**

<i>Rockies Express Pipeline LLC</i>	5.63-7.50	4-15-2020 to	7-15-2038	5,975,000	5,884,188	0.84
<i>Rockies Express Pipeline LLC 144A</i>	6.88		4-15-2040	6,123,000	5,663,775	0.82
<i>Sabine Pass LNG LP</i>	6.50		11-1-2020	4,245,000	4,489,088	0.65
<i>Sabine Pass LNG LP</i>	7.50		11-30-2016	4,635,000	5,144,850	0.74
<i>Other securities</i>					41,658,474	6.03
					62,840,375	9.08

**Financials: 13.03%****Banks: 4.27%**

<i>Denali Borrower/Finance Corporation 144A</i>	5.63		10-15-2020	4,510,000	4,634,025	0.67
<i>Nielsen Finance LLC</i>	7.75		10-15-2018	5,350,000	5,691,063	0.82
<i>Other securities</i>					19,227,100	2.78
					29,552,188	4.27

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

**Table of Contents**Summary portfolio of investments April 30, 2014  
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 9

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Capital Markets: 0.21%</b>					
<i>Other securities</i>				\$ 1,454,930	0.21%
<b>Consumer Finance: 4.46%</b>					
<i>SLM Corporation</i>	6.13-8.45%	6-15-2018 to 3-25-2024	\$ 3,825,000	4,210,639	0.62
<i>SLM Corporation</i>	8.00	3-25-2020	3,940,000	4,550,700	0.66
<i>Springleaf Finance Corporation</i>	5.40-7.75	12-1-2015 to 10-1-2021	5,385,000	5,592,044	0.81
<i>Springleaf Finance Corporation</i>	6.90	12-15-2017	4,550,000	4,993,625	0.72
<i>Other securities</i>				11,480,829	1.65
				30,827,837	4.46
<b>Insurance: 0.76%</b>					
<i>Other securities</i>				5,270,743	0.76
<b>Real Estate Management &amp; Development: 0.81%</b>					
<i>Other securities</i>				5,578,913	0.81
<b>REITs: 2.52%</b>					
<i>DuPont Fabros Technology Incorporated LP</i>	5.88	9-15-2021	4,655,000	4,852,838	0.70
<i>Other securities</i>				12,601,508	1.82
				17,454,346	2.52

**Health Care: 5.01%**

**Biotechnology: 0.11%**

<i>Other securities</i>				771,645	0.11
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**Health Care Equipment & Supplies: 0.36%**

<i>Other securities</i>				2,486,872	0.36
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**Health Care Providers & Services: 3.33%**

<i>Select Medical Corporation</i>	6.38	6-1-2021	4,730,000	4,871,900	0.70
<i>Other securities</i>				18,140,538	2.63
				23,012,438	3.33

**Health Care Technology: 0.26%**

<i>Other securities</i>				1,801,800	0.26
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**Life Sciences Tools & Services: 0.13%**

<i>Other securities</i>				870,041	0.13
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**Pharmaceuticals: 0.82%**

<i>Other securities</i>				5,709,482	0.82
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**Industrials: 4.82%**

**Aerospace & Defense: 0.18%**

<i>Other securities</i>				1,273,450	0.18
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**Airlines: 0.44%**

<i>Other securities</i>				3,029,182	0.44
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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 April 30, 2014  
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Commercial Services &amp; Supplies: 2.43%</b>					
<i>Iron Mountain Incorporated</i>	5.75%	8-15-2024	\$ 4,525,000	\$ 4,468,438	0.65%
<i>Iron Mountain Incorporated</i>	6.00-8.38	8-15-2021 to 8-15-2023	2,919,000	3,095,745	0.45
<i>Other securities</i>				9,222,960	1.33
				16,787,143	2.43
<b>Machinery: 0.11%</b>					
<i>Other securities</i>				779,375	0.11
<b>Professional Services: 0.27%</b>					
<i>Other securities</i>				1,844,771	0.27
<b>Trading Companies &amp; Distributors: 1.27%</b>					
<i>Ashtead Capital Incorporated 144A</i>	6.50	7-15-2022	4,010,000	4,350,850	0.63
<i>Other securities</i>				4,468,250	0.64
				8,819,100	1.27
<b>Transportation Infrastructure: 0.12%</b>					
<i>Other securities</i>				845,438	0.12
<b>Information Technology: 4.58%</b>					
<b>Communications Equipment: 0.42%</b>					

<i>Other securities</i>				2,873,289	0.42
<b>Electronic Equipment, Instruments &amp; Components: 1.04%</b>					
<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	5,275,000	6,290,438	0.91
<i>Other securities</i>				922,360	0.13
				7,212,798	1.04
<b>Internet Software &amp; Services: 0.03%</b>					
<i>Other securities</i>				193,163	0.03
<b>IT Services: 1.88%</b>					
<i>Other securities</i>				13,011,538	1.88
<b>Semiconductors &amp; Semiconductor Equipment: 0.21%</b>					
<i>Other securities</i>				1,477,000	0.21
<b>Software: 0.43%</b>					
<i>Other securities</i>				2,968,091	0.43
<b>Technology Hardware, Storage &amp; Peripherals: 0.57%</b>					
<i>Other securities</i>				3,928,081	0.57
<b>Materials: 1.11%</b>					
<b>Chemicals: 0.12%</b>					
<i>Other securities</i>				792,090	0.12

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

**Table of Contents**Summary portfolio of investments April 30, 2014  
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 11

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Containers &amp; Packaging:</b>					
<b>0.68%</b>					
<i>Other securities</i>				\$ 4,721,031	0.68%
<b>Metals &amp; Mining: 0.08%</b>					
<i>Other securities</i>				579,910	0.08
<b>Paper &amp; Forest Products:</b>					
<b>0.23%</b>					
<i>Other securities</i>				1,586,445	0.23
<b>Telecommunication Services: 8.71%</b>					
<b>Diversified Telecommunication Services:</b>					
<b>3.74%</b>					
<i>GCI Incorporated</i>	6.75%	6-1-2021	\$ 2,330,000	2,356,213	0.34
<i>GCI Incorporated</i>	8.63	11-15-2019	5,625,000	6,011,719	0.87
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	5,005,000	5,430,425	0.79
<i>Other securities</i>				12,042,828	1.74
				25,841,185	3.74
<b>Wireless Telecommunication Services:</b>					
<b>4.97%</b>					
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	13,665,000	13,494,188	1.95
<i>Sprint Capital Corporation</i>	8.75	3-15-2032	515,000	576,156	0.08



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<i>T-Mobile USA</i>						
<i>Incorporated</i>	6.13-6.84	4-28-2019 to 1-15-2024	6,855,000	7,373,900	1.07	
<i>Other securities</i>				12,948,492	1.87	
				34,392,736	4.97	
<b>Utilities: 2.56%</b>						
<b>Electric Utilities: 1.36%</b>						
<i>Mirant Mid-Atlantic LLC</i>						
<i>Series C</i>	10.06	12-30-2028	3,614,632	4,030,315	0.58	
<i>Other securities</i>				5,387,010	0.78	
				9,417,325	1.36	
<b>Gas Utilities: 0.41%</b>						
<i>Other securities</i>				2,853,076	0.41	
<b>Independent Power &amp; Renewable Electricity Producers: 0.58%</b>						
<i>Other securities</i>				3,988,124	0.58	
<b>Multi-Utilities: 0.21%</b>						
<i>Other securities</i>				1,497,311	0.21	
<b>Total Corporate Bonds and Notes (Cost \$431,762,492)</b>						
				457,779,994	66.17	
<b>Foreign Corporate Bonds and Notes @: 3.77%</b>						
<b>Consumer Discretionary: 0.34%</b>						
<b>Auto Components: 0.03%</b>						
<i>Other securities</i>				200,028	0.03	
<b>Automobiles: 0.10%</b>						
<i>Other securities</i>				720,794	0.10	

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



**Industrials: 0.44%**

**Building Products: 0.09%**

<i>Other securities</i>	588,305	0.09
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**Commercial Services & Supplies:**

**0.05%**

<i>Other securities</i>	349,872	0.05
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**Construction & Engineering:**

**0.04%**

<i>Other securities</i>	278,857	0.04
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**Trading Companies &**

**Distributors: 0.04%**

<i>Other securities</i>	296,554	0.04
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**Transportation Infrastructure:**

**0.22%**

<i>Other securities</i>	1,499,279	0.22
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**Information Technology: 0.08%**

**IT Services: 0.04%**

<i>Other securities</i>	296,338	0.04
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**Software: 0.04%**

<i>Other securities</i>	293,480	0.04
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The accompanying notes are an integral part of these financial statements.

**Table of Contents**Summary portfolio of investments April 30, 2014  
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 13

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Telecommunication Services:</b>					
<b>0.07%</b>					
<b>Diversified</b>					
<b>Telecommunication Services:</b>					
<b>0.07%</b>					
<i>Other securities</i>				\$ 481,320	0.07%
<b>Utilities: 0.11%</b>					
<b>Water Utilities: 0.11%</b>					
<i>Other securities</i>				740,775	0.11
<b>Total Foreign Corporate Bonds and Notes</b>					
<b>(Cost \$24,193,123)</b>					
				26,076,853	3.77
<b>Foreign Government Bonds</b>					
<b>@: 25.71%</b>					
<i>Brazil (BRL)</i>	10.00%	1-1-2023	49,500,000	20,126,874	2.91
<i>Hungary (HUF)</i>	5.50	6-24-2025	1,110,000,000	5,020,490	0.73
<i>Hungary (HUF)</i>	6.75	11-24-2017	1,695,000,000	8,402,748	1.21
<i>Indonesia (IDR)</i>	7.88	4-15-2019	74,000,000,000	6,464,559	0.93
<i>Indonesia (IDR)</i>	8.38	3-15-2024	85,650,000,000	7,567,485	1.09
<i>Malaysia (MYR)</i>	3.26	3-1-2018	22,500,000	6,818,013	0.99
<i>Malaysia (MYR)</i>	4.26	9-15-2016	21,100,000	6,599,031	0.95
<i>Mexico (MXN)</i>	4.75	6-14-2018	55,330,000	4,193,255	0.61
<i>Mexico (MXN)</i>	10.00	12-5-2024	74,370,000	7,327,111	1.06
<i>New Zealand (NZD)</i>	5.50	4-15-2023	5,625,000	5,234,399	0.76
<i>Poland (PLN)</i>	4.00	10-25-2023	39,775,000	13,105,722	1.89
<i>Queensland Treasury (AUD)</i>	5.75	7-22-2024	4,100,000	4,210,660	0.61
<i>Republic of South Africa (ZAR)</i>	6.50	2-28-2041	67,200,000	4,721,151	0.68
<i>Republic of South Africa (ZAR)</i>	7.75	2-28-2023	95,000,000	8,701,297	1.26

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<i>Republic of South Africa (ZAR)</i>	8.00	1-31-2030	55,000,000	4,805,998	0.69
<i>Romania (RON)</i>	6.00	4-30-2016	14,750,000	4,813,925	0.70
<i>Russia (RUB)</i>	7.00	1-25-2023	50,500,000	1,229,719	0.18
<i>Russia (RUB)</i>	7.50	3-15-2018	172,600,000	4,602,667	0.67
<i>Russia (RUB)</i>	7.60	7-20-2022	288,400,000	7,346,611	1.06
<i>State of New South Wales</i>					
<i>Australia (AUD)</i>	5.00	8-20-2024	3,900,000	3,815,263	0.55
<i>Thailand (THB)</i>	3.25	6-16-2017	325,000,000	10,277,382	1.49
<i>Turkey (TRY)</i>	6.30	2-14-2018	675,000	293,138	0.04
<i>Turkey (TRY)</i>	8.30	6-20-2018	18,200,000	8,412,398	1.22
<i>Turkey (TRY)</i>	9.00	3-8-2017	23,950,000	11,341,245	1.64
<i>Other securities</i>				12,407,494	1.79
<b>Total Foreign Government Bonds (Cost \$184,024,430)</b>				177,838,635	25.71
<b>Municipal Obligations:</b>					
<b>0.05%</b>					
<b>New York: 0.05%</b>					
<i>Other securities</i>				337,672	0.05
<b>Total Municipal Obligations (Cost \$345,000)</b>				337,672	0.05
<b>Non-Agency Mortgage Backed Securities: 7.40%</b>					
<i>Other securities</i>				51,227,297	7.40
<b>Total Non-Agency Mortgage Backed Securities (Cost \$48,656,960)</b>				51,227,297	7.40

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 April 30, 2014  
(unaudited)

Security name		Value	Percent of net assets
<b>Preferred Stocks: 0.18%</b>			
<b>Financials: 0.18%</b>			
<b>Banks: 0.18%</b>			
<i>Other securities</i>		\$ 1,220,556	0.18%
<b>Total Preferred Stocks (Cost \$1,130,339)</b>		1,220,556	0.18
	<b>Interest rate</b>	<b>Maturity date</b>	<b>Principal</b>
<b>Term Loans ±: 16.03%</b>			
<i>Crown Castle Operating Company</i>	3.25%	1-31-2021	\$ 6,501,357
<i>Dell Incorporated</i>	4.50	4-29-2020	8,407,750
<i>Goodyear Tire &amp; Rubber Company</i>	4.75	4-30-2019	5,500,000
<i>Texas Competitive Electric Holdings LLC (t)</i>	3.74	10-10-2014	20,096,983
<i>Other securities</i>			75,435,760
<b>Total Term Loans (Cost \$115,561,841)</b>			110,930,117
<b>Yankee Corporate Bonds and Notes: 6.53%</b>			
<b>Consumer Discretionary: 0.54%</b>			
<b>Diversified Consumer Services: 0.11%</b>			
<i>Other securities</i>			733,598

<b>Media: 0.43%</b>		
<i>Other securities</i>	3,011,141	0.43
<b>Consumer Staples: 0.34%</b>		
<b>Beverages: 0.12%</b>		
<i>Other securities</i>	801,311	0.12
<b>Food Products: 0.11%</b>		
<i>Other securities</i>	798,750	0.11
<b>Tobacco: 0.11%</b>		
<i>Other securities</i>	739,311	0.11
<b>Energy: 0.70%</b>		
<b>Energy Equipment &amp; Services: 0.11%</b>		
<i>Other securities</i>	809,993	0.11
<b>Oil, Gas &amp; Consumable Fuels: 0.59%</b>		
<i>Other securities</i>	4,074,446	0.59
<b>Financials: 1.09%</b>		
<b>Banks: 1.09%</b>		
<i>Other securities</i>	7,558,251	1.09
<b>Health Care: 0.30%</b>		
<b>Pharmaceuticals: 0.30%</b>		
<i>Other securities</i>	2,085,250	0.30

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

**Table of Contents**Summary portfolio of investments April 30, 2014  
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 15

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Industrials: 0.12%</b>					
<b>Road &amp; Rail: 0.12%</b>					
<i>Other securities</i>				\$ 805,244	0.12%
<b>Information Technology: 0.50%</b>					
<b>Communications Equipment: 0.11%</b>					
<i>Other securities</i>				772,843	0.11
<b>Internet Software &amp; Services: 0.12%</b>					
<i>Other securities</i>				804,731	0.12
<b>Technology Hardware, Storage &amp; Peripherals: 0.27%</b>					
<i>Other securities</i>				1,856,813	0.27
<b>Materials: 0.80%</b>					
<b>Metals &amp; Mining: 0.61%</b>					
<i>Other securities</i>				4,218,043	0.61
<b>Paper &amp; Forest Products: 0.19%</b>					
<i>Other securities</i>				1,302,600	0.19
<b>Telecommunication</b>					



Services: 2.04%

**Diversified  
Telecommunication**

Services: 1.82%

*Intelsat Jackson Holdings*

SA	5.50-8.50%	4-1-2019 to 8-1-2023	\$ 9,060,000	9,433,744	1.37
<i>Other securities</i>				3,161,133	0.45
				12,594,877	1.82

**Wireless  
Telecommunication**

Services: 0.22%

*Other securities*

1,557,719 0.22

Utilities: 0.10%

**Electric Utilities: 0.10%**

*Other securities*

681,688 0.10

**Total Yankee Corporate  
Bonds and Notes  
(Cost \$43,768,081)**

45,206,609 6.53

Yield

Shares

**Short-Term Investments:  
4.78%**

**Investment Companies:  
4.78%**

*Wells Fargo Advantage  
Cash Investment Money  
Market Fund, Select Class  
(l)(u)*

0.07

33,045,178 33,045,178 4.78

**Total Short-Term  
Investments (Cost  
\$33,045,178)**

33,045,178 4.78

**Total investments in  
securities**

**(Cost \$899,804,551) \***  
*Other assets and liabilities,  
net*

921,291,713 133.17  
(229,470,627) (33.17)

**Total net assets**

**\$ 691,821,086 100.00%**

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 April 30, 2014 (unaudited)
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± 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

@ Foreign bond principal is denominated in local currency.

