

WELLS FARGO MULTI-SECTOR INCOME FUND

Form N-CSR

January 03, 2017

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21507

Wells Fargo Multi-Sector Income Fund

(Exact name of registrant as specified in charter)

525 Market St., San Francisco, CA 94105

(Address of principal executive offices) (Zip code)

C. David Messman

Wells Fargo Funds Management, LLC

525 Market St., San Francisco, CA 94105

(Name and address of agent for service)

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

Date of fiscal year end: October 31

Date of reporting period: October 31, 2016

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ITEM 1. REPORT TO STOCKHOLDERS

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Annual Report

October 31, 2016

Wells Fargo Multi-Sector Income Fund (ERC)

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* A complete schedule of portfolio holdings as of the report date may be obtained, free of charge, by accessing the following website: <https://www.wellsfargofunds.com/assets/edocs/regulatory/holdings/multi-sector-income-ann.pdf> or by calling Wells Fargo Funds at **1-800-222-8222**. This complete schedule, filed on Form N-CSR, is also available on the SEC's website at sec.gov.

The views expressed and any forward-looking statements are as of October 31, 2016, 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 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 Multi-Sector Income Fund

Letter to shareholders (unaudited)

Karla M. Rabusch

President

Wells Fargo Funds

The U.S. Federal Reserve (Fed) continued an easy monetary policy although it raised the federal funds target rate in December 2015 because it believed the U.S. economy was strong enough to begin normalizing monetary policy.

Dear Shareholder:

We are pleased to offer you this annual report for the Wells Fargo Multi-Sector Income Fund for the 12-month period that ended October 31, 2016. During this period, fixed-income markets benefited from a combination of accommodative monetary policies, continued U.S. economic growth, and a moderate high-yield default rate outside of commodity-related sectors.

Major central banks continued to provide stimulus, helping support global economies and keep interest rates low.

The U.S. Federal Reserve (Fed) continued an easy monetary policy although it raised the federal funds target rate in December 2015 because it believed the U.S. economy was strong enough to begin normalizing monetary policy. During the remainder of the period covered by this report, the Fed kept the federal funds rate steady. Outside the U.S., the eurozone fell into deflation in February; in response, the European Central Bank (ECB) announced an expansion of its stimulus program. The ECB cut all three of its short-term rates during the reporting period, increased its asset-purchase program from 60 billion euros per month to 80 billion, expanded the list of asset-purchase program eligible securities to include investment-grade nonbank debt, and created a fund-to-lend program where banks could be paid to lend money. Likewise, after the U.K. voted to leave the European Union (E.U.) in June 2016, the Bank of England announced that it would buy corporate bonds with the goal of lowering borrowing costs and encouraging businesses to invest. In Japan, the Bank of Japan maintained an aggressive monetary program aimed at combating deflation.

The U.S. economy proved resilient; non-U.S. economies generally were weaker.

The divergence between U.S. and non-U.S. economic growth continued, with persistent weakness in European and Japanese inflation, risks of a hard landing in China, and the recalibration of energy and commodity prices weighing on the markets. In the U.S., economic growth advanced, and inflation trended higher but remained tame. Meanwhile, oil prices fell dramatically (reaching a secular low of \$26 per barrel in February) before increasing to \$47 per barrel by the end of the reporting period. In addition, the U.K. vote on June 23, 2016, to exit the E.U. exacerbated uncertainty about its economic growth, financial markets, and political responses to a number of policy issues.

As a result of the favorable macroeconomic backdrop, fixed-income markets rallied across the board.

Even though the Fed raised its key rate during the period, it was a modest increase, and further rate hikes were not immediately forthcoming. As a result, market yields declined and bond prices rose. Within the reporting period, episodes of greater volatility aided perceived safe-haven investments, such as U.S. Treasuries. As volatility waned, riskier assets tended to outperform. After several years of appreciating, U.S. dollar currency movements traded within a relatively stable range.

Low global yields incited investors to take on additional risk by purchasing high-yield bonds. It helped that the solid U.S. economy kept the high-yield default rate low for non-commodity-related companies. Although Moody's Investors Service, Inc., projected in July 2016 that the U.S. high-yield default rate could reach 6.4% by the end of 2016, much of that number came from metals and mining firms (10.2% projected default rate) and oil and gas companies (8.6% projected default rate).

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Letter to shareholders (unaudited) Wells Fargo Multi-Sector Income Fund 3
Since the end of the financial crisis, structural changes in the fixed-income markets have reduced trading liquidity (the degree to which assets can be bought or sold without affecting the price). New regulations and capital requirements have caused traditional liquidity suppliers (banks and broker/dealers) to be more risk-averse and hold less inventory. Meanwhile, corporate debt issuance has spiked as companies finance themselves at record-low yields, bond mutual funds hold larger amounts of this new debt supply, trading volumes are lower, and large-size trades are more difficult to execute. However, fixed-income markets appeared to function well over the past year with sufficient liquidity.

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

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

Thank you for choosing to invest in Wells Fargo Funds. We appreciate your confidence in us and remain committed to helping you meet your financial needs.

Sincerely,

Karla M. Rabusch

President

Wells Fargo Funds

Periods of uncertainty can present challenges, but experience has taught us that maintaining long-term investment goals can be an effective way to plan for the future.

Notice to shareholders

The Fund's Board of Trustees has approved the commencement prior to or during the week of May 1, 2017, of a cash tender offer for up to 15% of the Fund's outstanding common shares of beneficial interest at a price per share equal to 98% of the Fund's net asset value (NAV) per share. The Fund will repurchase shares tendered and accepted in the tender offer in exchange for cash. Repurchases pursuant to the tender offer will occur no earlier than May 1, 2017.

The Board has also approved the commencement, effective with the monthly distribution declared in January 2017, of a managed distribution plan that provides for the declaration of monthly distributions to common shareholders of the Fund at an annual minimum fixed rate of 9% based on the Fund's average monthly NAV per share over the prior 12 months. Under the managed distribution plan, monthly distributions may be sourced from income, paid-in capital, and/or capital gains, if any. To the extent that sufficient investment income is not available on a monthly basis, the Fund may distribute paid-in capital and/or capital gains, if any, in order to maintain its managed distribution level. You should not draw any conclusions about the Fund's investment performance from the amount of the Fund's distributions or from the terms of the managed distribution plan. Shareholders may elect to reinvest distributions received pursuant to the managed distribution plan in the Fund under the existing dividend reinvestment plan, which is described later in this report.

For further information about your Fund, contact your investment professional, visit our website at wellsfargofunds.com, or call us directly at **1-800-222-8222**. We are available 24 hours a day, 7 days a week.

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4 Wells Fargo 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

Ashok Bhatia, CFA®

Christopher Y. Kauffman, CFA®

Michael Lee

Niklas Nordenfelt, CFA®

Tony Norris

Alex Perrin

Phillip Susser

Christopher Wightman

Peter Wilson

Noah Wise

Average annual total returns (%) as of October 31, 2016¹

| | 1 Year | 5 Year | 10 Year |
|--------------------------------|--------|--------|---------|
| Based on market value | 15.66 | 5.20 | 6.85 |
| Based on net asset value (NAV) | 12.00 | 6.23 | 7.31 |
| ERC Blended Index ² | 9.45 | 4.63 | 5.70 |

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 expense ratio for the year ended October 31, 2016, was 1.39% which includes 0.44% of interest expense.

Comparison of NAV vs. market value³

The Fund is leveraged through a revolving credit 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 value 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 additional 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 closely track. Bond values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. Changes in market conditions and government policies may lead to periods of heightened volatility in the bond market and reduced liquidity for certain bonds held by the Fund. In general, when interest rates rise, bond values fall and investors may lose principal value. Interest rate changes and their impact on the Fund and its share price can be sudden and unpredictable. High-yield securities have a greater risk of default and tend to be more volatile than higher-rated debt securities. The Fund is exposed to mortgage- and asset-backed securities risk. This closed-end fund is no longer available 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.

Please see footnotes on page 6.

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Performance highlights (unaudited)
MANAGERS DISCUSSION

Wells Fargo Multi-Sector Income Fund 5

The Fund's return based on market value was 15.66% for the 12-month period that ended October 31, 2016. During the same period, the Fund's return based on its net asset value (NAV) was 12.00%. Based on its NAV return, the Fund outperformed the ERC Blended Index which returned 9.45% for the 12-month period that ended October 31, 2016.

Overview

Within the mortgage/corporate bond market, BBB-rated bonds in particular did well amid strong demand for yield. Within the securitized sector, both commercial mortgage-backed securities (CMBS) and residential mortgage-backed securities (MBS) outperformed U.S. Treasuries. Meanwhile, the high-yield bond market also had positive results. While the market was up over the entire 12-month period, the path was not linear. High-yield bond returns fell during the three months that ended January 31, 2016 before rallying from January 31, 2016 to October 31, 2016. The loan market was more stable than the high-yield market. Energy and other commodity-related issues were responsible for much of the early-period losses because commodity prices generally fell. Global bond markets performed well during the reporting period. Smaller and emerging markets bond markets performed particularly well. The Fund's allocation to higher-yielding markets was increased over the reporting period. Positions in the bond and currency markets of Indonesia, Colombia, Brazil, and Mexico were added to the Fund rather than low-yielding Poland and Thailand markets.

Ten largest holdings (%) as of October 31, 2016⁴

| | |
|---|------|
| Brazil, 10.00%, 1-1-2017 | 2.01 |
| Indonesia, 7.88%, 4-15-2019 | 1.78 |
| NGPL PipeCo LLC, 7.77%, 12-15-2037 | 1.76 |
| Republic of South Africa, 8.00%, 12-21-2018 | 1.63 |
| Brazil, 10.00%, 1-1-2025 | 1.62 |
| Indonesia, 8.38%, 9-15-2026 | 1.52 |
| Greektown Holdings LLC, 8.88%, 3-15-2019 | 1.36 |
| Mexico, 5.75%, 3-5-2026 | 1.31 |
| Republic of South Africa, 7.75%, 2-28-2023 | 1.25 |
| Colombia, 7.00%, 5-4-2022 | 1.05 |

Credit quality as of October 31, 2016⁵**Effective maturity distribution as of October 31, 2016⁶****Contributors to performance**

Securitized holdings added value during the period, and the allocation to CMBS was the largest contributor. Senior MBS holdings with higher credit ratings also contributed to results because higher-rated securities outperformed lower-rated ones. The high-yield portion of the Fund benefited from both a sizeable exposure and solid security

selection in the midstream energy industry. This portion was also helped to a lesser extent by an allocation to the health care, technology, wireless, and oil-field services industries. Within the international portion of the Fund, allocations to smaller and emerging bond markets such as Brazil, Indonesia, and South Africa added value during the reporting period. Similarly, allocations to emerging markets currencies particularly the Brazilian real were beneficial.

Detractors from performance

Issue selection within MBS and CMBS positions modestly detracted from performance during the period due to security specific prepayment and ratings changes. Allocations to the metals and mining and oil-field services industries detracted from results within the credit sector. Given the strong performance of the high-yield market, there were few sectors within this portion of the Fund that did not contribute to its total return. The underweight to the metals and mining and exploration and production sectors relative to the Merrill Lynch U.S. High Yield Master II index was the largest detractor from performance as many of the metals and mining companies that were downgraded to high yield rebounded upon entering the Index. A relatively short duration position in the international portion of the Fund detracted slightly from performance.

Please see footnotes on page 6.

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|--|------------------------------------|
| 6 Wells Fargo Multi-Sector Income Fund | Performance highlights (unaudited) |
| Country allocation as of October 31, 2016⁶ | |

Outlook

We expect the economy is likely to improve at a consistent pace and interest rates are likely to rise as the Federal Reserve reduces its exceptionally accommodative stance. Within U.S. mortgages and investment-grade corporate bonds, we see opportunities within the credit and securitized sectors given current valuations. In particular, we expect to continue to focus on the medium-quality credit tiers of A-rated and BBB-rated securities as compelling sources of yield. Our credit exposure remains centered on industrials and financials, particularly banks.

Our outlook expects high-yield bonds will likely remain relatively stable and potentially outperform other fixed-income asset classes that may be more affected by a rising interest-rate environment. In the long run, we expect high yield's relative performance will be primarily driven by corporate fundamentals and defaults. In the near term, with the exception of the energy and other commodity sectors, our default outlook remains fairly benign. Over a full cycle, we believe the best way to mitigate against periodic bouts of systemic fears and rebalancing is by following a bottom-up investment process that attempts to minimize downside risk while capturing the return potential of high-yield issuers.

Global growth remains low, despite on-going record monetary stimulus in developed economies. Sub-trend growth has resulted in a prolonged economic cycle as central banks have refrained from excessive monetary tightening for fear of damaging what growth there has been. Such a backdrop is not new, and is not likely to change in the near term. Many years of low (and in some places negative) interest rates has encouraged risk taking in a search for yield that has stretched valuations in many asset classes. We continue to believe that the U.S. dollar is near the end of its strengthening cycle and that smaller-country currencies will outperform it. We prefer allocations to smaller and emerging bond markets where valuations are not as stretched.

¹Total 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 Source: Wells Fargo Funds Management, LLC. The ERC Blended Index is weighted 7.5% Bloomberg Barclays Credit Bond Index, 7.5% Bloomberg Barclays U.S. Securitized Index, 60.0% BofA Merrill Lynch High Yield U.S. Corporates, Cash Pay Index, 18.0% J.P. Morgan GBI-EM Global Diversified Composite Index, and 7.0% J.P. Morgan Global Government Bond Index (ex U.S.). The Bloomberg Barclays Credit Bond Index (formerly Barclays Credit Bond Index) is an unmanaged index of fixed income securities composed of securities from the Bloomberg Barclays Government/Corporate Bond Index, Mortgage-Backed Securities Index, and the Asset-Backed Securities

Index. The Bloomberg Barclays U.S. Securitized Index (formerly Barclays U.S. Securitized Index) is an unmanaged composite of asset-backed securities, collateralized mortgage-backed securities (ERISA-eligible), and fixed-rate mortgage-backed securities. The BofA Merrill Lynch High Yield U.S. Corporates, Cash Pay Index tracks the performance of U.S. dollar denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the U.S. domestic market. The J.P. Morgan GBI-EM Global Diversified Composite Index is an unmanaged index of debt instruments of 31 emerging countries. The J.P. Morgan Global Government Bond Index (ex U.S.) measures the total return from investing in 12 developed government bond markets Australia, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, and the U.K. You cannot invest directly in an index.

³This chart does not reflect any brokerage commissions charged on the purchase and sale of the Fund's common stock. Dividends and distributions paid by the Fund are included in the Fund's average annual total returns but have the effect of reducing the Fund's NAV.

⁴ The ten largest holdings, excluding cash and cash equivalents, are calculated based on the value of the investments divided by total net assets of the Fund. Holdings are subject to change and may have changed since the date specified.

⁵ The credit quality distribution 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, ranging from AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Standard & Poor's rates the creditworthiness of short-term notes from SP-1 (highest) to SP-3 (lowest). Moody's rates the creditworthiness of bonds, ranging from 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 distribution is subject to change and may have changed since the date specified.

⁶Amounts are calculated based on the total long-term investments of the Fund. These amounts are subject to change and may have changed since the date specified.

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Summary portfolio of investments October 31, 2016

Wells Fargo 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.

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|---|---------------|------------------------|---------------|---------------|-----------------------|
| Agency Securities: 2.40% | | | | | |
| <i>FHLMC</i> | 0.92-8.50% | 4-25-2020 to 7-25-2048 | \$ 20,003,939 | \$ 13,113,197 | 2.21% |
| <i>Other securities</i> | | | | 1,094,676 | 0.19 |
| Total Agency Securities (Cost \$13,364,030) | | | | 14,207,873 | 2.40 |
| Asset-Backed Securities: 0.10% | | | | | |
| <i>Other securities</i> | | | | 614,130 | 0.10 |
| Total Asset-Backed Securities (Cost \$591,768) | | | | 614,130 | 0.10 |
| Common Stocks: 0.09% | | | | | |
| Energy: 0.09% | | | | | |
| Oil, Gas & Consumable Fuels: 0.09% | | | | | |
| <i>Other securities</i> | | | | 529,568 | 0.09 |
| Materials: 0.00% | | | | | |

| | | | | | |
|----------------------------------|------|-----------|-----------|------------|------|
| Chemicals: 0.00% | | | | | |
| <i>Other securities</i> | | | | | |
| | | | | 716 | 0.00 |
| Total Common Stocks | | | | | |
| (Cost \$4,298,197) | | | | | |
| | | | | 530,284 | 0.09 |
| Corporate Bonds and | | | | | |
| Notes: 73.02% | | | | | |
| Consumer | | | | | |
| Discretionary: 13.34% | | | | | |
| Auto Components: | | | | | |
| 1.09% | | | | | |
| <i>Other securities</i> | | | | | |
| | | | | 6,446,830 | 1.09 |
| Distributors: 0.16% | | | | | |
| <i>Other securities</i> | | | | | |
| | | | | 923,625 | 0.16 |
| Diversified Consumer | | | | | |
| Services: 0.81% | | | | | |
| <i>Other securities</i> | | | | | |
| | | | | 4,814,385 | 0.81 |
| Hotels, Restaurants & | | | | | |
| Leisure: 2.43% | | | | | |
| <i>CCM Merger</i> | | | | | |
| <i>Incorporated 144A</i> | 9.13 | 5-1-2019 | 4,560,000 | 4,765,200 | 0.81 |
| <i>Greektown Holdings</i> | | | | | |
| <i>LLC 144A</i> | 8.88 | 3-15-2019 | 7,625,000 | 8,063,438 | 1.37 |
| <i>Other securities</i> | | | | 1,512,690 | 0.25 |
| | | | | 14,341,328 | 2.43 |
| Household Durables: | | | | | |
| 0.23% | | | | | |
| <i>Other securities</i> | | | | | |
| | | | | 1,341,550 | 0.23 |
| Internet & Direct | | | | | |
| Marketing Retail: | | | | | |
| 0.14% | | | | | |
| <i>Other securities</i> | | | | | |
| | | | | 841,088 | 0.14 |
| Leisure Products: | | | | | |
| 0.11% | | | | | |
| <i>Other securities</i> | | | | | |
| | | | | 630,060 | 0.11 |

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

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8 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|-----------------------|--------------|--------------|-----------------------|
| Media: 6.75% | | | | | |
| <i>CCO Holdings LLC</i> | 5.13-6.63% | 1-31-2022 to 5-1-2026 | \$ 8,945,000 | \$ 9,318,292 | 1.57% |
| <i>CCO Holdings LLC 144A</i> | 5.38 | 5-1-2025 | 4,150,000 | 4,264,125 | 0.72 |
| <i>Gray Television Incorporated 144A</i> | 5.88 | 7-15-2026 | 3,875,000 | 3,855,625 | 0.65 |
| <i>Other securities</i> | | | | 22,456,582 | 3.81 |
| | | | | 39,894,624 | 6.75 |
| Multiline Retail: 0.11% | | | | | |
| <i>Other securities</i> | | | | 626,477 | 0.11 |
| Specialty Retail: 1.43% | | | | | |
| <i>Other securities</i> | | | | 8,441,545 | 1.43 |
| Textiles, Apparel & Luxury Goods: 0.08% | | | | | |
| <i>Other securities</i> | | | | 500,000 | 0.08 |
| Consumer Staples: 1.31% | | | | | |
| Beverages: 0.14% | | | | | |
| <i>Other securities</i> | | | | 820,613 | 0.14 |
| Food & Staples Retailing: 0.11% | | | | | |
| <i>Other securities</i> | | | | 644,031 | 0.11 |
| Food Products: 0.89% | | | | | |
| <i>Other securities</i> | | | | 5,258,574 | 0.89 |

Household Products:**0.04%**

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 268,125 | 0.04 |
|-------------------------|--|--|--|---------|------|

Tobacco: 0.13%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 755,576 | 0.13 |
|-------------------------|--|--|--|---------|------|

Energy: 19.02%**Energy Equipment & Services: 5.60%***Bristow Group*

| | | | | | |
|---------------------|------|------------|-----------|-----------|------|
| <i>Incorporated</i> | 6.25 | 10-15-2022 | 4,480,000 | 3,572,800 | 0.61 |
|---------------------|------|------------|-----------|-----------|------|

| | | | | | |
|------------------------|-----------|------------------------|-----------|-----------|------|
| <i>NGPL PipeCo LLC</i> | 7.12-9.63 | 12-15-2017 to 6-1-2019 | 2,495,000 | 2,603,657 | 0.44 |
|------------------------|-----------|------------------------|-----------|-----------|------|

| | | | | | |
|-----------------------------|------|------------|-----------|------------|------|
| <i>NGPL PipeCo LLC 144A</i> | 7.77 | 12-15-2037 | 9,490,000 | 10,391,550 | 1.76 |
|-----------------------------|------|------------|-----------|------------|------|

| | | | | | |
|-------------------------|------|-----------|-----------|-----------|------|
| <i>PHI Incorporated</i> | 5.25 | 3-15-2019 | 5,675,000 | 5,462,188 | 0.92 |
|-------------------------|------|-----------|-----------|-----------|------|

| | | | | | |
|-------------------------|--|--|--|------------|------|
| <i>Other securities</i> | | | | 11,035,429 | 1.87 |
|-------------------------|--|--|--|------------|------|

| | | | | | |
|--|--|--|--|------------|------|
| | | | | 33,065,624 | 5.60 |
|--|--|--|--|------------|------|