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

(l) Represents an affiliate of the Fund under Sections 2(a)(2) and 2(a)(3) of the Investment Company Act of 1940, as amended

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

\* Cost for federal income tax purposes is \$904,093,179 and unrealized appreciation (depreciation) consists of:

Gross unrealized appreciation	\$ 44,425,866
Gross unrealized depreciation	(27,227,332)
Net unrealized appreciation	\$ 17,198,534

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

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Statement of assets and liabilities April 30, 2014  
(unaudited) Wells Fargo Advantage Multi-Sector Income Fund 17

**Assets**

Investments	
In unaffiliated securities, at value (see cost below)	\$ 888,246,535
In affiliated securities, at value (see cost below)	33,045,178
Total investments, at value (see cost below)	921,291,713
Cash	1,129,955
Foreign currency, at value (see cost below)	1,512,480
Principal paydown receivable	43,192
Receivable for interest	12,261,668
Unrealized gains on forward foreign currency contracts	364,993
Prepaid expenses and other assets	14,508
Total assets	936,618,509

**Liabilities**

Dividends payable	4,205,501
Payable for investments purchased	9,258,193
Unrealized losses on forward foreign currency contracts	464,388
Secured borrowing payable	230,188,529
Advisory fee payable	415,606
Due to other related parties	37,782
Accrued expenses and other liabilities	227,424
Total liabilities	244,797,423

**Total net assets** \$ **691,821,086**

**NET ASSETS CONSIST OF**

Paid-in capital	\$ 774,138,238
Overdistributed net investment income	(4,868,552)
Accumulated net realized losses on investments	(98,907,914)
Net unrealized gains on investments	21,459,314
<b>Total net assets</b>	<b>\$ 691,821,086</b>

**NET ASSET VALUE PER SHARE**

Based on \$691,821,086 divided by 42,055,000 shares issued and outstanding (100,000,000 shares authorized) \$16.45

Investments in unaffiliated securities, at cost	\$ 866,759,373
Investments in affiliated securities, at cost	\$ 33,045,178
Total investments, at cost	\$ 899,804,551
Foreign currency, at cost	\$ 1,513,809

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 six months ended April 30, 2014  
(unaudited)

**Investment income**

Interest**	\$ 28,102,183
Dividends	45,094
Income from affiliated securities	5,959
Total investment income	28,153,236

**Expenses**

Advisory fee	2,486,614
Administration fee	226,056
Custody and accounting fees	117,454
Professional fees	35,532
Shareholder report expenses	36,562
Trustees' fees and expenses	5,189
Transfer agent fees	15,003
Interest expense	230,813
Secured borrowing fees	991,820
Other fees and expenses	16,123
Total expenses	4,161,166
Net investment income	23,992,070

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

Unaffiliated securities	(7,987,770)
Forward foreign currency contract transactions	703,938
Net realized losses on investments	(7,283,832)

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

Unaffiliated securities	11,093,186
Forward foreign currency contract transactions	(320,698)
Net change in unrealized gains (losses) on investments	10,772,488
Net realized and unrealized gains (losses) on investments	3,488,656
<b>Net increase in net assets resulting from operations</b>	<b>\$ 27,480,726</b>

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

\$50,796

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

	Six months ended April 30, 2014 (unaudited)	Year ended October 31, 2013
<b>Operations</b>		
Net investment income	\$ 23,992,070	\$ 49,766,339
Net realized gains (losses) on investments	(7,283,832)	7,953,917
Net change in unrealized gains (losses) on investments	10,772,488	(33,048,688)
Net increase in net assets resulting from operations	27,480,726	24,671,568
<b>Distributions to shareholders from</b>		
Net investment income	(25,233,000)	(50,466,000)
Total increase (decrease) in net assets	2,247,726	(25,794,432)
<b>Net assets</b>		
<b>Beginning of period</b>	<b>689,573,360</b>	<b>715,367,792</b>
<b>End of period</b>	<b>\$ 691,821,086</b>	<b>\$ 689,573,360</b>
<b>Overdistributed net investment income</b>	<b>\$ (4,868,552)</b>	<b>\$ (3,627,622)</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 six months ended April 30, 2014  
(unaudited)

**Cash flows from operating activities:**

Net increase in net assets resulting from operations \$ 27,480,726

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

Purchase of investment securities	(226,647,757)
Proceeds from sales of investment securities	237,230,440
Paydowns	3,078,831
Amortization	(427,266)
Proceeds from sales of short-term investment securities, net	(9,311,531)
Decrease in interest receivable	1,224,520
Decrease in receivable for investments sold	2,433,552
Decrease in principal paydown receivable	97,039
Decrease in prepaid expenses and other assets	19,207
Decrease in payable for investments purchased	(6,283,716)
Decrease in advisory fee payable	(11,455)
Decrease in due to other related parties	(1,042)
Increase in accrued expenses and other liabilities	(19,982)
Unrealized gains on unaffiliated securities	(11,093,186)
Unrealized losses on forward foreign currency contract transactions	320,698
Net realized losses on investments	7,283,832

Net cash provided by operating activities 25,372,910

**Cash flows from financing activities:**

Cash distributions paid	(25,233,000)
Decrease in secured borrowing payable	(11,430)

Net cash used in financing activities (25,244,430)

Net increase in cash 128,480

**Cash (including foreign currency):**

Beginning of period \$ 2,513,955

End of period \$ 2,642,435

**Supplemental cash disclosure**

Cash paid for interest \$ 240,931

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)

	Six months ended April 30, 2014		Year ended October 31			
	(unaudited)	2013	2012	2011	2010	2009
<b>Net asset value, beginning of period</b>	\$ 16.40	\$ 17.01	\$ 16.16	\$ 16.67	\$ 15.61	\$ 13.47
Net investment income	0.57	1.18	1.16	1.11	1.21	1.33
Net realized and unrealized gains (losses) on investments	0.08	(0.59)	0.89	(0.39)	1.17	3.26
Distributions to preferred shareholders from net investment income	0.00	0.00	0.00	0.00	(0.02) <sup>1</sup>	(0.03) <sup>1</sup>
<b>Total from investment operations</b>	<b>0.65</b>	<b>0.59</b>	<b>2.05</b>	<b>0.72</b>	<b>2.36</b>	<b>4.56</b>
<b>Distributions to common shareholders from</b>						
Net investment income	(0.60)	(1.20)	(1.20)	(1.23)	(1.30)	(2.20)
Tax basis return of capital	0.00	0.00	0.00	0.00	0.00	(0.22)
	(0.60)	(1.20)	(1.20)	(1.23)	(1.30)	(2.42)

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Total distributions to common shareholders							
Net asset value, end of period	\$ 16.45	\$ 16.40	\$ 17.01	\$ 16.16	\$ 16.67	\$ 15.61	
Market value, end of period	\$ 14.77	\$ 14.47	\$ 16.54	\$ 14.97	\$ 16.18	\$ 13.73	
Total return based on market value <sup>2</sup>	6.42%	(5.44)%	19.33%	0.33%	28.44%	44.93%	
Ratios to average net assets (annualized)							
Gross expenses <sup>3</sup>	1.23%	1.24%	1.24%	1.14%	1.58%	3.07%	
Net expenses <sup>3</sup>	1.23%	1.24%	1.24%	1.14%	1.18%	1.62%	
Net investment income	7.10%	7.04%	7.13%	6.75%	7.63% <sup>4</sup>	9.65% <sup>4</sup>	
Supplemental data							
Portfolio turnover rate	16%	40%	78%	35%	70%	93%	
Net assets of common shareholders, end of period (000s omitted)	\$691,821	\$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	\$230,000	
Asset coverage per \$1,000 of borrowing, end of period	\$4,008	\$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	N/A	\$80,035	
Asset coverage ratio	N/A	N/A	N/A	N/A	N/A	385%	

for Preferred  
Shares, end of  
period

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. Returns for periods of less than one year are not annualized.

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

Six months ended April 30, 2014 (unaudited)	0.07%
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 (unaudited)

**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.

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.

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.

The values of securities denominated in foreign currencies are translated into 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 are translated into U.S. dollars at rates provided by an independent foreign currency pricing source a time each 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.

Net realized foreign



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Notes to financial statements (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 23

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 included in net realized and unrealized gains or losses from investments.

### **Forward foreign currency contracts**

The Fund is 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 or losses 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.

#### **Distributions to shareholders**

Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-dividend date. Such distributions are determined in 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.

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

As of October 31, 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.

As of April 30, 2014, the inputs used in valuing investments in securities were as follows:

	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Investments in securities				
<b>Agency securities</b>	\$ 0	\$ 15,973,080	\$ 0	\$ 15,973,080
<b>Asset-backed securities</b>	0	694,893	0	694,893
<b>Corporate bonds and notes</b>	0	457,779,994	0	457,779,994
<b>Equity securities</b>				
<i>Common stocks</i>				

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Telecommunication services	960,829	0	0	960,829
<i>Preferred stocks</i>				
Financials	1,220,556	0	0	1,220,556
<b>Foreign corporate bonds and notes</b>	0	26,076,853	0	26,076,853
<b>Foreign government bonds</b>	0	177,838,635	0	177,838,635
<b>Municipal obligations</b>	0	337,672	0	337,672
<b>Non-agency mortgage backed securities</b>	0	51,227,297	0	51,227,297
<b>Term loans</b>	0	104,999,650	5,930,467	110,930,117
<b>Yankee corporate bonds and notes</b>	0	45,206,609	0	45,206,609
<b>Short-term investments</b>				
<i>Investment companies</i>	33,045,178	0	0	33,045,178
	<b>\$ 35,226,563</b>	<b>\$ 880,134,683</b>	<b>\$ 5,930,467</b>	<b>\$ 921,291,713</b>

As of April 30, 2014 the inputs used in valuing the Fund's other financial instruments were as follows:

	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Other financial instruments</b>				
<b>Forward foreign currency contracts</b>	\$ 0	\$ (99,395)*	\$ 0	\$ (99,395)

\* Amount represents the net unrealized losses.

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Notes to financial statements (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 25  
Transfers in and transfers out are recognized at the end of the reporting period. For the six months ended April 30, 2014, the Fund did not have any transfers into/out of Level 1, Level 2, or Level 3.

**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.

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 six months ended April 30, 2014 and the year ended October 31, 2013, 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 23, 2015, at which point it may be renegotiated and potentially renewed for another one-year term. At April 30, 2014, the Fund had secured borrowings outstanding in the amount of \$230,188,529 (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 six months ended April 30, 2014 an effective interest rate of 0.20% was incurred on the borrowings. Interest expense of \$230,813, representing 0.07% of the Fund's average daily net assets, was incurred during the six months ended April 30, 2014.

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 daily average outstanding principal amount of borrowings. Prior to February 25, 2014, the Fund paid 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. Effective February 25, 2014, the Fund no longer incurs any structuring fees. The secured borrowing fees on the Statement of Operations of \$991,820 represents the usage fee, commitment fee and structuring fees. For the six months ended April 30, 2014, the Fund paid structuring fees in the amount of \$62,414.

## **7. INVESTMENT PORTFOLIO TRANSACTIONS**

Purchases and sales of investments, excluding U.S. government obligations (if any) and short-term securities, for the six months ended April 30, 2014 were \$169,233,917 and \$142,366,715, respectively.

As of April 30, 2014, the Fund had unfunded term loan commitments of \$5,180,419.

## **8. DERIVATIVE TRANSACTIONS**

During the six months ended April 30, 2014, the Fund entered into forward foreign currency contracts for economic hedging purposes.

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26 Wells Fargo Advantage Multi-Sector Income Fund Notes to financial statements (unaudited)  
At April 30, 2014, 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 April 30, 2014	In exchange for U.S. \$	Unrealized gains (losses)
5-20-2014	State Street Bank	26,350,000 MYR	\$ 8,060,609	\$ 7,945,123	\$ 115,486
5-27-2014	State Street Bank	18,125,000 MXN	1,382,944	1,357,238	25,706
5-27-2014	State Street Bank	1,085,000,000 HUF	4,901,614	4,792,403	109,211
6-9-2014	State Street Bank	16,850,000 PLN	5,552,969	5,492,356	60,613
6-11-2014	State Street Bank	11,000,000 MYR	3,359,599	3,397,159	(37,560)
6-11-2014	State Street Bank	17,625,000 ZAR	1,665,502	1,633,192	32,310
7-10-2014	State Street Bank	67,500,000 RUB	1,862,101	1,841,746	20,355
7-10-2014	State Street Bank	42,500,000 RUB	1,172,434	1,171,122	1,312

Forward foreign currency contracts to sell:

Exchange date	Counterparty	Contracts to deliver	U.S. value at April 30, 2014	In exchange for U.S. \$	Unrealized losses
5-20-2014	State Street Bank	26,350,000 MYR	\$ 8,060,609	\$ 8,002,551	\$ (58,058)
5-27-2014	State Street Bank	18,125,000 MXN	1,382,944	1,357,353	(25,591)
5-27-2014	State Street Bank	1,085,000,000 HUF	4,901,614	4,708,813	(192,801)
6-9-2014	State Street Bank	6,500,000 PLN	2,142,095	2,116,747	(25,348)
6-11-2014	State Street Bank	17,625,000 ZAR	1,665,502	1,614,974	(50,528)
6-30-2014	State Street Bank	6,450,000 TRY	3,008,338	2,972,761	(35,577)
6-30-2014	State Street Bank	14,300,000 ZAR	1,347,110	1,329,021	(18,089)
7-10-2014	State Street Bank	110,000,000 RUB	3,034,535	3,013,699	(20,836)

The Fund had average contract amounts of \$20,385,149 and \$18,123,346 in forward foreign currency exchange contracts to buy and forward foreign currency exchange contracts to sell, respectively, during the six months ended April 30, 2014.

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.