Oil, Gas & Consumable**Fuels: 13.42%**

| | | | | | |
|-----------------------------|-----------|----------------------|-----------|-----------|------|
| <i>EnLink Midstream LLC</i> | 4.15-4.40 | 4-1-2024 to 6-1-2025 | 6,150,000 | 6,060,132 | 1.03 |
|-----------------------------|-----------|----------------------|-----------|-----------|------|

| | | | | | |
|--|------|-----------|-----------|-----------|------|
| <i>Rockies Express Pipeline LLC 144A</i> | 5.63 | 4-15-2020 | 4,450,000 | 4,666,938 | 0.79 |
|--|------|-----------|-----------|-----------|------|

| | | | | | |
|--|------|-----------|-----------|-----------|------|
| <i>Rockies Express Pipeline LLC 144A</i> | 6.88 | 4-15-2040 | 3,624,000 | 3,778,020 | 0.64 |
|--|------|-----------|-----------|-----------|------|

| | | | | | |
|--|------|-----------|-----------|-----------|------|
| <i>Rockies Express Pipeline LLC 144A</i> | 7.50 | 7-15-2038 | 2,390,000 | 2,569,250 | 0.43 |
|--|------|-----------|-----------|-----------|------|

| | | | | | |
|-------------------------------------|-----------|-----------------------|-----------|-----------|------|
| <i>Sabine Pass Liquefaction LLC</i> | 5.63-5.88 | 2-1-2021 to 6-30-2026 | 5,795,000 | 6,145,951 | 1.04 |
|-------------------------------------|-----------|-----------------------|-----------|-----------|------|

| | | | | | |
|-------------------------------------|------|-----------|-----------|-----------|------|
| <i>Sabine Pass Liquefaction LLC</i> | 6.25 | 3-15-2022 | 3,550,000 | 3,887,250 | 0.66 |
|-------------------------------------|------|-----------|-----------|-----------|------|

| | | | | | |
|-----------------------------|------|-----------|-----------|-----------|------|
| <i>SemGroup Corporation</i> | 7.50 | 6-15-2021 | 3,450,000 | 3,527,625 | 0.60 |
|-----------------------------|------|-----------|-----------|-----------|------|

| | | | | | |
|--|------|-----------|-----------|-----------|------|
| <i>Tallgrass Energy Partners LP 144A</i> | 5.50 | 9-15-2024 | 4,400,000 | 4,378,000 | 0.74 |
|--|------|-----------|-----------|-----------|------|

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

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Summary portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 9

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|------------------------|--------------|--------------|-----------------------|
| Oil, Gas & Consumable Fuels (continued) | | | | | |
| <i>Ultra Petroleum Corporation 144A(s)</i> | 6.13% | 10-1-2024 | \$ 6,325,000 | \$ 5,376,250 | 0.91% |
| <i>Other securities</i> | | | | 38,886,718 | 6.58 |
| | | | | 79,276,134 | 13.42 |
| Financials: 7.84% | | | | | |
| Banks: 0.89% | | | | | |
| <i>Other securities</i> | | | | 5,276,518 | 0.89 |
| Capital Markets: 1.04% | | | | | |
| <i>Other securities</i> | | | | 6,133,923 | 1.04 |
| Consumer Finance: 2.92% | | | | | |
| <i>Springleaf Finance Corporation</i> | 6.00-8.25 | 9-15-2017 to 10-1-2023 | 4,245,000 | 4,358,957 | 0.74 |
| <i>Springleaf Finance Corporation</i> | 6.90 | 12-15-2017 | 4,550,000 | 4,766,125 | 0.81 |
| <i>Other securities</i> | | | | 8,136,688 | 1.37 |
| | | | | 17,261,770 | 2.92 |
| Diversified Financial Services: 1.10% | | | | | |
| <i>Other securities</i> | | | | 6,464,003 | 1.10 |
| Insurance: 1.89% | | | | | |
| <i>Hub International Limited 144A</i> | 7.88 | 10-1-2021 | 3,950,000 | 4,048,750 | 0.69 |
| <i>Other securities</i> | | | | 7,103,841 | 1.20 |

| | | | | | |
|--|-------|------------|-----------|------------|------|
| | | | | 11,152,591 | 1.89 |
| Health Care: 6.30% | | | | | |
| Biotechnology: 0.14% | | | | | |
| <i>Other securities</i> | | | | 799,881 | 0.14 |
| Health Care Equipment & Supplies: 1.09% | | | | | |
| <i>Other securities</i> | | | | 6,447,684 | 1.09 |
| Health Care Providers & Services: 3.71% | | | | | |
| <i>Select Medical Corporation</i> | 6.38 | 6-1-2021 | 4,065,000 | 4,038,325 | 0.68 |
| <i>Other securities</i> | | | | 17,897,404 | 3.03 |
| | | | | 21,935,729 | 3.71 |
| Health Care Technology: 0.91% | | | | | |
| <i>Change Healthcare Holdings Incorporated</i> | 11.00 | 12-31-2019 | 4,400,000 | 4,620,000 | 0.78 |
| <i>Other securities</i> | | | | 757,313 | 0.13 |
| | | | | 5,377,313 | 0.91 |
| Life Sciences Tools & Services: 0.14% | | | | | |
| <i>Other securities</i> | | | | 832,995 | 0.14 |
| Pharmaceuticals: 0.31% | | | | | |
| <i>Other securities</i> | | | | 1,796,451 | 0.31 |

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

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10 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|---------------|--------------|--------------|-----------------------|
| Industrials: 4.02% | | | | | |
| Aerospace & Defense: 0.18% | | | | | |
| <i>Other securities</i> | | | | \$ 1,048,918 | 0.18% |
| Airlines: 0.36% | | | | | |
| <i>Other securities</i> | | | | 2,148,604 | 0.36 |
| Commercial Services & Supplies: 1.30% | | | | | |
| <i>Other securities</i> | | | | 7,683,142 | 1.30 |
| Construction & Engineering: 0.50% | | | | | |
| <i>Other securities</i> | | | | 2,982,473 | 0.50 |
| Professional Services: 0.15% | | | | | |
| <i>Other securities</i> | | | | 874,856 | 0.15 |
| Road & Rail: 0.11% | | | | | |
| <i>Other securities</i> | | | | 658,799 | 0.11 |
| Trading Companies & Distributors: 1.42% | | | | | |
| <i>Ashtead Capital Incorporated 144A</i> | 6.50% | 7-15-2022 | \$ 4,650,000 | 4,876,688 | 0.83 |
| <i>Other securities</i> | | | | 3,500,656 | 0.59 |
| | | | | 8,377,344 | 1.42 |
| Information Technology: 5.84% | | | | | |
| Communications Equipment: 0.33% | | | | | |

| | | | | | |
|--|------|------------|-----------|------------|------|
| <i>Other securities</i> | | | | 1,926,199 | 0.33 |
| Electronic Equipment, Instruments & Components: 1.37% | | | | | |
| <i>Jabil Circuit Incorporated</i> | 8.25 | 3-15-2018 | 5,275,000 | 5,697,000 | 0.96 |
| <i>Other securities</i> | | | | 2,383,409 | 0.41 |
| | | | | 8,080,409 | 1.37 |
| Internet Software & Services: 0.23% | | | | | |
| <i>Other securities</i> | | | | 1,390,141 | 0.23 |
| IT Services: 0.23% | | | | | |
| <i>Other securities</i> | | | | 1,356,325 | 0.23 |
| Semiconductors & Semiconductor Equipment: 0.66% | | | | | |
| <i>Other securities</i> | | | | 3,876,941 | 0.66 |
| Software: 0.43% | | | | | |
| <i>Other securities</i> | | | | 2,562,919 | 0.43 |
| Technology Hardware, Storage & Peripherals: 2.59% | | | | | |
| <i>Diamond 1 Finance Corporation 144A</i> | 5.88 | 6-15-2021 | 2,825,000 | 2,962,640 | 0.50 |
| <i>Diamond 1 Finance Corporation 144A</i> | 7.13 | 6-15-2024 | 5,400,000 | 5,916,467 | 1.00 |
| <i>NCR Corporation</i> | 6.38 | 12-15-2023 | 5,125,000 | 5,419,688 | 0.92 |
| <i>Other securities</i> | | | | 1,032,357 | 0.17 |
| | | | | 15,331,152 | 2.59 |

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

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Summary portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 11

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|---------------|--------------|--------------|-----------------------|
| Materials: 1.64% | | | | | |
| Chemicals: 0.20% | | | | | |
| <i>Other securities</i> | | | | \$ 1,209,658 | 0.20% |
| Containers & Packaging: 1.40% | | | | | |
| <i>Other securities</i> | | | | 8,285,644 | 1.40 |
| Metals & Mining: 0.04% | | | | | |
| <i>Other securities</i> | | | | 211,250 | 0.04 |
| Real Estate: 4.85% | | | | | |
| Equity REITs: 4.27% | | | | | |
| <i>DuPont Fabros Technology Incorporated LP</i> | 5.63% | 6-15-2023 | \$ 2,975,000 | 3,131,188 | 0.53 |
| <i>DuPont Fabros Technology Incorporated LP</i> | 5.88 | 9-15-2021 | 4,655,000 | 4,876,113 | 0.82 |
| <i>Other securities</i> | | | | 17,242,476 | 2.92 |
| | | | | 25,249,777 | 4.27 |
| Real Estate Management & Development: 0.58% | | | | | |
| <i>Other securities</i> | | | | 3,434,000 | 0.58 |
| Telecommunication Services: 6.32% | | | | | |
| Diversified | | | | | |

Telecommunication

Services: 2.08%

| | | | | | |
|-------------------------|--|--|--|------------|------|
| <i>Other securities</i> | | | | 12,287,128 | 2.08 |
|-------------------------|--|--|--|------------|------|

Wireless

Telecommunication

Services: 4.24%

| | | | | | |
|--|-----------|------------------------|-----------|------------|------|
| <i>Sprint Capital Corporation</i> | 6.88 | 11-15-2028 | 6,500,000 | 5,957,659 | 1.01 |
| <i>Sprint Capital Corporation</i> | 8.75 | 3-15-2032 | 875,000 | 896,602 | 0.15 |
| <i>Syniverse Holdings Incorporated</i> | 9.13 | 1-15-2019 | 4,650,000 | 3,720,000 | 0.63 |
| <i>T-Mobile USA Incorporated</i> | 6.00-6.84 | 4-28-2019 to 1-15-2026 | 4,920,000 | 5,225,579 | 0.88 |
| <i>T-Mobile USA Incorporated</i> | 6.73 | 4-28-2022 | 3,490,000 | 3,655,775 | 0.62 |
| <i>Other securities</i> | | | | 5,610,197 | 0.95 |
| | | | | 25,065,812 | 4.24 |

Utilities: 2.54%

Electric Utilities: 0.45%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 2,667,647 | 0.45 |
|-------------------------|--|--|--|-----------|------|

Independent Power & Renewable Electricity Producers: 1.85%

| | | | | | |
|---|------|-----------|-----------|------------|------|
| <i>TerraForm Power Operating LLC 144A</i> | 9.38 | 2-1-2023 | 5,425,000 | 5,423,373 | 0.92 |
| <i>TerraForm Power Operating LLC 144A</i> | 9.63 | 6-15-2025 | 1,850,000 | 1,910,125 | 0.32 |
| <i>Other securities</i> | | | | 3,584,886 | 0.61 |
| | | | | 10,918,384 | 1.85 |

Multi-Utilities: 0.24%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 1,429,770 | 0.24 |
|-------------------------|--|--|--|-----------|------|

| | | | | | |
|---|--|--|--|-------------|-------|
| Total Corporate Bonds and Notes (Cost \$411,249,073) | | | | 431,426,339 | 73.02 |
|---|--|--|--|-------------|-------|

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

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12 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|---|---------------|---------------|-----------|------------|-----------------------|
| Foreign Corporate Bonds and Notes @: 2.61% | | | | | |
| Consumer Discretionary: 0.15% | | | | | |
| Auto Components: 0.02% | | | | | |
| <i>Other securities</i> | | | | \$ 117,415 | 0.02% |
| Internet & Direct Marketing | | | | | |
| Retail: 0.04% | | | | | |
| <i>Other securities</i> | | | | 237,442 | 0.04 |
| Media: 0.09% | | | | | |
| <i>Other securities</i> | | | | 540,315 | 0.09 |
| Consumer Staples: 0.15% | | | | | |
| Food Products: 0.15% | | | | | |
| <i>Other securities</i> | | | | 912,907 | 0.15 |
| Energy: 0.25% | | | | | |
| Energy Equipment & Services: 0.02% | | | | | |
| <i>Other securities</i> | | | | 114,484 | 0.02 |
| Oil, Gas & Consumable Fuels: 0.23% | | | | | |
| <i>Other securities</i> | | | | 1,364,150 | 0.23 |
| Financials: 1.61% | | | | | |
| Banks: 1.56% | | | | | |

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| | | | | | |
|--|-------|-----------|----------------|------------|------|
| <i>KfW (TRY)</i> | 5.00% | 1-16-2017 | 11,400,000 | 3,647,411 | 0.62 |
| <i>Other securities</i> | | | | 5,588,144 | 0.94 |
| | | | | 9,235,555 | 1.56 |
| Diversified Financial Services: | | | | | |
| 0.05% | | | | | |
| <i>Other securities</i> | | | | 260,977 | 0.05 |
| Materials: 0.12% | | | | | |
| Chemicals: 0.12% | | | | | |
| <i>Other securities</i> | | | | 693,725 | 0.12 |
| Telecommunication Services: | | | | | |
| 0.33% | | | | | |
| Diversified Telecommunication Services: 0.07% | | | | | |
| <i>Other securities</i> | | | | 391,614 | 0.07 |
| Wireless Telecommunication Services: 0.26% | | | | | |
| <i>Other securities</i> | | | | 1,533,396 | 0.26 |
| Total Foreign Corporate Bonds and Notes (Cost \$20,226,869) | | | | 15,401,980 | 2.61 |
| Foreign Government Bonds | | | | | |
| @: 23.26% | | | | | |
| <i>Brazil (BRL)</i> | 10.00 | 1-1-2017 | 38,525,000 | 12,057,710 | 2.04 |
| <i>Brazil (BRL)</i> | 10.00 | 1-1-2025 | 32,800,000 | 9,555,891 | 1.62 |
| <i>Brazil (BRL)</i> | 10.00 | 1-1-2027 | 11,500,000 | 3,322,545 | 0.56 |
| <i>Colombia (COP)</i> | 7.00 | 9-11-2019 | 18,500,000,000 | 6,219,796 | 1.05 |

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

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Summary portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 13

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|------------------------|-----------------|--------------|-----------------------|
| Foreign Government Bonds | | | | | |
| @ (continued) | | | | | |
| <i>Colombia (COP)</i> | 7.00% | 5-4-2022 | 18,650,000,000 | \$ 6,230,840 | 1.05% |
| <i>Colombia (COP)</i> | 7.50 | 8-26-2026 | 14,000,000,000 | 4,692,397 | 0.79 |
| <i>Colombia (COP)</i> | 7.75 | 4-14-2021 | 5,250,000,000 | 1,842,035 | 0.31 |
| <i>Hungary (HUF)</i> | 6.75 | 11-24-2017 | 1,305,000,000 | 4,948,594 | 0.84 |
| <i>Indonesia (IDR)</i> | 7.88 | 4-15-2019 | 133,640,000,000 | 10,512,238 | 1.78 |
| <i>Indonesia (IDR)</i> | 8.38 | 9-15-2026 | 110,000,000,000 | 8,969,527 | 1.52 |
| <i>Indonesia (IDR)</i> | 10.00 | 7-15-2017 | 50,000,000,000 | 3,942,803 | 0.67 |
| <i>Malaysia (MYR)</i> | 3.66 | 10-15-2020 | 20,700,000 | 4,986,341 | 0.84 |
| <i>Malaysia (MYR)</i> | 4.18 | 7-15-2024 | 19,850,000 | 4,878,709 | 0.83 |
| <i>Mexico (MXN)</i> | 4.75 | 6-14-2018 | 113,800,000 | 5,957,223 | 1.01 |
| <i>Mexico (MXN)</i> | 5.75 | 3-5-2026 | 152,000,000 | 7,757,034 | 1.31 |
| <i>Mexico (MXN)</i> | 6.50-10.00 | 6-10-2021 to 12-5-2024 | 54,100,000 | 3,090,679 | 0.53 |
| <i>Mexico (MXN)</i> | 10.00 | 12-5-2024 | 62,120,000 | 4,087,280 | 0.69 |
| <i>Queensland Treasury (AUD)</i> | | | | | |
| | 5.75 | 7-22-2024 | 4,100,000 | 3,829,164 | 0.65 |
| <i>Republic of South Africa (ZAR)</i> | | | | | |
| | 7.75 | 2-28-2023 | 103,000,000 | 7,401,410 | 1.25 |
| <i>Republic of South Africa (ZAR)</i> | | | | | |
| | 8.00 | 12-21-2018 | 129,000,000 | 9,603,235 | 1.63 |
| <i>Turkey (TRY)</i> | | | | | |
| | 6.30 | 2-14-2018 | 7,325,000 | 2,292,724 | 0.39 |
| <i>Turkey (TRY)</i> | | | | | |
| | 9.00 | 3-8-2017 | 13,600,000 | 4,402,941 | 0.74 |
| <i>Other securities</i> | | | | | |
| | | | | 6,830,375 | 1.16 |
| Total Foreign Government Bonds (Cost \$157,944,241) | | | | 137,411,491 | 23.26 |

Loans: 14.93%**Consumer Discretionary: 3.67%****Auto Components: 0.39%**

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| | | |
|--|-----------|------|
| <i>Other securities</i> | 2,335,979 | 0.39 |
| Distributors: 0.50% | | |
| <i>Other securities</i> | 2,969,419 | 0.50 |
| Hotels, Restaurants & Leisure: 0.45% | | |
| <i>Other securities</i> | 2,642,804 | 0.45 |
| Household Products: 0.18% | | |
| <i>Other securities</i> | 1,059,883 | 0.18 |
| Internet & Direct Marketing Retail: 0.86% | | |
| <i>Other securities</i> | 5,060,001 | 0.86 |
| Leisure Products: 0.35% | | |
| <i>Other securities</i> | 2,073,538 | 0.35 |
| Media: 0.80% | | |
| <i>Other securities</i> | 4,702,480 | 0.80 |
| Multiline Retail: 0.03% | | |
| <i>Other securities</i> | 161,902 | 0.03 |
| Specialty Retail: 0.11% | | |
| <i>Other securities</i> | 655,368 | 0.11 |

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

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14 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|---|---------------|---------------|--------------|------------|-----------------------|
| Consumer Staples: 0.15% | | | | | |
| Food Products: 0.15% | | | | | |
| <i>Other securities</i> | | | | \$ 895,490 | 0.15% |
| Energy: 1.15% | | | | | |
| Energy Equipment & Services: 0.80% | | | | | |
| <i>Hummel Station LLC ±</i> | 7.00% | 10-27-2022 | \$ 4,929,434 | 4,699,377 | 0.80 |
| Oil, Gas & Consumable Fuels: 0.35% | | | | | |
| <i>Other securities</i> | | | | 2,068,750 | 0.35 |
| Financials: 1.20% | | | | | |
| Capital Markets: 0.20% | | | | | |
| <i>Other securities</i> | | | | 1,204,223 | 0.20 |
| Consumer Finance: 0.03% | | | | | |
| <i>Other securities</i> | | | | 201,052 | 0.03 |
| Diversified Financial Services: 0.77% | | | | | |
| <i>Other securities</i> | | | | 4,551,609 | 0.77 |
| Insurance: 0.20% | | | | | |
| <i>Other securities</i> | | | | 1,150,218 | 0.20 |
| Health Care: 1.80% | | | | | |

| | | |
|--|-----------|------|
| Health Care Equipment & Supplies: 0.40% | | |
| <i>Other securities</i> | 2,349,403 | 0.40 |
| Health Care Providers & Services: 1.02% | | |
| <i>Other securities</i> | 6,007,834 | 1.02 |
| Health Care Technology: 0.18% | | |
| <i>Other securities</i> | 1,089,862 | 0.18 |
| Life Sciences Tools & Services: 0.08% | | |
| <i>Other securities</i> | 474,744 | 0.08 |
| Pharmaceuticals: 0.12% | | |
| <i>Other securities</i> | 721,174 | 0.12 |
| Industrials: 2.17% | | |
| Aerospace & Defense: 0.50% | | |
| <i>Other securities</i> | 2,990,938 | 0.50 |
| Commercial Services & Supplies: 1.49% | | |
| <i>Other securities</i> | 8,792,300 | 1.49 |
| Machinery: 0.11% | | |
| <i>Other securities</i> | 631,428 | 0.11 |