For certain types of derivative transactions, the Fund has entered into International Swaps and Derivatives Association, Inc. master agreements ( ISDA Master Agreements ) or similar agreements with approved counterparties. The ISDA Master Agreements or similar agreements may have requirements to deliver/deposit securities or cash to/with an exchange or broker-dealer as collateral and allows the Fund to offset, with each counterparty, certain derivative financial instrument s assets and/or liabilities with collateral held or pledged. Collateral requirements differ by type of derivative. Collateral or margin requirements are set by the broker or exchange clearing house for exchange traded derivatives while collateral terms are contract specific for over-the-counter traded derivatives. Cash collateral

that has been pledged to cover obligations of the Fund under the ISDA Master Agreements or similar agreements, if any, will be reported separately in the Statement of Assets and Liabilities. Securities pledged as collateral, if any, for the same purpose are noted in the Summary Portfolio of Investments. With respect to balance sheet offsetting, absent an event of default by the counterparty or a termination of the agreement, the reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities are not offset across transactions between the Fund and the applicable counterparty. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by derivative type, including any collateral exposure, is as follows:

Derivative type	Counterparty	Gross amounts of assets in the Statement of Assets and Liabilities	Amounts subject to netting agreements	Collateral received	Net amount of assets
Forward foreign currency contracts	State Street Bank	\$364,993*	\$(364,993)	\$0	\$0

\* Amount represents net unrealized gains.



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Notes to financial statements (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 27

Derivative type	Counterparty	Gross amounts of liabilities in the Statement of Assets and Liabilities	Amounts subject to netting agreements	Collateral pledged	Net amount of liabilities
Forward foreign currency contracts	State Street Bank	\$464,388**	\$(364,993)	\$0	\$99,395

\*\* Amount represents net unrealized losses.

**9. INDEMNIFICATION**

Under the Fund's organizational documents, the officers and Trustees 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.

**10. SUBSEQUENT DISTRIBUTIONS**

The Fund declared the following distributions to common shareholders:

Declaration date	Record date	Payable date	Per share amount
April 25, 2014	May 14, 2014	June 2, 2014	\$0.10
May 16, 2014	June 16, 2014	July 1, 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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Other information (unaudited)

**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](http://sec.gov). Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge on the Fund's website at **wellsfargoadvantagefunds.com** or by visiting the SEC website at [sec.gov](http://sec.gov).

**ANNUAL MEETING OF SHAREHOLDERS**

On February 10, 2014, an Annual Meeting of Shareholders for the Fund was held to consider the following proposal. The results of the proposal are indicated below.

**Proposal 1** Election of Trustees:

Shares voted For	Isaiah Harris, Jr.	36,495,210
Shares voted Withhold		679,987
Shares voted For	David F. Larcker	36,486,677
Shares voted Withhold		688,520
Shares voted For	Olivia S. Mitchell	36,430,013
Shares voted Withhold		745,184

**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](http://sec.gov). In addition, the Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and at regional offices in New York City, at 233 Broadway, and in Chicago, at 175 West Jackson Boulevard, Suite 900. Information about the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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Other information (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 29

**BOARD OF TRUSTEES AND OFFICERS**

The following table provides basic information about the Board of Trustees (the Trustees) and Officers of the Fund. Each of the Trustees and Officers<sup>1</sup> listed below acts in identical capacities for each fund in the Wells Fargo Advantage family of funds, which consists of 132 mutual funds comprising the Wells Fargo Funds Trust, Wells Fargo Variable Trust, Wells Fargo Master Trust, and four closed-end funds, including the Fund (collectively the Fund Complex). 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 Geysler 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 50 portfolios as of 12/16/2013); Asset Allocation Trust
	Trustee, since 2010		

David F. Larcker (Born 1950)		James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, Morgan Stanley 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.	Asset Allocation Trust
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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30 Wells Fargo Advantage Multi-Sector Income Fund			Other information (unaudited)
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. since 1996.
Debra Ann Early (Born 1964)	Chief Compliance	Chief Compliance Officer of Wells Fargo Funds Management, LLC since 2007. Chief Compliance Officer of

David Berardi (Born 1975)	Officer, since 2010 Assistant Treasurer, since 2009	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.
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1. Jeremy DePalma acts as Treasurer of 59 funds and Assistant Treasurer of 73 funds in the Fund Complex.

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Other information (unaudited)	Wells Fargo Advantage Multi-Sector Income Fund 31
<b>BOARD CONSIDERATION OF INVESTMENT ADVISORY AND SUB-ADVISORY AGREEMENTS:</b>	

Under Section 15 of the Investment Company Act of 1940 (the 1940 Act ), the Board of Trustees (the Board ) of *Wells Fargo Advantage Multi-Sector Income Fund* (the Fund ), all the members of which have no direct or indirect interest in the investment advisory and sub-advisory agreements and are not interested persons of the Fund, as defined in the 1940 Act (the Independent Trustees ), must determine whether to approve the continuation of the Fund's investment advisory and sub-advisory agreements. In this regard, at an in-person meeting held on March 27-28, 2014 (the Meeting ), the Board reviewed: (i) an investment advisory agreement with Wells Fargo Funds Management, LLC ( Funds Management ) for the Fund, (ii) an investment sub-advisory agreement with Wells Capital Management Incorporated ( WellsCap ), an affiliate of Funds Management, for the Fund, and (iii) an investment sub-advisory agreement with First International Advisors, LLC ( FIA ), and affiliate of Funds Management, for the Fund. The investment advisory agreement with Funds Management and the investment sub-advisory agreements with WellsCap and FIA (each a Sub-Adviser and together, the Sub-Advisers ) are collectively referred to as the Advisory Agreements.

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

In providing information to the Board, Funds Management and the Sub-Advisers were guided by a detailed set of requests for information submitted to them by independent legal counsel on behalf of the Independent Trustees at the start of the Board's annual contract renewal process earlier in 2014. In considering and approving the Advisory Agreements, the Trustees considered the information they believed relevant, including but not limited to the information discussed below. The Board considered not only the specific information presented in connection with the Meeting, but also the knowledge gained over time through interaction with Funds Management and the Sub-Advisers about various topics. In this regard, the Board reviewed reports of Funds Management at each of its quarterly meetings, which included, among other things, portfolio reviews and performance reports. In addition, the Board and the teams mentioned above confer with portfolio managers at various times throughout the year. The Board did not identify any particular information or consideration that was all-important or controlling, and each individual Trustee may have attributed different weights to various factors.

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

**Nature, extent and quality of services**

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

the qualifications, background, tenure and responsibilities of each of the portfolio managers primarily responsible for the day-to-day portfolio management of the Fund.

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

#### **Fund performance and expenses**

The Board considered the performance results for the Fund over various time periods ended December 31, 2013. The Board also considered these results in comparison to the performance of funds in a custom peer group that was determined by Funds Management to be similar to the Fund (the Custom Peer Group), and in comparison to the Fund's benchmark index and to other comparative data. The Board received a description of the methodology used by Funds Management to select the funds in the Custom Peer Group and discussed the limitations inherent in the use of other peer groups. The Board noted that the performance of the Fund was lower than the average performance of the Custom Peer



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32 Wells Fargo Advantage Multi-Sector Income Fund Other information (unaudited)  
Group for all periods under review. However, the Board also noted that the performance of the Fund was higher than or in range of its benchmark, the Multi-Sector Blended Index, which is a proprietary index used by the Board to help it assess the Fund's relative performance, for all periods under review except for the one-year period.

The Board received information concerning, and discussed factors contributing to, the underperformance of the Fund relative to the Custom Peer Group for the periods under review and relative to the benchmark for the one-year period. The Board took note of the small size of the Custom Peer Group and the explanations for the relative underperformance and was satisfied with the information it received.

The Board also received and considered information regarding the Fund's net operating expense ratio and its various components, including actual management fees (which reflect fee waivers, if any, and include advisory, and administration fees), custodian and other non-management fees, and fee waiver and expense reimbursement arrangements. The Board considered this ratio in comparison to the median ratio of funds in an expense group that was determined by Lipper, Inc. (Lipper) to be similar to the Fund (the Group). Lipper is an independent provider of investment company data. The Board received a description of the methodology used by Lipper to select the funds in the expense Group and an explanation of year-to-year variations in the funds comprising such expense Group and their expense ratios. Based on the Lipper reports, the Board noted that the net operating expense ratio of the Fund was lower than the median net operating expense ratio of the expense Group.

Based on its consideration of the factors and information it deemed relevant, including those described here, the Board concluded that the overall performance and expense structure of the Fund supported the re-approval of the Advisory Agreements.

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

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

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

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

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

services covered by the Advisory Agreements.

### **Profitability**

The Board received and considered information concerning the profitability of Funds Management, as well as the profitability of Wells Fargo as a whole, from providing services to the Fund and the fund family as a whole. The Board did not receive or consider to be necessary separate profitability information with respect to the Sub-Advisers, because their profitability information was subsumed in the collective Wells Fargo profitability analysis.

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

### **Economies of scale**

The Board considered the extent to which there may be sharing with the Fund of potential economies of scale in the provision of advisory services to the Fund. The Board noted that, as is typical of closed-end funds, there are no breakpoints in the Management Rate. Although the Fund would not share in any potential economies of scale through contractual breakpoints, the Board noted that fee waiver and expense reimbursement arrangements and competitive fee

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Other information (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 33  
rates at the outset are means of sharing potential economies of scale with shareholders of the Fund and the fund family as a whole. The Board concluded that the Fund's fee waiver and expense arrangements constituted a reasonable approach to sharing potential economies of scale with the Fund and its shareholders. The Board also noted that it would have opportunities to revisit the Management Rate as part of future contract reviews.

**Other benefits to Funds Management and the Sub-Advisers**

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

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

**Conclusion**

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

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34 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 ( 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 30170, College Station, Texas 77842-3170 or by calling 1-800-730-6001.

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List of abbreviations

Wells Fargo Advantage Multi-Sector Income Fund 35

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
COP	Columbian Peso
CLP	Chilean 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
LLLP	Limited liability limited partnership
LLP	Limited liability partnership
LOC	Letter of credit
LP	Limited partnership
MBIA	Municipal Bond Insurance Association
MFHR	Multifamily housing revenue
MSTR	Municipal securities trust receipts
MTN	Medium-term note
MUD	Municipal Utility District
MXN	Mexican peso
MYR	Malaysian ringgit
National	National Public Finance Guarantee Corporation
NGN	Nigerian naira
NOK	Norwegian krone
NZD	New Zealand dollar
PCFA	Pollution Control Financing Authority
PCL	Public Company Limited
PCR	Pollution control revenue
PFA	Public Finance Authority
PFFA	Public Facilities Financing Authority
PFOTER	Puttable floating option tax-exempt receipts
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 Depositary 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 30170

College Station, TX 77842-3170

1-800-730-6001

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

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**ITEM 2. CODE OF ETHICS**

Not applicable.

**ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT**

Not applicable.

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

Not applicable.

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

Not applicable.

**ITEM 6. INVESTMENTS**

The summary portfolio of investments is included as part of the report to shareholders filed under Item 1 of this Form. The portfolio of investments for Wells Fargo Advantage Multi-Sector Income Fund is filed under this Item.

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 1

Security name	Interest rate	Maturity date	Principal	Value
<b>Agency Securities: 2.31 %</b>				
<i>FHLMC ±</i>	4.67%	9-1-2032	\$ 1,419,293	\$ 1,525,998
<i>FHLMC</i>	8.50	7-1-2028	76,141	91,205
<i>FHLMC</i>	8.50	3-1-2030	51,213	53,374
<i>FHLMC Series 1383 ±</i>	2.38	2-1-2037	596,933	622,810
<i>FHLMC Series 196 Class A ±</i>	0.95	12-15-2021	51,634	52,295
<i>FHLMC Series 2011-K16 Class B ±144A</i>	4.75	11-25-2046	1,000,000	1,058,723
<i>FHLMC Series 2011-K701 Class B ±144A</i>	4.44	7-25-2048	165,000	174,441
<i>FHLMC Series 2011-K702 Class B ±144A</i>	4.94	4-25-2044	740,000	796,531
<i>FHLMC Series 2012-K17 Class B ±144A</i>	4.50	12-25-2044	675,000	695,903
<i>FHLMC Series 2012-K18 Class B ±144A</i>	4.41	1-25-2045	810,000	829,766
<i>FHLMC Series 2012-K501 Class C ±144A</i>	3.61	11-25-2046	800,000	806,802
<i>FHLMC Series 2012-K705 Class B ±144A</i>	4.30	9-25-2044	1,000,000	1,046,865
<i>FHLMC Series 2012-K706 Class B ±144A</i>	4.16	11-25-2044	500,000	519,832
<i>FHLMC Series 2012-K706 Class C ±144A</i>	4.16	11-25-2044	805,000	810,075
<i>FHLMC Series 2012-K707 Class B ±144A</i>	4.02	1-25-2047	930,000	962,143
<i>FHLMC Series 2012-K709 Class B ±144A</i>	3.87	4-25-2045	1,000,000	1,023,714
<i>FHLMC Series 2012-K711 Class B ±144A</i>	3.68	8-25-2045	264,000	266,892
<i>FHLMC Series 2013-K30 Class B ±144A</i>	3.67	6-25-2045	700,000	668,821
<i>FHLMC Series 2013-K713 Class B ±144A</i>	3.27	4-25-2046	1,000,000	976,657
<i>FHLMC Series 2390 Class FD ±</i>	0.60	12-15-2031	37,366	37,706
<i>FHLMC Series 2567 Class FH ±</i>	0.55	2-15-2033	132,066	133,031
<i>FHLMC Series K007 Class XI ±(c)</i>	1.37	4-25-2020	993,047	53,172
<i>FHLMC Series K016 Class XI ±(c)</i>	1.73	10-25-2021	387,102	36,444
<i>FHLMC Series K020 Class XI ±(c)</i>	1.61	5-25-2022	6,901,571	642,240
<i>FHLMC Series K021 Class XI ±(c)</i>	1.64	6-25-2022	4,019	390
<i>FNMA ±</i>	5.20	9-1-2037	712,965	745,067
<i>FNMA</i>	6.00	4-1-2033	69,696	75,584
<i>FNMA</i>	6.50	11-1-2032	62,082	63,989
<i>FNMA</i>	7.50	7-1-2017	35,601	36,544
<i>FNMA</i>	7.50	10-1-2028	7,683	7,709
<i>FNMA</i>	7.50	11-1-2028	152,312	164,200
<i>FNMA</i>	7.50	2-1-2030	37,302	37,842
<i>FNMA</i>	7.50	9-1-2030	88,975	94,737

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<i>FNMA</i>	8.00	6-1-2030	23,080	23,407
<i>FNMA</i>	12.00	1-1-2016	3,539	3,580
<i>FNMA Series 1996-46 Class FA ±</i>	0.65	8-25-2021	28,048	28,263
<i>FNMA Series 2001-25 Class Z</i>	6.00	6-25-2031	251,887	277,100
<i>FNMA Series 2001-35 Class F ±</i>	0.75	7-25-2031	10,413	10,556
<i>FNMA Series 2001-57 Class F ±</i>	0.65	6-25-2031	10,483	10,588
<i>FNMA Series 2002-77 Class FH ±</i>	0.55	12-18-2032	82,465	83,059
<i>FNMA Series 2002-97 Class FR ±</i>	0.70	1-25-2033	20,746	20,954
<i>FNMA Series G91-16 Class F ±</i>	0.60	6-25-2021	30,878	31,078
<i>FNMA Series G92-17 Class F ±</i>	1.20	3-25-2022	79,842	81,566
<i>GNMA</i>	6.50	6-15-2028	49,487	55,902
<i>GNMA</i>	7.25	7-15-2017	15,096	15,301
<i>GNMA</i>	7.25	8-15-2017	34,673	36,680
<i>GNMA</i>	7.25	8-15-2017	17,615	17,911
<i>GNMA</i>	7.25	9-15-2017	26,969	28,618
<i>GNMA</i>	7.25	10-15-2017	46,998	49,666