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

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Summary portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 15

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|---------------|-----------|------------|-----------------------|
| Transportation Infrastructure: 0.07% | | | | | |
| <i>Other securities</i> | | | | \$ 406,556 | 0.07% |
| Information Technology: 1.37% | | | | | |
| Internet Software & Services: 0.46% | | | | | |
| <i>Other securities</i> | | | | 2,716,800 | 0.46 |
| Semiconductors & Semiconductor Equipment: 0.22% | | | | | |
| <i>Other securities</i> | | | | 1,273,138 | 0.22 |
| Software: 0.10% | | | | | |
| <i>Other securities</i> | | | | 598,416 | 0.10 |
| Technology Hardware, Storage & Peripherals: 0.59% | | | | | |
| <i>Other securities</i> | | | | 3,486,943 | 0.59 |
| Materials: 0.20% | | | | | |
| Containers & Packaging: 0.20% | | | | | |
| <i>Other securities</i> | | | | 1,170,105 | 0.20 |
| Real Estate: 0.84% | | | | | |
| Equity REITs: 0.15% | | | | | |
| <i>Other securities</i> | | | | 850,817 | 0.15 |

Real Estate Management & Development: 0.69%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 4,091,450 | 0.69 |
|-------------------------|--|--|--|-----------|------|

Telecommunication Services: 1.40%**Diversified Telecommunication Services: 0.75%**

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 4,418,508 | 0.75 |
|-------------------------|--|--|--|-----------|------|

Wireless Telecommunication Services: 0.65%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 3,877,605 | 0.65 |
|-------------------------|--|--|--|-----------|------|

Utilities: 0.98%**Electric Utilities: 0.98%**

| | | | | | |
|---|-------|------------|---------------|-----------|------|
| <i>Texas Competitive Electric Holdings Company LLC ±(s)</i> | 4.66% | 10-10-2017 | \$ 20,096,983 | 5,818,077 | 0.98 |
|---|-------|------------|---------------|-----------|------|

| | | | | | |
|---|--|--|--|------------|-------|
| Total Loans (Cost \$101,800,665) | | | | 88,198,191 | 14.93 |
|---|--|--|--|------------|-------|

Municipal Obligations: 0.05%**New York: 0.05%**

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 269,114 | 0.05 |
|-------------------------|--|--|--|---------|------|

| | | | | | |
|---|--|--|--|---------|------|
| Total Municipal Obligations (Cost \$270,000) | | | | 269,114 | 0.05 |
|---|--|--|--|---------|------|

Non-Agency Mortgage-Backed Securities: 5.44%

| | | | | | |
|-------------------------|--|--|--|------------|------|
| <i>Other securities</i> | | | | 32,166,136 | 5.44 |
|-------------------------|--|--|--|------------|------|

| | | | | | |
|--|--|--|--|------------|------|
| Total Non-Agency Mortgage-Backed Securities (Cost \$32,339,819) | | | | 32,166,136 | 5.44 |
|--|--|--|--|------------|------|

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

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16 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|---------------|--------------|--------------|-----------------------|
| Yankee Corporate Bonds and Notes: 9.04% | | | | | |
| Consumer Discretionary: 0.50% | | | | | |
| Media: 0.50% | | | | | |
| <i>Other securities</i> | | | | \$ 2,920,357 | 0.50% |
| Consumer Staples: 0.27% | | | | | |
| Beverages: 0.14% | | | | | |
| <i>Other securities</i> | | | | 832,919 | 0.14 |
| Tobacco: 0.13% | | | | | |
| <i>Other securities</i> | | | | 784,441 | 0.13 |
| Energy: 1.97% | | | | | |
| Energy Equipment & Services: 0.35% | | | | | |
| <i>Other securities</i> | | | | 2,039,701 | 0.35 |
| Oil, Gas & Consumable Fuels: 1.62% | | | | | |
| <i>Teekay Corporation</i> | 8.50% | 1-15-2020 | \$ 5,625,000 | 5,118,750 | 0.87 |
| <i>Other securities</i> | | | | 4,483,019 | 0.75 |
| | | | | 9,601,769 | 1.62 |
| Financials: 0.98% | | | | | |
| Banks: 0.78% | | | | | |
| <i>Other securities</i> | | | | 4,588,951 | 0.78 |

Diversified Financial

Services: 0.20%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 1,198,746 | 0.20 |
|-------------------------|--|--|--|-----------|------|

Health Care: 1.89%

Pharmaceuticals: 1.89%

Valeant Pharmaceuticals

International

| | | | | | |
|---------------------|-----------|-------------------------|-----------|-----------|------|
| <i>Incorporated</i> | 5.63-7.50 | 10-15-2020 to 5-15-2023 | 5,555,000 | 4,568,200 | 0.78 |
|---------------------|-----------|-------------------------|-----------|-----------|------|

Valeant Pharmaceuticals

International

| | | | | | |
|--------------------------|------|-----------|-----------|-----------|------|
| <i>Incorporated 144A</i> | 6.13 | 4-15-2025 | 6,300,000 | 4,851,000 | 0.82 |
|--------------------------|------|-----------|-----------|-----------|------|

Other securities

| | | | | | |
|--|--|--|--|-----------|------|
| | | | | 1,732,168 | 0.29 |
|--|--|--|--|-----------|------|

| | | | | | |
|--|--|--|--|------------|------|
| | | | | 11,151,368 | 1.89 |
|--|--|--|--|------------|------|

Industrials: 0.81%

Building Products:

0.04%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 226,275 | 0.04 |
|-------------------------|--|--|--|---------|------|

Commercial Services &

Supplies: 0.59%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 3,506,688 | 0.59 |
|-------------------------|--|--|--|-----------|------|

Machinery: 0.04%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 240,875 | 0.04 |
|-------------------------|--|--|--|---------|------|

Road & Rail: 0.14%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 819,138 | 0.14 |
|-------------------------|--|--|--|---------|------|

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

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Summary portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 17

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|---------------|--------------|------------|-----------------------|
| Information Technology: 0.26% | | | | | |
| Communications Equipment: 0.13% | | | | | |
| <i>Other securities</i> | | | | \$ 781,420 | 0.13% |
| Internet Software & Services: 0.13% | | | | | |
| <i>Other securities</i> | | | | 752,619 | 0.13 |
| Materials: 0.47% | | | | | |
| Containers & Packaging: 0.13% | | | | | |
| <i>Other securities</i> | | | | 764,875 | 0.13 |
| Metals & Mining: 0.34% | | | | | |
| <i>Other securities</i> | | | | 2,023,247 | 0.34 |
| Telecommunication Services: 1.77% | | | | | |
| Diversified Telecommunication Services: 1.54% | | | | | |
| <i>Intelsat Jackson Holdings SA</i> | 5.50% | 8-1-2023 | \$ 6,775,000 | 4,488,438 | 0.76 |
| <i>Other securities</i> | | | | 4,601,155 | 0.78 |
| | | | | 9,089,593 | 1.54 |
| Wireless Telecommunication Services: 0.23% | | | | | |
| <i>Other securities</i> | | | | 1,388,819 | 0.23 |
| Utilities: 0.12% | | | | | |

Electric Utilities: 0.12%

| | | | |
|-------------------------|--|---------|------|
| <i>Other securities</i> | | 687,375 | 0.12 |
|-------------------------|--|---------|------|

| | | | |
|---|--|------------|------|
| Total Yankee Corporate Bonds and Notes (Cost \$62,609,732) | | 53,399,176 | 9.04 |
|---|--|------------|------|

| | | | |
|--------------------------------------|--------------|--|---------------|
| | Yield | | Shares |
| Short-Term Investments: 5.65% | | | |

Investment Companies: 5.65%

| | | | |
|--|------|------------|------------|
| <i>Wells Fargo Government Money</i> | | | |
| <i>Market Fund Select Class (l)(u)##</i> | 0.32 | 33,404,630 | 33,404,630 |
| | | | 5.65 |

| | | | |
|---|--|------------|------|
| Total Short-Term Investments (Cost \$33,404,630) | | 33,404,630 | 5.65 |
|---|--|------------|------|

| | | | |
|---|--|-------------|--------|
| Total investments in securities (Cost \$838,099,024) * | | 807,029,344 | 136.59 |
|---|--|-------------|--------|

| | | | |
|--|--|---------------|---------|
| <i>Other assets and liabilities, net</i> | | (216,189,225) | (36.59) |
|--|--|---------------|---------|

| | | | |
|-------------------------|--|-----------------------|----------------|
| Total net assets | | \$ 590,840,119 | 100.00% |
|-------------------------|--|-----------------------|----------------|

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

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18 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments October 31, 2016

144A The security may be resold in transactions exempt from registration, normally to qualified institutional buyers, pursuant to Rule 144A under the Securities Act of 1933.

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

@ Foreign bond principal is denominated in the local currency of the issuer.

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

(l) The issuer of the security is an affiliated person of the Fund as defined in the Investment Company Act of 1940.

(u) The rate represents the 7-day annualized yield at period end.

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

* Cost for federal income tax purposes is \$843,539,182 and unrealized gains (losses) consists of:

| | |
|------------------------|---------------|
| Gross unrealized gains | \$ 33,235,110 |
|------------------------|---------------|

| | |
|-------------------------|-----------------|
| Gross unrealized losses | (69,744,948) |
| Net unrealized losses | \$ (36,509,838) |

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

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Statement of assets and liabilities October 31, 2016 Wells Fargo Multi-Sector Income Fund 19

Assets**Investments**

| | |
|---|----------------|
| In unaffiliated securities, at value (cost \$804,694,394) | \$ 773,624,714 |
| In affiliated securities, at value (cost \$33,404,630) | 33,404,630 |

| | |
|--|-------------|
| Total investments, at value (cost \$838,099,024) | 807,029,344 |
|--|-------------|

| | |
|------|-----------|
| Cash | 2,025,000 |
|------|-----------|

| | |
|---|-----|
| Foreign currency, at value (cost \$242) | 234 |
|---|-----|

| | |
|---------------------------------|-----------|
| Receivable for investments sold | 2,920,372 |
|---------------------------------|-----------|

| | |
|------------------------------|-------|
| Principal paydown receivable | 7,154 |
|------------------------------|-------|

| | |
|-------------------------|------------|
| Receivable for interest | 11,702,330 |
|-------------------------|------------|

| | |
|-----------------------------------|--------|
| Prepaid expenses and other assets | 12,322 |
|-----------------------------------|--------|

| | |
|--------------|-------------|
| Total assets | 823,696,756 |
|--------------|-------------|

Liabilities

| | |
|-------------------|-----------|
| Dividends payable | 3,824,265 |
|-------------------|-----------|

| | |
|-----------------------------------|-----------|
| Payable for investments purchased | 7,324,538 |
|-----------------------------------|-----------|

| | |
|-------------------------------------|---------|
| Payable for Fund shares repurchased | 985,505 |
|-------------------------------------|---------|

| | |
|---------------------------|-------------|
| Secured borrowing payable | 220,000,000 |
|---------------------------|-------------|

| | |
|----------------------|---------|
| Advisory fee payable | 380,540 |
|----------------------|---------|

| | |
|----------------------------|--------|
| Administration fee payable | 34,595 |
|----------------------------|--------|

| | |
|--|---------|
| Accrued expenses and other liabilities | 307,194 |
|--|---------|

| | |
|-------------------|-------------|
| Total liabilities | 232,856,637 |
|-------------------|-------------|

| | |
|-------------------------|-----------------------|
| Total net assets | \$ 590,840,119 |
|-------------------------|-----------------------|

NET ASSETS CONSIST OF

| | |
|-----------------|----------------|
| Paid-in capital | \$ 730,854,766 |
|-----------------|----------------|

| | |
|---------------------------------------|-------------|
| Overdistributed net investment income | (3,954,254) |
|---------------------------------------|-------------|

| | |
|--|---------------|
| Accumulated net realized losses on investments | (105,001,927) |
|--|---------------|

| | |
|--------------------------------------|--------------|
| Net unrealized losses on investments | (31,058,466) |
|--------------------------------------|--------------|

| | |
|-------------------------|-----------------------|
| Total net assets | \$ 590,840,119 |
|-------------------------|-----------------------|

NET ASSET VALUE PER SHARE

| | |
|--|---------|
| Based on \$590,840,119 divided by 41,163,066 shares issued and outstanding (100,000,000 shares authorized) | \$14.35 |
|--|---------|

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

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20 Wells Fargo Multi-Sector Income Fund

Statement of operations year ended October 31, 2016

Investment income

| | |
|--|----------------|
| Interest (net of foreign withholding taxes of \$225,988) | \$ 53,222,237 |
| Income from affiliated securities | 94,060 |
| Dividends | 45,123 |
| Total investment income | 53,361,420 |

Expenses

| | |
|-----------------------------|----------------|
| Advisory fee | 4,367,469 |
| Administration fee | 397,043 |
| Custody and accounting fees | 195,695 |
| Professional fees | 244,428 |
| Shareholder report expenses | 100,532 |
| Trustees' fees and expenses | 26,694 |
| Transfer agent fees | 44,178 |
| Interest expense | 2,521,181 |
| Other fees and expenses | 37,218 |
| Total expenses | 7,934,438 |
| Net investment income | 45,426,982 |

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

| | |
|--|------------------|
| Unaffiliated securities | (10,394,693) |
| Forward foreign currency contract transactions | (729,490) |
| Net realized losses on investments | (11,124,183) |

Net change in unrealized gains (losses) on:

| | |
|---|--------------------------|
| Unaffiliated securities | 23,664,826 |
| Forward foreign currency contract transactions | 924,680 |
| Net change in unrealized gains (losses) on investments | 24,589,506 |
| Net realized and unrealized gains (losses) on investments | 13,465,323 |
| Net increase in net assets resulting from operations | \$ 58,892,305 |

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

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| Statement of changes in net assets | Wells Fargo Multi-Sector Income Fund 21 | |
|--|---|-----------------------|
| | Year ended | Year ended |
| | October 31, 2016 | October 31, 2015 |
| Operations | | |
| Net investment income | \$ 45,426,982 | \$ 46,469,815 |
| Net realized losses on investments | (11,124,183) | (15,988,489) |
| Net change in unrealized gains (losses) on investments | 24,589,506 | (67,320,520) |
| Net increase (decrease) in net assets resulting from operations | 58,892,305 | (36,839,194) |
| Distributions to shareholders from | | |
| Net investment income | (40,758,130) | (36,559,777) |
| Tax basis return of capital | (6,993,269) | (12,379,627) |
| Total distributions to shareholders | (47,751,399) | (48,939,404) |
| Capital share transactions | | |
| Cost of shares repurchased | (11,526,575) | 0 |
| Net decrease in net assets resulting from capital share transactions | (11,526,575) | 0 |
| Total decrease in net assets | (385,669) | (85,778,598) |
| Net assets | | |
| Beginning of period | 591,225,788 | 677,004,386 |
| End of period | \$ 590,840,119 | \$ 591,225,788 |
| Overdistributed net investment income | \$ (3,954,254) | \$ (4,610,988) |

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

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22 Wells Fargo Multi-Sector Income Fund

Statement of cash flows year ended October 31, 2016

Cash flows from operating activities:

Net increase in net assets resulting from operations \$ 58,892,305

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

Purchase of securities (276,081,554)

Proceeds from the sales of securities 312,428,579

Paydowns 9,356,943

Amortization (3,424,154)

Purchase of short-term securities, net (18,832,853)

Decrease in receivable for investments sold 1,963,436

Decrease in principal paydown receivable 38

Decrease in receivable for interest 1,379,917

Decrease in prepaid expenses and other assets 3,369

Decrease in payable for investments purchased (2,615,386)

Decrease in advisory fee payable (14,720)

Decrease in administration fee payable (1,338)

Decrease in accrued expenses and other liabilities (16,113)

Litigation payments received 7,389

Net realized losses on investments 11,124,183

Net change in unrealized gains (losses) on investments (24,589,506)

Net cash provided by operating activities 69,580,535

Cash flows from financing activities:

Decrease in secured borrowing payable (10,000,000)

Cost of shares repurchased (10,541,070)

Cash distributions paid (47,993,853)

Net cash used in financing activities (68,534,923)

Net increase in cash 1,045,612

Cash (including foreign currency):

Beginning of period \$ 979,622

End of period \$ 2,025,234

Supplemental cash disclosure

Cash paid for interest \$ 2,476,704

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

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Financial highlights Wells Fargo Multi-Sector Income Fund 23
 (For a share outstanding throughout each period)

| | Year ended October 31 | | | | |
|---|-----------------------|-------------------|-------------------|----------------|----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Net asset value, beginning of period | \$14.06 | \$16.10 | \$16.40 | \$17.01 | \$16.16 |
| Net investment income | 1.08 | 1.10 ¹ | 1.14 ¹ | 1.18 | 1.16 |
| Net realized and unrealized gains (losses) on investments | 0.33 | (1.98) | (0.24) | (0.59) | 0.89 |
| Total from investment operations | 1.41 | (0.88) | 0.90 | 0.59 | 2.05 |
| Distributions to shareholders from | | | | | |
| Net investment income | (0.97) | (0.87) | (0.91) | (1.20) | (1.20) |
| Tax basis return of capital | (0.17) | (0.29) | (0.29) | 0.00 | 0.00 |
| Total distributions to shareholders | (1.14) | (1.16) | (1.20) | (1.20) | (1.20) |
| Anti-dilutive effect of shares repurchased | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net asset value, end of period | \$14.35 | \$14.06 | \$16.10 | \$16.40 | \$17.01 |
| Market value, end of period | \$12.66 | \$12.02 | \$14.19 | \$14.47 | \$16.54 |
| Total return based on market value² | 15.66% | (7.34)% | 6.55% | (5.44)% | 19.33% |
| Ratios to average net assets (annualized) | | | | | |
| Net expenses ³ | 1.39% | 1.24% | 1.21% | 1.24% | 1.24% |
| Net investment income ³ | 7.94% | 7.33% | 6.95% | 7.04% | 7.13% |
| Supplemental data | | | | | |
| Portfolio turnover rate | 29% | 31% | 41% | 40% | 78% |
| Net assets, end of period (000s omitted) | \$590,840 | \$591,226 | \$677,004 | \$689,573 | \$715,368 |
| Borrowings outstanding, end of period (000s omitted) | \$220,000 | \$230,000 | \$230,000 | \$230,000 | \$230,000 |
| Asset coverage per \$1,000 of borrowing, end of period | \$3,686 | \$3,570 | \$3,944 | \$3,998 | \$4,110 |

¹ Calculated based upon average shares outstanding

² Total return is calculated assuming a purchase of common stock on the first day and sale on the last day of the period reported. Dividends and distributions, if any, are assumed for purposes of these calculations to be reinvested at prices obtained under the Fund's Automatic Dividend Reinvestment Plan. Total return does not reflect brokerage commissions that a shareholder would pay on the purchase and sale of shares.

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

| | |
|-----------------------------|-------|
| Year ended October 31, 2016 | 0.44% |
| Year ended October 31, 2015 | 0.24% |
| Year ended October 31, 2014 | 0.07% |
| Year ended October 31, 2013 | 0.07% |
| Year ended October 31, 2012 | 0.11% |

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

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24 Wells Fargo Multi-Sector Income Fund

Notes to financial statements

1. ORGANIZATION

Wells Fargo 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. As an investment company, the Fund follows the accounting and reporting guidance in Financial Accounting Standards Board (*FASB*) Accounting Standards Codification Topic 946, *Financial Services - Investment Companies*.

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), although the Fund may deviate from this calculation time under unusual or unexpected circumstances.

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

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

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 at 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 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

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Notes to financial statements Wells Fargo Multi-Sector Income Fund 25
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.

Loans

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

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.