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2 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Agency Securities (continued)</b>				
<i>GNMA</i>	7.25%	10-15-2017	\$ 16,450	\$ 16,705
<i>GNMA</i>	7.25	11-15-2017	19,521	20,327
<i>GNMA</i>	7.25	1-15-2018	7,777	7,805
<i>GNMA</i>	7.25	1-15-2018	10,432	10,471
<i>GNMA</i>	7.25	2-15-2018	20,576	21,014
<i>GNMA</i>	7.25	5-15-2018	10,986	11,027
<b>Total Agency Securities (Cost \$15,017,782)</b>				15,973,080
<b>Asset-Backed Securities: 0.10%</b>				
<i>Bear Stearns I Trust Series 2006-HE1 Class</i>				
<i>IA2 ±</i>	0.37	12-25-2035	12,066	12,050
<i>CVS Pass-Through Trust Series T</i>	6.04	12-10-2028	597,986	682,843
<b>Total Asset-Backed Securities (Cost \$681,487)</b>				694,893
<b>Shares</b>				
<b>Common Stocks: 0.14%</b>				
<b>Consumer Discretionary: 0.00%</b>				
<b>Hotels, Restaurants &amp; Leisure: 0.00%</b>				
<i>Trump Entertainment Resorts Incorporated</i>				
<i>(a)(i)</i>			1,161	0
<b>Telecommunication Services: 0.14%</b>				
<b>Diversified Telecommunication Services: 0.14%</b>				
<i>Fairpoint Communications Incorporated</i>				
			70,442	960,829
<b>Total Common Stocks (Cost \$1,617,838)</b>				960,829
<b>Principal</b>				

**Corporate Bonds and Notes: 66.17%****Consumer Discretionary: 12.18%****Auto Components: 1.08%**

<i>Allison Transmission Incorporated 144A</i>	7.13	5-15-2019	\$ 3,790,000	4,093,200
<i>Cooper Tire &amp; Rubber Company</i>	7.63	3-15-2027	1,805,000	1,859,150
<i>Cooper Tire &amp; Rubber Company</i>	8.00	12-15-2019	450,000	504,000
<i>Goodyear Tire &amp; Rubber Company</i>	7.00	5-15-2022	400,000	441,000
<i>Goodyear Tire &amp; Rubber Company</i>	8.75	8-15-2020	468,000	551,070
				7,448,420

**Distributors: 0.11%**

<i>LKQ Corporation</i>	4.75	5-15-2023	800,000	768,000
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**Diversified Consumer Services: 1.11%**

<i>Ceridian HCM Holding Incorporated 144A</i>	11.00	3-15-2021	50,000	57,750
<i>Service Corporation International</i>	6.75	4-1-2016	475,000	515,375
<i>Service Corporation International</i>	7.00	6-15-2017	1,410,000	1,586,250
<i>Service Corporation International</i>	7.00	5-15-2019	650,000	693,810
<i>Service Corporation International</i>	7.50	4-1-2027	2,993,000	3,195,028
<i>Service Corporation International</i>	7.63	10-1-2018	680,000	787,984

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 3

Security name	Interest rate	Maturity date	Principal	Value
<b>Diversified Consumer Services (continued)</b>				
<i>Service Corporation International</i>	8.00%	11-15-2021	\$ 475,000	\$ 550,430
<i>Sotheby's 144A</i>	5.25	10-1-2022	315,000	305,550
				7,692,177
<b>Hotels, Restaurants &amp; Leisure: 3.65%</b>				
<i>Burger King Corporation</i>	9.88	10-15-2018	850,000	922,250
<i>CCM Merger Incorporated 144A</i>	9.13	5-1-2019	6,270,000	6,724,575
<i>CEC Entertainment Incorporated 144A</i>	8.00	2-15-2022	1,025,000	1,050,625
<i>DineEquity Incorporated</i>	9.50	10-30-2018	3,475,000	3,757,344
<i>Greektown Holdings LLC 144A</i>	8.88	3-15-2019	6,500,000	6,695,000
<i>Hilton Worldwide Finance LLC 144A</i>	5.63	10-15-2021	195,000	203,288
<i>Pinnacle Entertainment Incorporated</i>	7.50	4-15-2021	2,620,000	2,849,250
<i>Ruby Tuesday Incorporated</i>	7.63	5-15-2020	2,025,000	1,964,250
<i>Scientific Games Corporation</i>	9.25	6-15-2019	485,000	510,463
<i>Speedway Motorsports Incorporated</i>	6.75	2-1-2019	525,000	556,500
				25,233,545
<b>Household Durables: 0.22%</b>				
<i>American Greetings Corporation</i>	7.38	12-1-2021	1,230,000	1,305,338
<i>Tempur Sealy International Incorporated</i>	6.88	12-15-2020	200,000	218,000
				1,523,338
<b>Internet &amp; Catalog Retail: 0.12%</b>				
<i>Expedia Incorporated</i>	5.95	8-15-2020	750,000	831,578
<b>Media: 4.48%</b>				
<i>Allbritton Communications Company</i>	8.00	5-15-2018	1,275,000	1,330,781
<i>Cablevision Systems Corporation</i>	8.63	9-15-2017	1,310,000	1,542,525
<i>CBS Corporation</i>	8.88	5-15-2019	750,000	967,021
<i>CBS Outdoor Americas Capital LLC 144A</i>	5.63	2-15-2024	20,000	20,550
<i>CCO Holdings LLC</i>	8.13	4-30-2020	415,000	454,944

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<i>Cinemark USA Incorporated</i>	7.38	6-15-2021	775,000	860,250
<i>CSC Holdings LLC</i>	7.63	7-15-2018	625,000	722,656
<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	456,728
<i>DIRECTV Holdings LLC</i>	3.80	3-15-2022	750,000	750,319
<i>DISH DBS Corporation</i>	7.88	9-1-2019	480,000	569,400
<i>DreamWorks Animation SKG Incorporated</i> <i>144A</i>	6.88	8-15-2020	2,350,000	2,549,750
<i>EchoStar DBS Corporation</i>	7.13	2-1-2016	125,000	136,563
<i>EchoStar DBS Corporation</i>	7.75	5-31-2015	350,000	373,625
<i>Gray Television Incorporated</i>	7.50	10-1-2020	5,235,000	5,627,625
<i>Interpublic Group of Companies</i>	4.00	3-15-2022	750,000	760,942
<i>Lamar Media Corporation</i>	5.88	2-1-2022	690,000	736,575
<i>LIN Television Corporation</i>	6.38	1-15-2021	275,000	289,438
<i>LIN Television Corporation</i>	8.38	4-15-2018	1,625,000	1,714,375
<i>Live Nation Entertainment Incorporated 144A</i>	7.00	9-1-2020	200,000	218,500
<i>Lynx II Corporation 144A</i>	6.38	4-15-2023	365,000	383,250
<i>National CineMedia LLC</i>	6.00	4-15-2022	1,860,000	1,953,000
<i>National CineMedia LLC</i>	7.88	7-15-2021	650,000	716,625



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4 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Media (continued)</b>				
<i>Nexstar Broadcasting Group Incorporated</i>	6.88%	11-15-2020	\$ 1,750,000	\$ 1,872,500
<i>Regal Entertainment Group</i>	5.75	6-15-2023	400,000	408,000
<i>Regal Entertainment Group</i>	5.75	3-15-2022	3,425,000	3,527,750
<i>Time Warner Cable Incorporated</i>	4.00	1-15-2022	750,000	781,082
				30,998,024
<b>Multiline Retail: 0.09%</b>				
<i>Macy's Retail Holdings Incorporated</i>	3.88	1-15-2022	600,000	622,879
<b>Specialty Retail: 1.32%</b>				
<i>ABC Supply Company Incorporated 144A</i>	5.63	4-15-2021	450,000	465,750
<i>Advance Auto Parts Incorporated</i>	4.50	1-15-2022	600,000	630,854
<i>Ahern Rentals Incorporated 144A</i>	9.50	6-15-2018	1,200,000	1,335,000
<i>Century Intermediate Holding Company (PIK at 9.75%) 144A</i>	9.75	2-15-2019	175,000	186,375
<i>L Brands Incorporated</i>	6.63	4-1-2021	750,000	839,063
<i>Neiman Marcus Group Limited 144A</i>	8.00	10-15-2021	210,000	229,950
<i>Penske Auto Group Incorporated</i>	5.75	10-1-2022	1,155,000	1,208,419
<i>Rent-A-Center Incorporated</i>	6.63	11-15-2020	1,651,000	1,710,849
<i>Sonic Automotive Incorporated</i>	5.00	5-15-2023	1,174,000	1,153,455
<i>Toys 'R Us Property Company II LLC</i>	8.50	12-1-2017	1,335,000	1,365,038
				9,124,753
<b>Consumer Staples: 0.62%</b>				
<b>Food &amp; Staples Retailing: 0.09%</b>				
<i>SABMiller Holdings Incorporated 144A</i>	3.75	1-15-2022	600,000	619,300
<b>Food Products: 0.42%</b>				
<i>Darling International Incorporated 144A</i>	5.38	1-15-2022	180,000	184,950
<i>Hearthside Group Holdings LLC 144A</i>	6.50	5-1-2022	120,000	122,100
<i>Kraft Foods Group Incorporated</i>	3.50	6-6-2022	750,000	761,987

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<i>Simmons Foods Incorporated 144A</i>	10.50	11-1-2017	1,695,000	1,830,600
				2,899,637
<b>Tobacco: 0.11%</b>				
<i>Lorillard Tobacco Company</i>	6.88	5-1-2020	650,000	767,449
<b>Energy: 13.55%</b>				
<b>Energy Equipment &amp; Services: 4.47%</b>				
<i>Bristow Group Incorporated</i>	6.25	10-15-2022	3,540,000	3,796,650
<i>Cleaver Brooks Incorporated 144A</i>	8.75	12-15-2019	275,000	304,563
<i>Dresser-Rand Group Incorporated</i>	6.50	5-1-2021	1,155,000	1,230,075
<i>Era Group Incorporated</i>	7.75	12-15-2022	2,565,000	2,706,075
<i>Forum Energy Technologies Incorporated 144A</i>	6.25	10-1-2021	200,000	212,500
<i>Gulfmark Offshore Incorporated</i>	6.38	3-15-2022	4,600,000	4,772,500
<i>Hornbeck Offshore Services Incorporated</i>	5.00	3-1-2021	2,375,000	2,303,750
<i>Hornbeck Offshore Services Incorporated</i>	5.88	4-1-2020	505,000	525,200
<i>NGPL PipeCo LLC 144A</i>	7.12	12-15-2017	2,690,000	2,663,100
<i>NGPL PipeCo LLC 144A</i>	7.77	12-15-2037	6,975,000	6,521,625

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 5

Security name	Interest rate	Maturity date	Principal	Value
<b>Energy Equipment &amp; Services (continued)</b>				
<i>NGPL PipeCo LLC 144A</i>	9.63%	6-1-2019	\$ 435,000	\$ 469,800
<i>Oil States International Incorporated</i>	6.50	6-1-2019	1,035,000	1,088,044
<i>PHI Incorporated 144A</i>	5.25	3-15-2019	4,250,000	4,313,750
				30,907,632
<b>Oil, Gas &amp; Consumable Fuels: 9.08%</b>				
<i>Crestwood Midstream Partners LP</i>	6.00	12-15-2020	1,075,000	1,128,750
<i>Crestwood Midstream Partners LP 144A</i>	6.13	3-1-2022	275,000	287,375
<i>CVR Refining LLC</i>	6.50	11-1-2022	1,249,000	1,311,450
<i>Denbury Resources Incorporated</i>	4.63	7-15-2023	535,000	508,919
<i>Denbury Resources Incorporated</i>	6.38	8-15-2021	50,000	53,625
<i>Denbury Resources Incorporated</i>	8.25	2-15-2020	1,010,000	1,111,000
<i>El Paso LLC</i>	6.50	9-15-2020	445,000	491,556
<i>El Paso LLC</i>	7.00	6-15-2017	820,000	924,416
<i>El Paso LLC</i>	7.25	6-1-2018	1,585,000	1,806,518
<i>El Paso LLC</i>	7.42	2-15-2037	800,000	802,000
<i>El Paso LLC</i>	7.80	8-1-2031	1,850,000	1,985,024
<i>El Paso Pipeline Partners Operating LLC</i>	6.50	4-1-2020	750,000	871,944
<i>Energy Transfer Equity LP</i>	7.50	10-15-2020	3,100,000	3,572,750
<i>Energy Transfer Partners LP</i>	5.20	2-1-2022	750,000	819,751
<i>Exterran Partners LP</i>	6.00	4-1-2021	2,500,000	2,500,000
<i>Kinder Morgan Energy Partners LP</i>	3.95	9-1-2022	750,000	753,956
<i>Murphy Oil USA Incorporated 144A</i>	6.00	8-15-2023	385,000	397,513
<i>Nabors Industries Incorporated</i>	4.63	9-15-2021	750,000	786,764
<i>Northern Tier Energy LLC</i>	7.13	11-15-2020	1,975,000	2,118,188
<i>Phillips 66</i>	4.30	4-1-2022	625,000	668,021
<i>Pioneer Natural Resources Company</i>	3.95	7-15-2022	750,000	773,060
<i>Pioneer Natural Resources Company</i>	7.50	1-15-2020	1,220,000	1,494,317
<i>Plains Exploration &amp; Production Company</i>	8.63	10-15-2019	2,885,000	3,112,194
<i>Rockies Express Pipeline LLC 144A</i>	5.63	4-15-2020	3,625,000	3,634,063
<i>Rockies Express Pipeline LLC 144A</i>	6.88	4-15-2040	6,123,000	5,663,775
<i>Rockies Express Pipeline LLC 144A</i>	7.50	7-15-2038	2,350,000	2,250,125
<i>Sabine Pass Liquefaction LLC</i>	5.63	2-1-2021	850,000	877,625
<i>Sabine Pass Liquefaction LLC</i>	5.63	4-15-2023	1,020,000	1,030,200

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<i>Sabine Pass Liquefaction LLC 144A</i>	6.25	3-15-2022	3,550,000	3,723,063
<i>Sabine Pass LNG LP</i>	6.50	11-1-2020	4,245,000	4,489,088
<i>Sabine Pass LNG LP</i>	7.50	11-30-2016	4,635,000	5,144,850
<i>SemGroup Corporation</i>	7.50	6-15-2021	2,665,000	2,891,525
<i>Suburban Propane Partners LP</i>	7.38	3-15-2020	790,000	843,325
<i>Suburban Propane Partners LP</i>	7.38	8-1-2021	309,000	339,900
<i>Suburban Propane Partners LP</i>	7.50	10-1-2018	422,000	447,320
<i>Ultra Petroleum Corporation 144A</i>	5.75	12-15-2018	1,135,000	1,194,588
<i>Weatherford International Incorporated</i>	6.35	6-15-2017	650,000	740,698
<i>Western Gas Partners</i>	5.38	6-1-2021	503,000	562,512
<i>Williams Partners LP</i>	3.35	8-15-2022	750,000	728,627
				62,840,375