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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26 Wells Fargo Multi-Sector Income Fund

Notes to financial statements

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

Reclassifications are made to the Fund's capital accounts for permanent tax differences to reflect income and gains available for distribution (or available capital loss carryforwards) under federal income tax regulations. U.S. generally accepted accounting principles require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or the net asset value per share. The primary permanent differences causing such reclassifications are due to bond premiums, foreign currency transactions, and paydown losses. At October 31, 2016, as a result of permanent book-to-tax differences, the following reclassification adjustments were made on the Statement of Assets and Liabilities:

| | |
|---------------------|-----------------|
| | Accumulated net |
| Overdistributed net | realized losses |
| investment income | on investments |
| \$(4,012,118) | \$4,012,118 |

Capital loss carryforwards that do not expire are required to be utilized prior to capital loss carryforwards that expire. As of October 31, 2016, capital loss carryforwards available to offset future net realized capital gains were as follows through the indicated expiration dates:

| | | |
|--------------|---------------|--------------|
| | No expiration | |
| 2018 | Short-term | Long-term |
| \$86,701,155 | \$2,682,399 | \$10,251,593 |

3. FAIR VALUATION MEASUREMENTS

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

n Level 1 quoted prices in active markets for identical securities

n

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

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

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

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Notes to financial statements

Wells Fargo Multi-Sector Income Fund 27

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

| | Quoted prices (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|--|----------------------------|---|---|-----------------------|
| Assets | | | | |
| Investments in: | | | | |
| Agency securities | \$ 0 | \$ 14,207,873 | \$ 0 | \$ 14,207,873 |
| Asset-backed securities | 0 | 614,130 | 0 | 614,130 |
| Common stocks | | | | |
| <i>Energy</i> | 529,568 | 0 | 0 | 529,568 |
| <i>Materials</i> | 716 | 0 | 0 | 716 |
| Corporate bonds and notes | 0 | 431,426,339 | 0 | 431,426,339 |
| Foreign corporate bonds and notes | 0 | 15,401,980 | 0 | 15,401,980 |
| Foreign government bonds | 0 | 137,411,491 | 0 | 137,411,491 |
| Loans | 0 | 82,571,653 | 5,626,538 | 88,198,191 |
| Municipal obligations | 0 | 269,114 | 0 | 269,114 |
| Non-agency mortgage-backed securities | 0 | 32,166,136 | 0 | 32,166,136 |
| Yankee corporate bonds and notes | 0 | 53,391,883 | 7,293 | 53,399,176 |
| Short-term investments | | | | |
| <i>Investment companies</i> | 33,404,630 | 0 | 0 | 33,404,630 |
| Total assets | \$ 33,934,914 | \$ 767,460,599 | \$ 5,633,831 | \$ 807,029,344 |

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

4. TRANSACTIONS WITH AFFILIATES**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 from the Fund equal to 0.05% of the Fund's average daily total assets.

5. CAPITAL SHARE TRANSACTIONS

The Fund has authorized capital of 100,000,000 shares with no par value. For the year ended October 31, 2016 and the year ended October 31, 2015, the Fund did not issue any shares.

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28 Wells Fargo Multi-Sector Income Fund Notes to financial statements
On December 17, 2015, the Fund announced an open-market share repurchase program (the Buyback Program). Under the Buyback Program, the Fund may repurchase up to 10% of its outstanding shares within one year of December 17, 2015. The Fund's Board of Trustees has delegated to Funds Management full discretion to administer the Buyback Program including the determination of the amount and timing of repurchases in accordance with the best interests of the Fund and subject to applicable legal limitations. During the year ended October 31, 2016, the Fund purchased 891,934 of its shares on the open market at a total cost of \$11,526,575 (weighted average price per share of \$12.91). The weighted average discount of these repurchased shares was 10.12%.

6. BORROWINGS

The Fund has borrowed \$220 million through a revolving credit facility administered by a major financial institution (the Facility). The Facility has a commitment amount of \$230 million with no specific contract expiration date but the Facility can be terminated upon 180 days' notice. The Fund is charged interest at London Interbank Offered Rate (LIBOR) plus 0.70% and a commitment fee of 0.30% of the average daily unutilized amount of the commitment which may be waived if the amount drawn on the Facility is over 75% of the committed amount.

At October 31, 2016, the Fund had average borrowings outstanding in the amount of \$222,377,049. During the year ended October 31, 2016, an effective interest rate of 1.14% was incurred on the borrowings and the Fund incurred interest expense in the amount of \$2,521,181, representing 0.44% of the Fund's average daily net assets.

7. INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments, excluding U.S. government obligations (if any) and short-term securities, for the year ended October 31, 2016 were \$249,526,262 and \$225,569,172, respectively.

As of October 31, 2016, the Fund had unfunded term loan commitments of \$3,355,688.

The Fund may purchase or sell investment securities to other Wells Fargo funds under procedures adopted by the Board of Trustees. The procedures have been designed to ensure that these interfund transactions, which generally do not incur broker commissions, are effected at current market prices. Interfund trades are included within the respective purchases and sales amounts shown.

8. DERIVATIVE TRANSACTIONS

During the year ended October 31, 2016, the Fund entered into forward foreign currency contracts for economic hedging purposes.

As of October 31, 2016, the Fund did not have any open forward foreign currency contracts but had average contract amounts of \$682,347 and \$3,620,031 in forward foreign currency contracts to buy and forward foreign currency contracts to sell, respectively, during the year ended October 31, 2016.

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

9. DISTRIBUTIONS TO SHAREHOLDERS

The tax character of distributions paid during the years ended October 31, 2016 and October 31, 2015 were as follows:

| | Year ended October 31 | |
|------------------------------------|-----------------------|---------------|
| | 2016 | 2015 |
| Ordinary income | \$ 40,758,130 | \$ 36,559,777 |
| Tax basis return of capital | 6,993,269 | 12,379,627 |

As of October 31, 2016, the components of distributable earnings on a tax basis were as follows:

| Unrealized losses | Capital loss carryforward |
|-------------------|---------------------------|
| \$(36,498,624) | \$(99,635,147) |

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Notes to financial statements

Wells Fargo Multi-Sector Income Fund 29

10. INDEMNIFICATION

Under the Fund's organizational documents, the officers and Trustees have been granted certain indemnification rights against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund may enter into contracts with service providers that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated.

11. NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments (a Consensus of the Emerging Issues Task Force)*, which is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. Management is currently assessing the potential impact on the financial statements that may result from adopting this ASU. This ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those financial years, with early adoption permitted.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash (a Consensus of the Emerging Issues Task Force)*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts general described as restricted cash or restricted cash equivalents. Amounts described as restricted cash and restricted cash equivalents should be included with the cash and cash equivalents in reconciling the beginning and end of period total amounts shown on the statement of cash flows. Management is currently assessing the potential impact on the financial statements that may result from adopting this ASU. This ASU is effective for interim and annual reporting periods beginning after December 15, 2017.

12. REGULATORY CHANGES

In October 2016, the Securities and Exchange Commission (SEC) adopted new rules and forms and amended existing rules and forms (together, final rules) intended to modernize and enhance the reporting and disclosure of information by registered investment companies and to enhance liquidity risk management by open-end mutual funds and exchange-traded funds. The final rules will enhance the quality of information available to investors and will allow the SEC to more effectively collect and use data reported by funds. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosure about derivatives in the Fund's financial statements, as well as other amendments. The compliance date for the amendments to Regulation S-X is August 1, 2017 while the compliance date for the new form types is June 1, 2018 and the compliance date for the liquidity risk management program requirements is December 1, 2018. Management is currently assessing the potential impact of these enhancements and their impact on the financial statement disclosures and reporting requirements.

13. SUBSEQUENT DISTRIBUTIONS

The Fund declared the following distributions to shareholders:

| Declaration date | Record date | Payable date | Per share amount |
|-------------------|-------------------|------------------|------------------|
| October 28, 2016 | November 16, 2016 | December 1, 2016 | \$0.0923 |
| November 16, 2016 | December 14, 2016 | January 3, 2017 | 0.0923 |

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.

14. SUBSEQUENT EVENTS

The Board of Trustees has approved, the commencement prior to or during the week of May 1, 2017, of a cash tender offer for up to 15% of the Fund's outstanding common shares of beneficial interest at a price per share equal to 98% of the Fund's net asset value (NAV) per share. The Fund will repurchase shares tendered and accepted in the tender offer in exchange for cash. Repurchases pursuant to the tender offer will occur no earlier than May 1, 2017.

In addition, the Board of Trustees has also approved the commencement, effective with the monthly distribution declared in January 2017, of a managed distribution plan that provides for the declaration of monthly distributions to common shareholders of the Fund at an annual minimum fixed rate of 9% based on the Fund's average monthly NAV per share over the prior 12 months. Under the managed distribution plan, monthly distributions may be sourced from income, paid-in capital, and/or capital gains, if any. To the extent that sufficient investment income is not available on a monthly basis, the Fund may distribute paid-in capital and/or capital gains, if any, in order to maintain its managed distribution level.

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

We have audited the accompanying statement of assets and liabilities, including the summary portfolio of investments, of the Wells Fargo Multi-Sector Income Fund (the Fund), as of October 31, 2016, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2016, by correspondence with the custodian and brokers, or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Wells Fargo Multi-Sector Income Fund as of October 31, 2016, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts

December 22, 2016

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Other information (unaudited)

Wells Fargo Multi-Sector Income Fund 31

TAX INFORMATION

For the fiscal year ended October 31, 2016, \$29,467,120 has been designated as interest-related dividends for nonresident alien shareholders pursuant to Section 871 of the Internal Revenue Code.

PROXY VOTING INFORMATION

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, upon request, by calling **1-800-222-8222**, visiting our website at **wellsfargofunds.com**, or visiting the SEC website at sec.gov. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on the Fund's website at **wellsfargofunds.com** or by visiting the SEC website at sec.gov.