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6 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Financials: 13.03%</b>				
<b>Banks: 4.27%</b>				
<i>Bank of America Corporation</i>	3.70%	9-1-2015	\$ 650,000	\$ 674,437
<i>Bank of America Corporation</i>	5.70	1-24-2022	250,000	286,124
<i>Blackstone Holdings Finance Company LLC 144A</i>	5.88	3-15-2021	750,000	866,523
<i>CIT Group Incorporated 144A</i>	5.50	2-15-2019	1,275,000	1,373,813
<i>CIT Group Incorporated 144A</i>	6.63	4-1-2018	550,000	613,938
<i>Citigroup Incorporated</i>	4.50	1-14-2022	250,000	267,187
<i>Citigroup Incorporated</i>	6.00	8-15-2017	650,000	736,418
<i>City National Bank</i>	5.38	7-15-2022	500,000	542,034
<i>Denali Borrower LLC/Denali Finance Corporation 144A</i>	5.63	10-15-2020	4,510,000	4,634,025
<i>Emigrant Bancorp Incorporated 144A</i>	6.25	6-15-2014	3,650,000	3,668,666
<i>General Electric Capital Corporation</i>	4.65	10-17-2021	650,000	719,143
<i>HSBC Bank USA</i>	6.00	8-9-2017	650,000	731,806
<i>ING US Incorporated</i>	5.50	7-15-2022	750,000	849,557
<i>JPMorgan Chase &amp; Company</i>	3.38	5-1-2023	750,000	717,460
<i>Moody s Corporation</i>	5.50	9-1-2020	1,302,000	1,441,944
<i>Neuberger Berman Group LLC 144A</i>	5.63	3-15-2020	500,000	526,250
<i>Neuberger Berman Group LLC 144A</i>	5.88	3-15-2022	650,000	692,250
<i>Nielsen Finance LLC</i>	7.75	10-15-2018	5,350,000	5,691,063
<i>Nuveen Investments Incorporated</i>	5.50	9-15-2015	3,560,000	3,720,200
<i>Nuveen Investments Incorporated 144A</i>	9.13	10-15-2017	730,000	799,350
				29,552,188
<b>Capital Markets: 0.21%</b>				
<i>Ace Securities Corporation ±</i>	0.55	8-25-2045	54,095	53,922
<i>Ace Securities Corporation ±</i>	2.78	6-25-2033	549,503	545,559
<i>Goldman Sachs Group Incorporated</i>	5.75	1-24-2022	750,000	855,449
				1,454,930
<b>Consumer Finance: 4.46%</b>				
<i>Ally Financial Incorporated</i>	5.50	2-15-2017	750,000	815,625

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<i>Ally Financial Incorporated</i>	6.75	12-1-2014	998,000	1,030,435
<i>Ally Financial Incorporated</i>	7.50	9-15-2020	1,160,000	1,374,600
<i>Ally Financial Incorporated</i>	8.00	3-15-2020	940,000	1,136,225
<i>Ally Financial Incorporated</i>	8.30	2-12-2015	2,055,000	2,165,456
<i>Credit Acceptance Corporation 144A</i>	6.13	2-15-2021	410,000	426,400
<i>Discover Financial Services</i>	5.20	4-27-2022	750,000	815,048
<i>Ford Motor Credit Company LLC</i>	5.00	5-15-2018	650,000	721,533
<i>Ford Motor Credit Company LLC</i>	8.00	12-15-2016	250,000	291,632
<i>General Motors Financial Company Incorporated</i>	6.75	6-1-2018	1,135,000	1,291,063
<i>Homer City Funding LLC</i>	8.73	10-1-2026	1,351,973	1,412,812
<i>SLM Corporation</i>	6.13	3-25-2024	1,220,000	1,212,070
<i>SLM Corporation</i>	7.25	1-25-2022	930,000	1,024,163
<i>SLM Corporation</i>	8.00	3-25-2020	3,940,000	4,550,700
<i>SLM Corporation</i>	8.45	6-15-2018	1,675,000	1,974,406
<i>Springleaf Finance Corporation</i>	5.40	12-1-2015	1,535,000	1,604,075
<i>Springleaf Finance Corporation</i>	5.75	9-15-2016	1,100,000	1,166,000
<i>Springleaf Finance Corporation</i>	6.00	6-1-2020	2,285,000	2,313,563

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 7

Security name	Interest rate	Maturity date	Principal	Value
<b>Consumer Finance (continued)</b>				
<i>Springleaf Finance Corporation</i>	6.50%	9-15-2017	\$ 200,000	\$ 215,250
<i>Springleaf Finance Corporation</i>	6.90	12-15-2017	4,550,000	4,993,625
<i>Springleaf Finance Corporation</i>	7.75	10-1-2021	265,000	293,156
				30,827,837
<b>Insurance: 0.76%</b>				
<i>American International Group Incorporated</i>	4.88	6-1-2022	750,000	834,040
<i>Endurance Specialty Holdings Limited</i>	7.00	7-15-2034	575,000	682,495
<i>Fidelity &amp; Guaranty Life Holdings Incorporated 144A</i>	6.38	4-1-2021	310,000	330,150
<i>Hartford Financial Services Group Incorporated</i>	5.13	4-15-2022	650,000	729,728
<i>Liberty Mutual Group Incorporated 144A</i>	4.95	5-1-2022	750,000	808,777
<i>ProAssurance Corporation</i>	5.30	11-15-2023	750,000	804,892
<i>Prudential Covered Trust 144A</i>	3.00	9-30-2015	384,000	394,684
<i>W.R. Berkley Corporation</i>	4.63	3-15-2022	650,000	685,977
				5,270,743
<b>Real Estate Management &amp; Development: 0.81%</b>				
<i>Hockey Merger Sub 2 Incorporated 144A</i>	7.88	10-1-2021	3,195,000	3,410,663
<i>Onex Corporation 144A</i>	7.75	1-15-2021	2,100,000	2,168,250
				5,578,913
<b>REITs: 2.52%</b>				
<i>Alexandria Real Estate Company</i>	4.60	4-1-2022	650,000	679,731
<i>American Tower Corporation</i>	5.90	11-1-2021	650,000	736,286
<i>Crown Castle International Corporation</i>	5.25	1-15-2023	100,000	102,750
<i>DuPont Fabros Technology Incorporated LP</i>	5.88	9-15-2021	4,655,000	4,852,838
<i>Essex Portfolio LP</i>	3.63	8-15-2022	750,000	743,184
<i>Health Care REIT Incorporated</i>	5.25	1-15-2022	650,000	722,263
<i>Omega Healthcare Investors Incorporated</i>	6.75	10-15-2022	1,775,000	1,930,313

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<i>Sabra Health Care Incorporated</i>	5.38	6-1-2023	850,000	871,250
<i>Sabra Health Care Incorporated</i>	5.50	2-1-2021	525,000	549,938
<i>The Geo Group Incorporated</i>	5.13	4-1-2023	1,775,000	1,757,250
<i>The Geo Group Incorporated</i>	5.88	1-15-2022	2,640,000	2,719,200
<i>The Geo Group Incorporated</i>	6.63	2-15-2021	365,000	392,375
<i>Ventas Realty LP</i>	4.25	3-1-2022	650,000	682,039
<i>WEA Finance LLC 144A</i>	4.63	5-10-2021	650,000	714,929

17,454,346

**Health Care: 5.01%**

**Biotechnology: 0.11%**

<i>Amgen Incorporated</i>	3.63	5-15-2022	750,000	771,645
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**Health Care Equipment & Supplies: 0.36%**

<i>Boston Scientific Corporation</i>	6.00	1-15-2020	750,000	868,897
<i>Hologic Incorporated</i>	6.25	8-1-2020	1,530,000	1,617,975

2,486,872



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8 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Health Care Providers &amp; Services: 3.33%</b>				
<i>Aviv Healthcare Properties LP</i>	6.00%	10-15-2021	\$ 515,000	\$ 540,750
<i>Aviv Healthcare Properties LP</i>	7.75	2-15-2019	1,350,000	1,447,875
<i>Capella Healthcare Incorporated</i>	9.25	7-1-2017	885,000	935,888
<i>Centene Corporation</i>	5.75	6-1-2017	1,000,000	1,092,500
<i>Community Health Systems Incorporated 144A</i>	6.88	2-1-2022	1,340,000	1,388,575
<i>Coventry Health Care Incorporated</i>	5.45	6-15-2021	750,000	871,385
<i>DaVita HealthCare Partners Incorporated</i>	5.75	8-15-2022	525,000	555,844
<i>Express Scripts Holding Company</i>	3.90	2-15-2022	665,000	689,227
<i>HCA Incorporated</i>	6.50	2-15-2020	1,875,000	2,090,625
<i>HealthSouth Corporation</i>	5.75	11-1-2024	30,000	31,275
<i>HealthSouth Corporation</i>	7.25	10-1-2018	324,000	341,820
<i>HealthSouth Corporation</i>	8.13	2-15-2020	495,000	537,075
<i>Humana Incorporated</i>	7.20	6-15-2018	750,000	893,873
<i>MPH Acquisition Holdings LLC 144A</i>	6.63	4-1-2022	425,000	439,875
<i>MPT Operating Partnership LP</i>	6.38	2-15-2022	1,075,000	1,152,938
<i>MPT Operating Partnership LP</i>	6.88	5-1-2021	775,000	842,813
<i>Select Medical Corporation 144A</i>	6.38	6-1-2021	1,485,000	1,529,550
<i>Select Medical Corporation</i>	6.38	6-1-2021	4,730,000	4,871,900
<i>Tenet Healthcare Corporation 144A</i>	6.00	10-1-2020	1,475,000	1,548,750
<i>Tenet Healthcare Corporation</i>	8.13	4-1-2022	1,090,000	1,209,900
				23,012,438
<b>Health Care Technology: 0.26%</b>				
<i>Emdeon Incorporated</i>	11.00	12-31-2019	1,560,000	1,801,800
<b>Life Sciences Tools &amp; Services: 0.13%</b>				
<i>Life Technologies Corporation</i>	6.00	3-1-2020	750,000	870,041
<b>Pharmaceuticals: 0.82%</b>				
<i>Endo Finance Company 144A</i>	5.75	1-15-2022	715,000	738,238
<i>Par Pharmaceutical Company</i>	7.38	10-15-2020	2,150,000	2,332,750
<i>Pinnacle Incorporated 144A</i>	9.50	10-1-2023	500,000	552,500

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<i>Salix Pharmaceuticals Incorporated 144A</i>	6.00	1-15-2021	1,185,000	1,270,913
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	5.63	12-1-2021	85,000	88,400
<i>Watson Pharmaceuticals Incorporated</i>	3.25	10-1-2022	750,000	726,681
				5,709,482

**Industrials: 4.82%**

**Aerospace & Defense: 0.18%**

<i>TransDigm Group Incorporated</i>	5.50	10-15-2020	470,000	474,700
<i>TransDigm Group Incorporated</i>	7.75	12-15-2018	750,000	798,750
				1,273,450

**Airlines: 0.44%**

<i>Aviation Capital Group Corporation 144A</i>	6.75	4-6-2021	1,320,000	1,475,900
<i>Aviation Capital Group Corporation 144A</i>	7.13	10-15-2020	720,000	808,362
<i>Delta Air Lines Incorporated</i>	4.75	11-7-2021	688,148	744,920
				3,029,182

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 9

Security name	Interest rate	Maturity date	Principal	Value
<b>Commercial Services &amp; Supplies: 2.43%</b>				
<i>ADT Corporation</i>	3.50%	7-15-2022	\$ 750,000	\$ 661,875
<i>ADT Corporation</i>	4.13	6-15-2023	1,075,000	967,500
<i>ADT Corporation 144A</i>	6.25	10-15-2021	735,000	766,238
<i>Covanta Holding Corporation</i>	5.88	3-1-2024	1,885,000	1,922,924
<i>Covanta Holding Corporation</i>	6.38	10-1-2022	1,500,000	1,605,000
<i>Covanta Holding Corporation</i>	7.25	12-1-2020	1,480,000	1,622,450
<i>Interface Incorporated</i>	7.63	12-1-2018	113,000	119,921
<i>Iron Mountain Incorporated</i>	5.75	8-15-2024	4,525,000	4,468,438
<i>Iron Mountain Incorporated</i>	6.00	8-15-2023	2,160,000	2,295,000
<i>Iron Mountain Incorporated</i>	8.38	8-15-2021	759,000	800,745
<i>Penske Truck Leasing Company 144A</i>	3.75	5-11-2017	750,000	798,821
<i>Republic Services Incorporated</i>	3.55	6-1-2022	750,000	758,231
				16,787,143
<b>Machinery: 0.11%</b>				
<i>Columbus McKinnon Corporation</i>	7.88	2-1-2019	725,000	779,375
<b>Professional Services: 0.27%</b>				
<i>Interactive Data Corporation</i>	10.25	8-1-2018	1,170,000	1,254,825
<i>Verisk Analytics Incorporated</i>	5.80	5-1-2021	530,000	589,946
				1,844,771
<b>Trading Companies &amp; Distributors: 1.27%</b>				
<i>Ashtead Capital Incorporated 144A</i>	6.50	7-15-2022	4,010,000	4,350,850
<i>H&amp;E Equipment Services Incorporated</i>	7.00	9-1-2022	3,085,000	3,393,500
<i>International Lease Finance Corporation 144A</i>	7.13	9-1-2018	75,000	87,000
<i>International Lease Finance Corporation</i>	8.63	9-15-2015	900,000	987,750
				8,819,100
<b>Transportation Infrastructure: 0.12%</b>				

<i>Watco Companies LLC 144A</i>	6.38	4-1-2023	835,000	845,438
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**Information Technology: 4.58%****Communications Equipment: 0.42%**

<i>Avaya Incorporated</i>	9.75	11-1-2015	575,000	576,380
<i>CyrusOne LP</i>	6.38	11-15-2022	300,000	318,750
<i>Lucent Technologies Incorporated</i>	6.45	3-15-2029	1,285,000	1,230,388
<i>Motorola Solutions Incorporated</i>	3.75	5-15-2022	750,000	747,771
				2,873,289

**Electronic Equipment, Instruments & Components: 1.04%**

<i>CDW Financial Corporation</i>	12.54	10-12-2017	101,000	105,545
<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	5,275,000	6,290,438
<i>L-3 Communications Corporation</i>	4.95	2-15-2021	750,000	816,815
				7,212,798

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10 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Internet Software &amp; Services: 0.03%</b>				
<i>Equinix Incorporated</i>	7.00%	7-15-2021	\$ 75,000	\$ 83,700
<i>Sophia Holding Finance LP (PIK at 9.63%) 144A</i>	9.63	12-1-2018	105,000	109,463
				193,163
<b>IT Services: 1.88%</b>				
<i>Audatex North America Incorporated 144A</i>	6.00	6-15-2021	1,400,000	1,501,500
<i>Audatex North America Incorporated 144A</i>	6.13	11-1-2023	420,000	448,875
<i>Fidelity National Information Services Incorporated</i>	7.88	7-15-2020	1,000,000	1,070,555
<i>First Data Corporation 144A</i>	6.75	11-1-2020	900,000	960,750
<i>First Data Corporation 144A</i>	7.38	6-15-2019	625,000	670,313
<i>First Data Corporation</i>	11.75	8-15-2021	2,360,000	2,513,400
<i>First Data Holdings Incorporated (PIK at 14.50%) 144A</i>	14.50	9-24-2019	906,459	873,600
<i>SunGard Data Systems Incorporated</i>	6.63	11-1-2019	2,000,000	2,095,000
<i>SunGard Data Systems Incorporated</i>	7.38	11-15-2018	2,457,000	2,604,420
<i>SunGard Data Systems Incorporated</i>	7.63	11-15-2020	250,000	273,125
				13,011,538
<b>Semiconductors &amp; Semiconductor Equipment: 0.21%</b>				
<i>Micron Technology Incorporated 144A</i>	5.88	2-15-2022	1,400,000	1,477,000
<b>Software: 0.43%</b>				
<i>Activision Blizzard Incorporated 144A</i>	5.63	9-15-2021	705,000	751,706
<i>Activision Blizzard Incorporated 144A</i>	6.13	9-15-2023	175,000	190,313
<i>BMC Software Finance Incorporated 144A</i>	8.13	7-15-2021	620,000	649,450
<i>CA Incorporated</i>	5.38	12-1-2019	750,000	842,647
<i>Nuance Communications Incorporated 144A</i>	5.38	8-15-2020	530,000	533,975
				2,968,091

**Technology Hardware, Storage & Peripherals: 0.57%**

<i>Hewlett-Packard Company</i>	4.05	9-15-2022	750,000	768,531
<i>NCR Corporation 144A</i>	5.88	12-15-2021	230,000	243,800
<i>NCR Corporation 144A</i>	6.38	12-15-2023	2,725,000	2,915,750
				3,928,081

**Materials: 1.11%****Chemicals: 0.12%**

<i>Dow Chemical Company</i>	4.13	11-15-2021	750,000	792,090
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**Containers & Packaging: 0.68%**

<i>Crown Cork &amp; Seal Company Incorporated</i>	7.38	12-15-2026	35,000	38,850
<i>Crown Cork &amp; Seal Company Incorporated (i)</i>	7.50	12-15-2096	600,000	564,000
<i>Owens-Illinois Incorporated</i>	7.80	5-15-2018	1,295,000	1,513,531
<i>Sealed Air Corporation 144A</i>	8.38	9-15-2021	2,260,000	2,604,650
				4,721,031

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 11

Security name	Interest rate	Maturity date	Principal	Value
<b>Metals &amp; Mining: 0.08%</b>				
<i>Freeport-McMoRan Copper &amp; Gold Incorporated</i>				
	3.55%	3-1-2022	\$ 600,000	\$ 579,910
<i>Indalex Holdings Corporation (a)(t)(i)</i>				
	11.50	2-1-2020	3,170,000	0
				579,910
<b>Paper &amp; Forest Products: 0.23%</b>				
<i>Georgia-Pacific LLC</i>				
	8.88	5-15-2031	1,080,000	1,586,445
<b>Telecommunication Services: 8.71%</b>				
<b>Diversified Telecommunication Services: 3.74%</b>				
<i>CenturyLink Incorporated</i>				
	5.80	3-15-2022	600,000	615,000
<i>Citizens Communications Company</i>				
	7.88	1-15-2027	1,805,000	1,816,281
<i>Frontier Communications Corporation</i>				
	8.13	10-1-2018	845,000	983,369
<i>Frontier Communications Corporation</i>				
	8.25	4-15-2017	1,040,000	1,210,300
<i>Frontier Communications Corporation</i>				
	8.50	4-15-2020	525,000	611,297
<i>GCI Incorporated</i>				
	6.75	6-1-2021	2,330,000	2,356,213
<i>GCI Incorporated</i>				
	8.63	11-15-2019	5,625,000	6,011,719
<i>Qwest Corporation</i>				
	7.13	11-15-2043	795,000	791,605
<i>Qwest Corporation</i>				
	7.25	9-15-2025	1,040,000	1,190,788
<i>Qwest Corporation</i>				
	7.63	8-3-2021	230,000	249,550
<i>Syniverse Holdings Incorporated</i>				
	9.13	1-15-2019	5,005,000	5,430,425
<i>TW Telecommunications Holdings Incorporated</i>				
	5.38	10-1-2022	1,270,000	1,289,050
<i>TW Telecommunications Holdings Incorporated</i>				
	5.38	10-1-2022	600,000	609,000
<i>Windstream Corporation</i>				
	7.88	11-1-2017	2,330,000	2,676,588
				25,841,185
<b>Wireless Telecommunication Services: 4.97%</b>				
<i>Crown Castle International Corporation</i>				
	7.13	11-1-2019	70,000	74,725

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<i>Crown Castle Towers LLC 144A</i>	6.11	1-15-2040	750,000	867,908
<i>MetroPCS Wireless Incorporated</i>	6.63	11-15-2020	3,300,000	3,522,750
<i>MetroPCS Wireless Incorporated</i>	7.88	9-1-2018	1,950,000	2,062,125
<i>SBA Telecommunications Corporation</i>	5.63	10-1-2019	160,000	167,800
<i>SBA Telecommunications Corporation</i>	5.75	7-15-2020	2,000,000	2,100,000
<i>SBA Telecommunications Corporation</i>	8.25	8-15-2019	15,000	15,840
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	13,665,000	13,494,188
<i>Sprint Capital Corporation</i>	8.75	3-15-2032	515,000	576,156
<i>Sprint Communications Incorporated</i>	7.00	8-15-2020	1,340,000	1,457,250
<i>Sprint Communications Incorporated 144A</i>	9.00	11-15-2018	325,000	396,094
<i>Sprint Communications Incorporated</i>	11.50	11-15-2021	625,000	837,500
<i>Sprint Corporation 144A</i>	7.13	6-15-2024	960,000	1,008,000
<i>Sprint Corporation 144A</i>	7.25	9-15-2021	200,000	218,000
<i>Sprint Corporation 144A</i>	7.88	9-15-2023	200,000	220,500
<i>T-Mobile USA Incorporated</i>	6.13	1-15-2022	85,000	89,356
<i>T-Mobile USA Incorporated</i>	6.25	4-1-2021	505,000	537,825
<i>T-Mobile USA Incorporated</i>	6.46	4-28-2019	160,000	169,600
<i>T-Mobile USA Incorporated</i>	6.50	1-15-2024	80,000	83,900
<i>T-Mobile USA Incorporated</i>	6.54	4-28-2020	165,000	177,375
<i>T-Mobile USA Incorporated</i>	6.63	4-1-2023	505,000	540,350
<i>T-Mobile USA Incorporated</i>	6.63	4-28-2021	920,000	993,600



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12 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Wireless Telecommunication Services</b>				
(continued)				
<i>T-Mobile USA Incorporated</i>	6.73%	4-28-2022	\$ 3,490,000	\$ 3,764,838
<i>T-Mobile USA Incorporated</i>	6.84	4-28-2023	945,000	1,017,056
				34,392,736
<b>Utilities: 2.56%</b>				
<b>Electric Utilities: 1.36%</b>				
<i>Energy Future Intermediate Holding Company LLC 144A(s)</i>				
	6.88	8-15-2017	500,000	521,250
<i>Great Plains Energy Incorporated</i>	4.85	6-1-2021	750,000	812,774
<i>IPALCO Enterprises Incorporated 144A</i>	7.25	4-1-2016	1,730,000	1,898,675
<i>Mirant Mid-Atlantic LLC Series C</i>	10.06	12-30-2028	3,614,632	4,030,315
<i>Otter Tail Corporation (i)</i>	9.00	12-15-2016	1,835,000	2,144,546
<i>PNM Resources Incorporated</i>	9.25	5-15-2015	9,000	9,765
				9,417,325
<b>Gas Utilities: 0.41%</b>				
<i>AmeriGas Finance LLC</i>	6.50	5-20-2021	45,000	48,263
<i>AmeriGas Finance LLC</i>	6.75	5-20-2020	1,775,000	1,930,313
<i>AmeriGas Finance LLC</i>	7.00	5-20-2022	795,000	874,500
				2,853,076
<b>Independent Power &amp; Renewable Electricity Producers: 0.58%</b>				
<i>Calpine Corporation 144A</i>	6.00	1-15-2022	425,000	451,563
<i>NSG Holdings LLC 144A</i>	7.75	12-15-2025	2,175,000	2,327,250
<i>Reliant Energy Incorporated</i>	9.24	7-2-2017	759,521	774,711
<i>Reliant Energy Incorporated</i>	9.68	7-2-2026	410,000	434,600
				3,988,124

**Multi-Utilities: 0.21%**

<i>Ameren Illinois Company</i>	9.75	11-15-2018	500,000	653,418
<i>CMS Energy Corporation</i>	5.05	3-15-2022	750,000	843,893
				1,497,311

**Total Corporate Bonds and Notes (Cost  
\$431,762,492)**

457,779,994

**Foreign Corporate Bonds and Notes @:  
3.77%****Consumer Discretionary: 0.34%****Auto Components: 0.03%**

<i>Gestamp Funding Luxembourg SA (EUR)</i>	5.88	5-31-2020	135,000	200,028
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**Automobiles: 0.10%**

<i>Jaguar Land Rover plc (GBP)</i>	8.25	3-15-2020	300,000	571,820
<i>Servus Luxembourg Holding SCA 144A (EUR)</i>	7.75	6-15-2018	100,000	148,974
				720,794

**Media: 0.21%**

<i>Altice SA 144A%% (EUR)</i>	7.25	5-15-2022	100,000	144,441
<i>Arqiva Broadcast Finance plc 144A (GBP)</i>	9.50	3-31-2020	100,000	193,322

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Portfolio of investments April 30, 2014 (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 13

Security name	Interest rate	Maturity date	Principal	Value
<b>Media (continued)</b>				
<i>Unitymedia Hessen GmbH &amp; Company 144A (EUR)</i>	5.13%	1-21-2023	500,000	\$ 732,520
<i>Virgin Media Finance plc (GBP)</i>	8.88	10-15-2019	201,000	363,131
				1,433,414
<b>Consumer Staples: 0.36%</b>				
<b>Beverages: 0.08%</b>				
<i>Bacardi Limited (EUR)</i>	2.75	7-3-2023	400,000	567,090
<b>Food &amp; Staples Retailing: 0.12%</b>				
<i>Casino Guichard Perrachon SA (EUR)</i>	4.73	5-26-2021	500,000	806,985
<b>Food Products: 0.16%</b>				
<i>BRF SA 144A (BRL)</i>	7.75	5-22-2018	3,100,000	1,124,050
<b>Energy: 0.20%</b>				
<b>Oil, Gas &amp; Consumable Fuels: 0.20%</b>				
<i>Petroleos Mexicanos 144A (MXN)</i>	7.19	9-12-2024	18,450,000	1,376,844
<b>Financials: 2.17%</b>				
<b>Banks: 2.08%</b>				
<i>Eurofima (AUD)</i>	6.25	12-28-2018	2,450,000	2,505,101
<i>European Investment Bank (AUD)</i>	6.50	8-7-2019	4,880,000	5,075,984
<i>General Electric Capital Corporation (NZD)</i>	4.25	1-17-2018	2,000,000	1,685,647
<i>International Bank for Reconstruction &amp; Development (AUD)</i>	5.75	10-1-2020	950,000	965,318
<i>KfW (AUD)</i>	5.00	3-19-2024	1,300,000	1,245,019
<i>KfW (AUD)</i>	6.38	2-17-2015	3,319,000	2,915,055
				14,392,124

**Consumer Finance: 0.09%**

<i>Fiat Industrial SpA (EUR)</i>	6.25	3-9-2018	400,000	630,744
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**Industrials: 0.44%****Building Products: 0.09%**

<i>Heidelbergcement AG (EUR)</i>	8.50	10-31-2019	330,000	588,305
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**Commercial Services & Supplies: 0.05%**

<i>Iron Mountain Incorporated (EUR)</i>	6.75	10-15-2018	250,000	349,872
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**Construction & Engineering: 0.04%**

<i>Grupo Isolux Corsan Finance BV 144A (EUR)</i>	6.63	4-15-2021	200,000	278,857
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**Trading Companies & Distributors: 0.04%**

<i>Rexel SA (EUR)</i>	5.13	6-15-2020	200,000	296,554
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**Transportation Infrastructure: 0.22%**

<i>Autoroutes Du Sud de la France (EUR)</i>	2.95	1-17-2024	500,000	718,903
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<i>Heathrow Funding Limited (EUR)</i>	4.60	2-15-2020	500,000	780,376
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1,499,279

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14 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Information Technology: 0.08%</b>				
<b>IT Services: 0.04%</b>				
<i>Interxion Holding NV 144A (EUR)</i>	6.00%	7-15-2020	200,000	\$ 296,338
<b>Software: 0.04%</b>				
<i>Teamsystem Holdings SpA 144A (EUR)</i>	7.38	5-15-2020	200,000	293,480
<b>Telecommunication Services: 0.07%</b>				
<b>Diversified Telecommunication Services: 0.07%</b>				
<i>Telefonica Emisiones Company (EUR)</i>	4.69	11-11-2019	300,000	481,320
<b>Utilities: 0.11%</b>				
<b>Water Utilities: 0.11%</b>				
<i>Befesa Zinc Aser SA (EUR)</i>	8.88	5-15-2018	500,000	740,775
<b>Total Foreign Corporate Bonds and Notes (Cost \$24,193,123)</b>				26,076,853
<b>Foreign Government Bonds @: 25.71%</b>				
<i>Australia (AUD)</i>	3.25	4-21-2025	3,350,000	2,896,354
<i>Brazil (BRL)</i>	10.00	1-1-2023	49,500,000	20,126,874
<i>Colombia (COP)</i>	7.75	4-14-2021	5,250,000,000	3,054,723
<i>Hungary (HUF)</i>	5.50	6-24-2025	1,110,000,000	5,020,490
<i>Hungary (HUF)</i>	6.75	11-24-2017	1,695,000,000	8,402,748
<i>Indonesia (IDR)</i>	7.88	4-15-2019	74,000,000,000	6,464,559
<i>Indonesia (IDR)</i>	8.38	3-15-2024	85,650,000,000	7,567,485
<i>Korea (KRW)</i>	5.25	3-10-2027	2,830,000,000	3,189,999
<i>Malaysia (MYR)</i>	3.26	3-1-2018	22,500,000	6,818,013
<i>Malaysia (MYR)</i>	4.26	9-15-2016	21,100,000	6,599,031
<i>Mexico (MXN)</i>	4.75	6-14-2018	55,330,000	4,193,255

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<i>Mexico (MXN)</i>	10.00	12-5-2024	74,370,000	7,327,111
<i>New Zealand (NZD)</i>	5.50	4-15-2023	5,625,000	5,234,399
<i>Nigeria (NGN)</i>	15.10	4-27-2017	500,000,000	3,266,418
<i>Poland (PLN)</i>	4.00	10-25-2023	39,775,000	13,105,722
<i>Queensland Treasury (AUD)</i>	5.75	7-22-2024	4,100,000	4,210,660
<i>Republic of South Africa (ZAR)</i>	6.50	2-28-2041	67,200,000	4,721,151
<i>Republic of South Africa (ZAR)</i>	7.75	2-28-2023	95,000,000	8,701,297
<i>Republic of South Africa (ZAR)</i>	8.00	1-31-2030	55,000,000	4,805,998
<i>Romania (RON)</i>	6.00	4-30-2016	14,750,000	4,813,925
<i>Russia (RUB)</i>	7.00	1-25-2023	50,500,000	1,229,719
<i>Russia (RUB)</i>	7.50	3-15-2018	172,600,000	4,602,667
<i>Russia (RUB)</i>	7.60	7-20-2022	288,400,000	7,346,611
<i>State of New South Wales Australia (AUD)</i>	5.00	8-20-2024	3,900,000	3,815,263
<i>Thailand (THB)</i>	3.25	6-16-2017	325,000,000	10,277,382
<i>Turkey (TRY)</i>	6.30	2-14-2018	675,000	293,138
<i>Turkey (TRY)</i>	8.30	6-20-2018	18,200,000	8,412,398
<i>Turkey (TRY)</i>	9.00	3-8-2017	23,950,000	11,341,245
<b>Total Foreign Government Bonds (Cost \$184,024,430)</b>				177,838,635

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Portfolio of investments April 30, 2014 (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 15

Security name	Interest rate	Maturity date	Principal	Value
<b>Municipal Obligations: 0.05%</b>				
<b>New York: 0.05%</b>				
<i>Build New York City Resource Corporation Bronx Charter School for Excellence Project Series B (Education Revenue)</i>	5.00%	4-1-2018	\$ 345,000	\$ 337,672
<b>Total Municipal Obligations (Cost \$345,000)</b>				337,672
<b>Non-Agency Mortgage Backed Securities: 7.40%</b>				
<i>American General Mortgage Loan Series 2010 Class 1A-A3 144A±</i>	5.65	3-25-2058	460,000	473,450
<i>American Home Mortgage Assets Series 2006-2 Class 1A1 ±</i>	1.09	9-25-2046	3,589,254	2,441,777
<i>Argent Securities Incorporated Series 2004-W5 Class AV3B ±</i>	1.05	4-25-2034	88,146	85,673
<i>Asset Backed Funding Certificates Series 2003-AHL1 Class A1</i>	4.18	3-25-2033	271,347	270,800
<i>Banc of America Commercial Mortgage Securities Incorporated Series 2006-03 Class AM ±</i>	6.05	7-10-2044	1,340,000	1,413,208
<i>Banc of America Commercial Mortgage Securities Incorporated Series 2007-1 Class AMFX ±</i>	5.48	1-15-2049	500,000	530,804
<i>Banc of America Commercial Mortgage Securities Incorporated Series 2008-1 Class AM ±</i>	6.46	2-10-2051	550,000	627,260
<i>Banc of America Commercial Mortgage Trust Series 2006-5 Class AM</i>	5.45	9-10-2047	750,000	804,444
<i>Banc of America Commercial Mortgage Trust Series 2007-3 Class AM ±</i>	5.72	6-10-2049	430,000	476,007
<i>Banc of America Funding Corporation Series 2005 Class 5-1A1</i>	5.50	9-25-2035	581,828	608,388
	2.10	1-26-2037	161,657	161,562

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<i>Banc of America Funding Corporation Series 2009 Class R6-3A1 144A±</i>				
<i>Banc of America Mortgage Securities Series 2003 Class A-3A1 ±</i>	2.69	2-25-2033	180,053	177,647
<i>Bayview Financial Acquisition Trust Series 2005-B Class 1A6</i>	5.21	4-28-2039	1,627	1,620
<i>Bear Stearns Commercial Mortgage Series 2007-PW17 Class AM ±</i>	5.92	6-11-2050	318,000	356,965
<i>Bear Stearns Commercial Mortgage Series 2007-PW18 Class AM ±</i>	6.08	6-11-2050	100,000	113,810
<i>Carrington Mortgage Loan Trust Series 2005-FRE1 Class A5 ±</i>	0.43	12-25-2035	17,688	17,652
<i>Centex Home Equity Series 2002-A Class AF6</i>	5.54	1-25-2032	296,860	296,548
<i>Centex Home Equity Series 2002-D Class AF6 ±</i>	4.66	12-25-2032	99,497	100,825
<i>Centex Home Equity Series 2003-C Class AF4</i>	5.46	4-25-2032	21,861	21,855
<i>Centex Home Equity Series 2004-B Class AF6</i>	4.69	3-25-2034	256,555	263,895
<i>Citigroup Commercial Mortgage Trust Series 2006 Class C4 ±</i>	5.97	3-15-2049	680,000	734,391
<i>Citigroup Commercial Mortgage Trust Series 2007-C6 Class AM ±</i>	5.89	12-10-2049	450,000	496,319
<i>Citigroup Commercial Mortgage Trust Series 2012-GC8 Class C 144A±</i>	5.04	9-10-2045	1,000,000	1,048,943
<i>Citigroup Mortgage Loan Trust Incorporated Series 2003-HE3 Class A3 ±</i>	0.53	12-25-2033	94,736	90,201
<i>Commercial Mortgage Trust Series 2012-CR2 Class C ±</i>	5.02	8-15-2045	1,000,000	1,056,544
<i>Commercial Mortgage Trust Series 2013-FL3 Class B 144A±</i>	2.30	10-13-2028	1,000,000	1,021,976
<i>Countrywide Asset Backed Certificates Series 2003-5 Class AF5</i>	5.74	2-25-2034	97,099	100,450
<i>Countrywide Home Loans Series 2003-48 Class 2A2 ±</i>	2.60	10-25-2033	182,313	180,675
<i>Credit Suisse Commercial Mortgage Trust Series 2006-C3 Class AM ±</i>	5.98	6-15-2038	1,045,000	1,137,423
<i>Credit Suisse Commercial Mortgage Trust Series 2006-C4 Class AM</i>	5.51	9-15-2039	1,500,000	1,616,217
<i>Credit Suisse Commercial Mortgage Trust Series 2006-C5 Class AM</i>	5.34	12-15-2039	1,000,000	1,085,791
<i>Credit Suisse First Boston Mortgage Securities Series 2002-AR25 Class 1A1 ±</i>	2.17	9-25-2032	641,843	645,303
<i>Credit Suisse First Boston Mortgage Securities Series 2003-AR15 Class 3A1 ±</i>	2.82	6-25-2033	207,643	205,930
<i>Credit Suisse First Boston Mortgage Securities Series 2003-AR9 Class 2A2 ±</i>	2.23	3-25-2033	53,928	54,726
<i>Credit-Based Asset Servicing &amp; Securitization LLC Series 2005-CB2 Class M1 ±</i>	0.81	4-25-2036	251,787	247,216
<i>Equity One Asset Backed Securities Series 2004-2 Class AF4 ±</i>	4.62	7-25-2034	423,501	432,205
<i>First Horizon Mortgage Pass Through Series 2004-AR1 Class 1A1 ±</i>	2.59	2-25-2034	469,477	464,355



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<i>First Horizon Mortgage Pass Through Series</i>				
<i>2004-AR4 Class 3A1 ±</i>	2.59	8-25-2034	18,185	17,775
<i>GCCFC Commercial Mortgage Trust Series</i>				
<i>2007-GG9 Class AM</i>	5.48	3-10-2039	200,000	215,484
<i>GCCFC Commercial Mortgage Trust Series</i>				
<i>2007-GG9 Class AMFX</i>	5.48	3-10-2039	100,000	107,384
<i>Global Mortgage Securitization Limited Series</i>				
<i>2004-A Class A2 144A±</i>	0.47	11-25-2032	447,023	431,655
<i>GMAC Mortgage Corporation Loan Series</i>				
<i>2003-GH1 Class A5</i>	5.68	7-25-2034	111,700	113,277

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16 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Non-Agency Mortgage Backed Securities</b>				
(continued)				
<i>Greenpoint Mortgage Funding Trust Series 2005-HE4 Class 1A1 ±</i>	0.59%	7-25-2030	\$ 23,812	\$ 23,210
<i>Greenwich Capital Commercial Funding Corporation Series 2006-GG7 Class AM ±</i>	6.01	7-10-2038	2,570,000	2,800,889
<i>Greenwich Capital Commercial Funding Corporation Series 2007-GG11 Class A4</i>	5.74	12-10-2049	475,000	529,529
<i>GS Mortgage Securities Trust Series 2006-GG6 Class AM ±</i>	5.62	4-10-2038	835,000	895,817
<i>GS Mortgage Securities Trust Series 2007-GG10 Class A4 ±</i>	6.00	8-10-2045	910,950	1,011,596
<i>GS Mortgage Securities Trust Series 2010-C1 Class X 144A±(c)</i>	1.65	8-10-2043	6,124,164	419,364
<i>GS Mortgage Securities Trust Series 2012-GCJ7 Class XA ±(c)</i>	2.77	5-10-2045	4,867,532	611,576
<i>GSAA Home Equity Trust Series 2004-5 Class AF5 ±</i>	5.61	6-25-2034	47,074	49,235
<i>GSMPS Mortgage Loan Trust Series 2005-AHL Class M1 ±</i>	0.58	4-25-2035	19,714	19,326
<i>GSMPS Mortgage Loan Trust Series 2006-1 Class A1 144A±</i>	0.45	3-25-2035	201,935	196,063
<i>GSMPS Mortgage Loan Trust Series 2006-SEA1 Class A 144A±</i>	0.45	5-25-2036	279,932	274,075
<i>JPMorgan Chase Commercial Mortgage Trust Series 2007-CB18 Class AM ±</i>	5.47	6-12-2047	875,000	959,203
<i>JPMorgan Chase Commercial Mortgage Trust Series 2007-CB20 Class AM ±</i>	6.09	2-12-2051	785,000	886,209
<i>JPMorgan Chase Commercial Mortgage Trust Series 2007-LDPX Class AM ±</i>	5.46	1-15-2049	500,000	524,443
<i>JPMorgan Mortgage Trust Series 2004-A3 Class 2A1 ±</i>	2.71	7-25-2034	87,467	87,385
<i>JPMorgan Mortgage Trust Series 2004-A3 Series 3A3 ±</i>	4.49	7-25-2034	106,302	105,480
<i>JPMorgan Mortgage Trust Series 2005-A3 Class 11A2 ±</i>	2.95	6-25-2035	480,195	483,855

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<i>JPMorgan Mortgage Trust Series 2009-7 Class 2A1 144A±</i>	6.00	2-27-2037	77,265	79,344
<i>JPMorgan Mortgage Trust Series 2009-7 Class 5A1 144A±</i>	6.00	2-27-2037	362,003	374,135
<i>Lehman Brothers-UBS Commercial Mortgage Trust Series 2007-C1 Class AM</i>	5.46	2-15-2040	750,000	825,279
<i>Lehman Brothers-UBS Commercial Mortgage Trust Series 2008-C1 Class AM ±</i>	6.32	4-15-2041	820,000	941,538
<i>Lehman XS Trust Series 2006-18N Class A5A ±(i)</i>	0.32	12-25-2036	3,052,611	2,193,866
<i>MASTR Adjustable Rate Mortgage Trust Series 2003-6 Class 3A1 ±</i>	2.49	12-25-2033	669,392	669,527
<i>MASTR Adjustable Rate Mortgage Trust Series 2003-6 Class 4A2 ±</i>	2.58	1-25-2034	32,793	32,086
<i>MASTR Adjustable Rate Mortgage Trust Series 2004-13 Class 3A7 ±</i>	2.63	11-21-2034	44,329	45,271
<i>MASTR Alternative Loans Trust Series 2005-1 Class 5A1</i>	5.50	1-25-2020	87,094	88,622
<i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2006-4 Class AM</i>	5.20	12-12-2049	340,000	369,738
<i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2007-9 Class A4</i>	5.70	9-12-2049	829,000	924,594
<i>Merrill Lynch Mortgage Trust Series 2005-A8 Class A1B3 ±</i>	5.25	8-25-2036	120,000	124,319
<i>Merrill Lynch Mortgage Trust Series 2006-C1 Class AM ±</i>	5.86	5-12-2039	565,000	612,852
<i>Mesa Trust Asset Backed Certificates Series 2001-5 Class A 144A±</i>	0.95	12-25-2031	22,608	20,377
<i>Mid State Trust Series 11 Class A1</i>	4.86	7-15-2038	272,556	290,711
<i>MLCC Mortgage Investors Incorporated Series 2003-G Class A2 ±</i>	1.03	1-25-2029	171,253	171,165
<i>Morgan Stanley Bank of America Merrill Lynch Trust Series 2012-C5 Class XA 144A±(c)</i>	2.03	8-15-2045	5,867,300	544,714
<i>Morgan Stanley Capital I Trust Series 2004-NC1 Class M1 ±</i>	1.20	12-27-2033	706,844	679,880
<i>Morgan Stanley Capital I Trust Series 2005-HQ6 Class A4B</i>	5.04	8-13-2042	650,000	675,678
<i>Morgan Stanley Capital I Trust Series 2006-HQ10 Class AM</i>	5.36	11-12-2041	500,000	547,092
<i>Morgan Stanley Capital I Trust Series 2006-HQ9 Class AJ ±</i>	5.79	7-12-2044	1,000,000	1,075,195
<i>Morgan Stanley Capital I Trust Series 2006-HQ9 Class AM ±</i>	5.77	7-12-2044	25,000	27,336
<i>Morgan Stanley Capital I Trust Series 2006-IQ12 Class AM</i>	5.37	12-15-2043	500,000	543,981
<i>Morgan Stanley Capital I Trust Series 2007-HQ13 Class A3</i>	5.57	12-15-2044	1,355,000	1,465,374
<i>Morgan Stanley Capital I Trust Series 2010-GG10 Class A4B 144A±</i>	6.00	8-15-2045	615,000	676,463
	5.71	3-15-2045	900,000	990,499

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<i>Morgan Stanley Capital I Trust Series</i>				
<i>2012-C4 Class C 144A±</i>				
<i>New Century Home Equity Loan Trust Series</i>				
<i>2004-3 Class M1 ±</i>	1.08	11-25-2034	1,165,049	1,070,102
<i>New Century Home Equity Loan Trust Series</i>				
<i>2005-1 Class AIMZ ±</i>	0.73	3-25-2035	62,015	60,871
<i>Provident Funding Mortgage Loan Series</i>				
<i>2005-1 Class 2A1 ±</i>	2.50	5-25-2035	69,934	71,431
<i>RBSSP Resecuritization Trust Series 2010-3</i>				
<i>Class 4A1 144A±</i>	3.09	12-26-2035	45,153	45,258
<i>Renaissance Home Equity Loan Trust Series</i>				
<i>2004-4 Class AF4</i>	4.88	2-25-2035	694,529	703,039
<i>Residential Asset Mortgage Products</i>				
<i>Incorporated Series 2006-EFC1 Class A2 ±</i>	0.35	2-25-2036	98,760	98,260

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 17

Security name	Interest rate	Maturity date	Principal	Value
<b>Non-Agency Mortgage Backed Securities</b> (continued)				
<i>Residential Asset Securities Corporation Series 2004-KS3 Class A14 ±</i>	3.77%	1-25-2032	\$ 195,010	\$ 195,704
<i>Residential Funding Mortgage Securities Trust Series 03-S12 Class 2A1</i>	4.00	12-25-2032	90,802	92,571
<i>Saxon Asset Securities Trust Series 2002-1 Class AF5 ±</i>	6.26	12-25-2030	182,296	191,506
<i>Saxon Asset Securities Trust Series 2003-1 Class AF7</i>	4.03	6-25-2033	713,712	722,934
<i>Sequoia Mortgage Trust Series 2003-1 Class 1A ±</i>	0.91	4-20-2033	31,268	31,120
<i>Structured Adjustable Rate Mortgage Loan Trust Series 2004-2 Class 2A ±</i>	2.57	3-25-2034	89,013	89,898
<i>Structured Asset Investment Loan Trust Series 2005-4 Class M1 ±</i>	0.75	5-25-2035	26,878	26,869
<i>Structured Asset Securities Corporation Series 2002-9 Class A2 ±</i>	0.75	10-25-2027	115,567	112,514
<i>Terwin Mortgage Trust Series 2003-6HE Class A3 ±</i>	1.29	11-25-2033	300,046	298,901
<i>Vendee Mortgage Trust Series 2003-2 Class IO ±(c)</i>	0.81	5-15-2033	7,362,196	193,668
<i>Wachovia Bank Commercial Mortgage Trust Series 2006-C23 Class AM ±</i>	5.47	1-15-2045	1,220,000	1,308,112
<i>Washington Mutual Mortgage Trust Series 2004-RA4 Class 3A</i>	7.50	7-25-2034	285,927	299,218
<b>Total Non-Agency Mortgage Backed Securities (Cost \$48,656,960)</b>				51,227,297
	<b>Dividend yield</b>		<b>Shares</b>	
<b>Preferred Stocks: 0.18%</b>				
<b>Financials: 0.18%</b>				
<b>Banks: 0.18%</b>				
<i>GMAC Capital Trust I ±</i>	8.13		44,400	1,220,556

**Total Preferred Stocks (Cost  
\$1,130,339)**

1,220,556

	<b>Interest rate</b>		<b>Principal</b>	
<b>Term Loans ±: 16.03%</b>				
<i>Accellent Incorporated %&lt;</i>	0.00	3-11-2022	\$ 620,000	610,700
<i>ADS Waste Holdings Incorporated</i>	3.75	10-9-2019	1,071,552	1,063,065
<i>Advantage Sales &amp; Marketing LLC</i>	8.25	6-17-2018	452,143	455,308
<i>Alliance Laundry Systems LLC</i>	4.25	12-10-2018	1,719,212	1,717,063
<i>Alliance Laundry Systems LLC</i>	9.50	12-10-2019	2,218,122	2,220,894
<i>Allison Transmission Incorporated</i>	3.75	8-23-2019	3,427,318	3,425,605
<i>American Capital Holdings Incorporated</i>	3.50	8-22-2017	1,401,375	1,397,003
<i>Applied Systems Incorporated</i>	7.50	1-22-2022	325,000	328,250
<i>Arris Group Incorporated</i>	3.50	4-17-2020	756,886	750,582
<i>Asurion LLC %&lt;</i>	8.50	3-3-2021	1,235,000	1,267,419
<i>Capital Automotive LP</i>	4.00	4-10-2019	3,146,376	3,143,418
<i>Capital Automotive LP</i>	6.00	4-30-2020	1,460,000	1,474,600
<i>CBAC Borrower LLC</i>	8.25	7-2-2020	1,200,000	1,245,000
<i>CCC Information Services Incorporated</i>	4.00	12-20-2019	593,490	590,523
<i>CCM Merger Incorporated</i>	5.00	3-1-2017	2,752,430	2,742,108
<i>CDW LLC</i>	3.25	4-29-2020	891,250	880,742
<i>Centaur Acquisition LLC</i>	5.25	2-20-2019	116,237	116,273
<i>Centaur Acquisition LLC</i>	8.75	2-20-2020	1,850,000	1,865,411
<i>Crown Castle Operating Company</i>	3.25	1-31-2021	6,501,357	6,474,961
<i>DaVita HealthCare Partners Incorporated</i>	4.00	11-1-2019	1,126,848	1,129,192
<i>Dell Incorporated</i>	4.50	4-29-2020	8,407,750	8,382,527
<i>DineEquity Incorporated</i>	3.75	10-19-2017	1,394,749	1,398,821
<i>Dunkin Brands Incorporated</i>	3.25	2-7-2021	1,557,491	1,542,244

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18 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Term Loans ± (continued)</b>				
<i>Entercom Radio LLC</i>	4.03%	11-23-2018	\$ 1,178,320	\$ 1,178,320
<i>Focus Brands Incorporated</i>	4.25	2-21-2018	784,472	783,985
<i>Focus Brands Incorporated</i>	10.25	8-21-2018	2,023,863	2,049,161
<i>Goodyear Tire &amp; Rubber Company</i>	4.75	4-30-2019	5,500,000	5,522,330
<i>HGIM Corporation %&lt;</i>	0.00	6-18-2020	1,225,000	1,203,563
<i>HHI Holdings LLC %&lt;</i>	5.00	10-5-2018	2,341,088	2,339,145
<i>Hub International Limited</i>	4.25	10-2-2020	277,605	277,011
<i>Interactive Data Corporation</i>	3.75	2-11-2018	3,333,746	3,329,579
<i>Kronos Incorporated</i>	4.50	10-30-2019	585,895	586,264
<i>Learfield Communications Incorporated</i>	8.75	10-9-2021	150,000	152,250
<i>Level 3 Financing Incorporated</i>	4.00	1-15-2020	1,700,000	1,702,652
<i>LIN Television Corporation</i>	4.00	12-21-2018	738,683	737,449
<i>LPL Holdings Incorporated</i>	3.25	3-29-2019	2,582,212	2,564,989
<i>LTS Buyer LLC</i>	8.00	4-12-2021	566,625	570,166
<i>MedAssets Incorporated</i>	4.00	12-12-2019	236,465	236,096
<i>MGM Resorts International</i>	3.50	12-20-2019	1,358,741	1,349,406
<i>Mission Broadcasting Incorporated</i>	3.75	10-1-2020	126,995	126,413
<i>Nexstar Broadcasting Incorporated</i>	3.75	10-1-2020	144,014	143,354
<i>Novelis Incorporated</i>	3.75	3-10-2017	974,926	971,573
<i>nTelos Incorporated</i>	5.75	11-9-2019	1,315,440	1,316,269
<i>Nusil Technology LLC</i>	5.25	4-7-2017	393,460	382,148
<i>Philadelphia Energy Solutions LLC</i>	6.25	4-4-2018	2,846,250	2,540,278
<i>Prestige Brands Incorporated</i>	3.79	1-31-2019	141,572	140,982
<i>Sedgwick Incorporated</i>	6.75	2-28-2022	620,000	612,641
<i>Spin Holdco Incorporated</i>	4.25	11-14-2019	1,663,057	1,655,989
<i>Syniverse Holdings Incorporated</i>	4.00	4-23-2019	1,129,492	1,125,947
<i>Tallgrass Operations LLC</i>	4.25	11-13-2018	1,731,544	1,741,639
<i>Telesat Canada</i>	3.50	3-28-2019	2,603,824	2,594,867
<i>Tempur-Pedic International Incorporated</i>	3.50	3-18-2020	920,347	913,637
<i>Texas Competitive Electric Holdings LLC (t)</i>	3.74	10-10-2014	20,096,983	15,114,539
<i>TransDigm Group Incorporated</i>	3.75	2-28-2020	3,447,277	3,427,696
<i>TWCC Holdings Corporation %&lt;</i>	7.00	6-26-2020	2,065,000	2,052,094
<i>United Surgical Partners International Incorporated</i>	4.25	4-19-2017	1,907,381	1,904,196
	4.75	4-3-2019	1,046,394	1,047,262

<i>United Surgical Partners International Incorporated</i>				
<i>Valeant Pharmaceuticals International Incorporated</i>	3.75	2-13-2019	1,670,314	1,669,061
<i>Valeant Pharmaceuticals International Incorporated</i>	3.75	12-11-2019	199,548	198,907
<i>Vertafore Incorporated</i>	9.75	10-29-2017	510,000	516,375
<i>W3 Company</i>	9.25	9-13-2020	289,275	289,275
<i>WASH Multifamily Laundry Systems LLC</i>	4.50	2-21-2019	1,653,300	1,640,900
<b>Total Term Loans (Cost \$115,561,841)</b>				110,930,117

**Yankee Corporate Bonds and Notes:  
6.53%**

**Consumer Discretionary: 0.54%**

**Diversified Consumer Services: 0.11%**

<i>Anglo American Capital Company 144A</i>	4.13	9-27-2022	750,000	733,598
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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 19

Security name	Interest rate	Maturity date	Principal	Value
<b>Media: 0.43%</b>				
<i>Grupo Televisa SA</i>	6.00%	5-15-2018	\$ 750,000	\$ 845,871
<i>Myriad International Holdings BV</i>	6.00	7-18-2020	500,000	546,250
<i>Myriad International Holdings BV 144A</i>	6.38	7-28-2017	750,000	829,688
<i>Videotron Limited</i>	9.13	4-15-2018	40,000	41,400
<i>WPP Finance 2010</i>	3.63	9-7-2022	750,000	747,932
				3,011,141
<b>Consumer Staples: 0.34%</b>				
<b>Beverages: 0.12%</b>				
<i>Pernod Ricard SA 144A</i>	4.45	1-15-2022	760,000	801,311
<b>Food Products: 0.11%</b>				
<i>BRF SA 144A</i>	5.88	6-6-2022	750,000	798,750
<b>Tobacco: 0.11%</b>				
<i>BAT International Finance plc 144A</i>	3.25	6-7-2022	750,000	739,311
<b>Energy: 0.70%</b>				
<b>Energy Equipment &amp; Services: 0.11%</b>				
<i>Ensco plc</i>	4.70	3-15-2021	750,000	809,993
<b>Oil, Gas &amp; Consumable Fuels: 0.59%</b>				
<i>Griffin Coal Mining Company Limited 144A(t)</i>	9.50	12-1-2016	1,685,411	1,289,339
<i>Griffin Coal Mining Company Limited (t)</i>	9.50	12-1-2016	137,792	105,411
<i>Petrobras International Finance Company</i>	5.38	1-27-2021	670,000	685,950
<i>Petroleos Mexicanos</i>	4.88	1-24-2022	750,000	787,313
<i>Petroplus International Finance Company</i>	5.75	1-20-2020	650,000	686,305
<i>Teekay Corporation</i>	8.50	1-15-2020	5,000	5,775
<i>Woodside Finance Limited 144A</i>	8.75	3-1-2019	405,000	514,353
				4,074,446

**Financials: 1.09%****Banks: 1.09%**

<i>Banco del Estado de Chile 144A</i>	3.88	2-8-2022	650,000	649,617
<i>Corporación Andina de Fomento</i>	4.38	6-15-2022	958,000	1,013,029
<i>Export Import Bank of Korea</i>	5.00	4-11-2022	750,000	836,501
<i>ITAU Unibanco Holding SA</i>	5.13	5-13-2023	1,650,000	1,643,400
<i>Macquarie Bank Limited 144A</i>	5.00	2-22-2017	750,000	819,158
<i>Nielsen Holding and Finance BV 144A</i>	5.50	10-1-2021	415,000	432,638
<i>Preferred Term Securities XII Limited (t)(i)</i>	1.00	12-24-2033	635,000	6
<i>Royal Bank of Scotland plc</i>	4.38	3-16-2016	750,000	797,996
<i>Standard Chartered Bank 144A</i>	6.40	9-26-2017	650,000	737,263
<i>Tyco Electronics Group SA</i>	3.50	2-3-2022	625,000	628,643
				7,558,251

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20 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Health Care: 0.30%</b>				
<b>Pharmaceuticals: 0.30%</b>				
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	6.75%	8-15-2018	\$ 680,000	\$ 736,100
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	7.50	7-15-2021	1,210,000	1,349,150
				2,085,250
<b>Industrials: 0.12%</b>				
<b>Road &amp; Rail: 0.12%</b>				
<i>Canadian Pacific Railway Company</i>	4.50	1-15-2022	750,000	805,244
<b>Information Technology: 0.50%</b>				
<b>Communications Equipment: 0.11%</b>				
<i>Ericsson LM</i>	4.13	5-15-2022	750,000	772,843
<b>Internet Software &amp; Services: 0.12%</b>				
<i>Tencent Holdings Limited 144A</i>	4.63	12-12-2016	750,000	804,731
<b>Technology Hardware, Storage &amp; Peripherals: 0.27%</b>				
<i>Seagate Technology HDD Holdings</i>	6.80	10-1-2016	650,000	731,250
<i>Seagate Technology HDD Holdings</i>	6.88	5-1-2020	1,035,000	1,125,563
				1,856,813
<b>Materials: 0.80%</b>				
<b>Metals &amp; Mining: 0.61%</b>				
<i>ArcelorMittal SA</i>	5.00	2-25-2017	725,000	767,594
<i>Novelis Incorporated</i>	8.38	12-15-2017	550,000	587,125
<i>Novelis Incorporated</i>	8.75	12-15-2020	725,000	808,375

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<i>Vale Overseas Limited</i>	4.38	1-11-2022	750,000	759,824
<i>Vedanta Resources plc 144A</i>	6.00	1-31-2019	1,300,000	1,295,125
				4,218,043
<b>Paper &amp; Forest Products: 0.19%</b>				
<i>Sappi Limited 144A</i>	7.50	6-15-2032	1,560,000	1,302,600
<b>Telecommunication Services: 2.04%</b>				
<b>Diversified Telecommunication Services: 1.82%</b>				
<i>Intelsat (Luxembourg) SA</i>	7.75	6-1-2021	1,195,000	1,245,788
<i>Intelsat (Luxembourg) SA</i>	8.13	6-1-2023	530,000	556,500
<i>Intelsat Jackson Holdings SA 144A</i>	5.50	8-1-2023	2,950,000	2,887,313
<i>Intelsat Jackson Holdings SA</i>	6.63	12-15-2022	590,000	606,225
<i>Intelsat Jackson Holdings SA</i>	7.25	4-1-2019	1,820,000	1,949,675
<i>Intelsat Jackson Holdings SA</i>	7.25	10-15-2020	1,775,000	1,917,000
<i>Intelsat Jackson Holdings SA</i>	7.50	4-1-2021	525,000	575,531
<i>Intelsat Jackson Holdings SA</i>	8.50	11-1-2019	1,400,000	1,498,000
<i>Qtel International Finance Limited</i>	5.00	10-19-2025	300,000	312,360
<i>Virgin Media Secured Finance plc 144A</i>	5.38	4-15-2021	365,000	374,125
<i>Virgin Media Secured Finance plc</i>	6.50	1-15-2018	650,000	672,360
				12,594,877

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Portfolio of investments April 30, 2014 (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 21

Security name	Interest rate	Maturity date	Principal	Value
<b>Wireless Telecommunication Services:</b>				
<b>0.22%</b>				
<i>Globo Comunicacoes Participacoes SA 144A</i>	4.88%	4-11-2022	\$ 750,000	\$ 756,563
<i>Telesat Canada 144A</i>	6.00	5-15-2017	775,000	801,156
				1,557,719
<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	681,688
<b>Total Yankee Corporate Bonds and Notes (Cost \$43,768,081)</b>				45,206,609
	<b>Yield</b>		<b>Shares</b>	
<b>Short-Term Investments: 4.78%</b>				
<b>Investment Companies: 4.78%</b>				
<i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)##</i>	0.07		33,045,178	33,045,178
<b>Total Short-Term Investments (Cost \$33,045,178)</b>				33,045,178
<b>Total investments in securities (Cost \$899,804,551) *</b>				
	133.17%			921,291,713
<i>Other assets and liabilities, net</i>	(33.17)			(229,470,627)
<b>Total net assets</b>	<b>100.00%</b>			<b>\$ 691,821,086</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

(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

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

(s) Security is currently in default with regards to scheduled interest and/or principal payments.

(i) Illiquid security

@ Foreign bond principal is denominated in local currency.

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

(l) Represents an affiliate of the Fund under Sections 2(a)(2) and 2(a)(3) of the Investment Company Act of 1940, as amended

(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 \$904,093,179 and unrealized appreciation (depreciation) consists of:

Gross unrealized appreciation	\$ 44,425,866
Gross unrealized depreciation	(27,227,332)
Net unrealized appreciation	\$ 17,198,534

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

Not applicable.

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

Not applicable.

**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**

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

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

**ITEM 12. EXHIBITS**

(a)(1) Not applicable

(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: June 26, 2014

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: June 26, 2014

By: /s/ Jeremy DePalma  
Jeremy DePalma  
Treasurer

Date: June 26, 2014