PORTFOLIO HOLDINGS INFORMATION

The complete portfolio holdings for the Fund are publicly available monthly on the Fund's website (**wellsfargofunds.com**), on a one-month 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 by visiting the SEC website at sec.gov. In addition, the Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and at regional offices in New York City, at 233 Broadway, and in Chicago, at 175 West Jackson Boulevard, Suite 900. Information about the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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32 Wells Fargo Multi-Sector Income Fund

Other information (unaudited)

BOARD OF TRUSTEES AND OFFICERS

The following table provides basic information about the Board of Trustees (the Trustees) and Officers of the Fund. Each of the Trustees and Officers¹ listed below acts in identical capacities for each fund in the Wells Fargo family of funds, which consists of 139 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). 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 or longer | Current other public company or investment company or directorships |
|---|-------------------------------------|--|---|
| Class I - Non-Interested Trustees to serve until 2017 Annual Meeting of Shareholders | | | |
| Isaiah Harris, Jr. (Born 1952) | Trustee, since 2010 | Retired. Chairman of the Board of CIGNA Corporation since 2009, and Director since 2005. From 2003 to 2011, Director of Deluxe Corporation. 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). Advisory Board Member, Child Evangelism Fellowship (non-profit). Mr. Harris is a certified public accountant (inactive status). | CIGNA Corporation; Asset Allocation Trust |
| David F. Larcker (Born 1950) | Trustee, since 2010 | James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, Director of the Corporate Governance Research Initiative 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 |
| | Trustee, since 2010 | | |

| | | | |
|--|---------------------|---|------------------------|
| Olivia S. Mitchell (Born 1953) | | 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 |
| Class II - Non-Interested Trustees to serve until 2018 Annual Meeting of Shareholders | | | |
| William R. Ebsworth (Born 1957) | Trustee, since 2015 | Retired. From 1984 to 2013, equities analyst, portfolio manager, research director and chief investment officer at Fidelity Management and Research Company in Boston, Tokyo, and Hong Kong and retired in 2013 as Chief Investment Officer of Fidelity Strategic Advisers, Inc. where he lead a team of investment professionals managing client assets. Prior thereto, Board member of Hong Kong Securities Clearing Co., Hong Kong Options Clearing Corp., the Thailand International Fund, Ltd., Fidelity Investments Life Insurance Company, and Empire Fidelity Investments Life Insurance Company. Mr. Ebsworth is a CFA® charterholder and an Adjunct Lecturer, Finance, at Babson College. | Asset Allocation Trust |
| Jane A. Freeman (Born 1953) | Trustee, since 2015 | Retired. From 2012 to 2014 and 1999 to 2008, Chief Financial Officer of Scientific Learning Corporation. From 2008 to 2012, Ms. Freeman provided consulting services related to strategic business projects. Prior to 1999, Portfolio Manager at Rockefeller & Co. and Scudder, Stevens & Clark. Board member of the Harding Loevner Funds from 1996 to 2014, serving as both Lead Independent Director and chair of the Audit Committee. Board member of the Russell Exchange Traded Funds Trust from 2011 to 2012 and the chair of the Audit Committee. Ms. Freeman is a Board Member of Ruth Bancroft Garden (non-profit organization) and an inactive chartered financial analyst. | Asset Allocation Trust |

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| Other information (unaudited) | | | Wells Fargo Multi-Sector Income Fund | 33 |
|---|--|---|--|----|
| Name and year of birth | Position held and length of service | Principal occupations during past five years or longer | Current other public company or investment company directorships | |
| 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 | |
| Class III - Non-Interested Trustees to serve until 2019 Annual Meeting of Shareholders | | | | |
| Peter G. Gordon* (Born 1942) | Trustee, since 2010; Chairman, since 2010 | Co-Founder, Retired Chairman, President and CEO of Crystal Geyser Water Company. Trustee Emeritus, Colby College. | Asset Allocation Trust | |
| Timothy J. Penny (Born 1951) | Trustee, since 2010 | President and Chief Executive Officer 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 | |
| Michael S. Scofield (Born 1943) | Trustee, since 2007 | Served on the Investment Company Institute's Board of Governors and Executive Committee from 2008-2011 as well 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 complex (and its predecessors) from 1984 to 2010. Chairman of the Evergreen Funds from 2000-2010. | Asset Allocation Trust | |
| | | Former Trustee of the Mentor Funds. Retired Attorney, Law Offices of Michael S. Scofield. | | |

*Peter Gordon is expected to retire on December 31, 2017.

Officers

Principal occupations during past five years or longer

| Name and year of birth | Position held and length of service | |
|--|--|---|
| 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 ¹ (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 and 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. Assistant General Counsel of Wells Fargo Bank, N.A. since 2013 and Vice President and Managing Counsel of Wells Fargo Bank, N.A. from 1996 to 2013. |
| Michael Whitaker ² (Born 1967) | Chief Compliance Officer, since 2016 | Executive Vice President of Wells Fargo Funds Management, LLC since 2016. Chief Compliance Officer of Fidelity's Fixed Income Funds and Asset Allocation Funds from 2008 to 2016, Compliance Officer of FMR Co., Inc. from 2014 to 2016, Fidelity Investments Money Management, Inc. from 2014 to 2016, Fidelity Investments from 2007 to 2016. |
| David Berardi (Born 1975) | Assistant Treasurer, since 2009 | Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Manager of Fund Reporting and Control for Evergreen Investment Management Company, LLC from 2004 to 2010. |

¹Jeremy DePalma acts as Treasurer of 69 funds and Assistant Treasurer of 70 funds in the Fund Complex.

² Michael Whitaker became Chief Compliance Officer effective May 16, 2016.

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| 34 Wells Fargo Multi-Sector Income Fund | Other information (unaudited) |
| BOARD CONSIDERATION OF INVESTMENT ADVISORY AND SUB-ADVISORY AGREEMENTS: | |

Under the Investment Company Act of 1940 (the 1940 Act), the Board of Trustees (the Board) of Wells Fargo Multi-Sector Income Fund (the Fund) 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 May 24-25, 2016 (the Meeting), the Board, 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), reviewed and approved: (i) an investment advisory agreement with Wells Fargo Funds Management, LLC (Funds Management), (ii) an investment sub-advisory agreement with Wells Capital Management Incorporated (WellsCap), an affiliate of Funds Management; and (iii) an investment sub-advisory agreement with First International Advisors, LLC (FIA), an affiliate of Funds Management. 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, including at an in-person meeting in April 2016, 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 2016. 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 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, 2015. The Board considered these results in comparison to the performance of funds in a custom peer group that included funds selected by Broadridge Inc. (Broadridge) and additional funds that were 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 Broadridge and Funds Management to select the funds in the Custom Peer Group and discussed the limitations inherent in the use of other peer groups. The

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Other information (unaudited) Wells Fargo Multi-Sector Income Fund 35
Board noted that the performance of the Fund was lower than the average performance of the Custom Peer Group for all periods under review except the ten-year period. The Board also noted that the performance of the Fund was higher than its benchmark, the ERC 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 the one-year period.

The Board also received and considered information regarding the Fund's net operating expense ratio and its various components, including actual management fees, and custodian and other non-management fees. The Board considered this ratio in comparison to the median ratio of funds in an expense group that was determined by Broadridge to be similar to the Fund (the Group). Broadridge is an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the funds in the expense Group and an explanation of how funds comprising expense groups and their expense ratios may vary from year-to-year. Based on the Broadridge 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.

The Board took into account the Fund performance and expense information provided to it among the factors considered in deciding to re-approve 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 was 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 also received and considered information concerning the profitability of the Sub-Advisers from providing services to the fund family as a whole, noting that the Sub-Advisers' profitability information with respect to providing services to the Fund was subsumed in the Wells Fargo and Funds Management profitability analysis.

Funds Management reported on the methodologies and estimates 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 or Wells Fargo from its services to the Fund 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 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.

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|--|-------------------------------|
| 36 Wells Fargo Multi-Sector Income Fund | Other information (unaudited) |
| 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 WellsCap 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

At the Meeting, 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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Automatic dividend reinvestment plan

Wells Fargo Multi-Sector Income Fund 37

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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38 Wells Fargo Multi-Sector Income Fund List of abbreviations
 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 | Colombian 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 |
| LIFER | Long Inverse Floating Exempt Receipts |
| 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 |
| SDR | Swedish depositary receipt |
| SEK | Swedish krona |
| SFHR | Single-family housing revenue |
| SFMR | Single-family mortgage revenue |
| SGD | Singapore dollar |
| SPA | Standby purchase agreement |
| SPDR | Standard & Poor's Depositary Receipts |
| SPEAR | Short Puttable Exempt Adjustable 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: wellsfargofunds.com

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NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

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Table of Contents**ITEM 2. CODE OF ETHICS**

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

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

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

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

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

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

| | Fiscal year ended October 31, 2016 | Fiscal year ended October 31, 2015 |
|-------------------------|---|---|
| Audit fees | \$ 53,992 | \$ 50,150 |
| Audit-related fees | | |
| Tax fees ⁽¹⁾ | 3,945 | 4,030 |
| All other fees | | |
| | \$ 57,937 | \$ 54,180 |

⁽¹⁾ Tax fees consist of fees for tax compliance, tax advice, tax planning and excise tax.

(e) The Chairman of the Audit Committees is authorized to pre-approve: (1) audit services for the Wells Fargo Multi-Sector Income Fund; (2) non-audit tax or compliance consulting or training services provided to the Wells Fargo Multi-Sector Income Fund by the independent auditors (Auditors) if the fees for any particular engagement are not anticipated to exceed \$50,000; and (3) non-audit tax or compliance consulting or training services provided by the Auditors to Wells Fargo Multi-Sector Income Fund's investment adviser and its controlling entities (where pre-approval is required because the engagement relates directly to the operations and financial reporting of the Wells Fargo Multi-Sector Income Fund) if the fee to the Auditors for any particular engagement is not anticipated to exceed \$50,000. For any such pre-approval sought from the Chairman, Management shall prepare a brief description of the proposed services. If the Chairman approves of such service, he or she shall sign the statement prepared by

Management. Such written statement shall be presented to the full Committees at their next regularly scheduled meetings.

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(f) Not applicable

(g) Not applicable

(h) Not applicable

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

The entire Board of Trustees is acting as the registrant's audit committee. The following comprise the audit committee: William Ebsworth, Jane Freeman, Peter Gordon, Isaiah Harris, Jr., Judith Johnson, David Larcker, Olivia Mitchell, Timothy Penny and Michael Scofield.

ITEM 6. INVESTMENTS

Wells Fargo Multi-Sector Income Fund included a Summary Portfolio of Investments under Item 1. A Portfolio of Investments for Wells Fargo Multi-Sector Income Fund is filed under this Item.

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 1

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|--------------|--------------|
| Agency Securities: 2.40% | | | | |
| <i>FHLMC ±</i> | 3.77% | 9-1-2032 | \$ 1,166,855 | \$ 1,223,054 |
| <i>FHLMC</i> | 8.50 | 7-1-2028 | 48,055 | 58,793 |
| <i>FHLMC</i> | 8.50 | 3-1-2030 | 22,581 | 22,879 |
| <i>FHLMC Series 1383 ±</i> | 2.67 | 2-1-2037 | 355,914 | 377,278 |
| <i>FHLMC Series 196 Class A ±</i> | 1.33 | 12-15-2021 | 20,639 | 20,852 |
| <i>FHLMC Series 2011-K16 Class B 144A±</i> | 4.75 | 11-25-2046 | 1,000,000 | 1,095,974 |
| <i>FHLMC Series 2011-K701 Class B 144A±</i> | 4.44 | 7-25-2048 | 165,000 | 168,016 |
| <i>FHLMC Series 2011-K702 Class B 144A±</i> | 4.93 | 4-25-2044 | 740,000 | 766,957 |
| <i>FHLMC Series 2012-K17 Class B 144A±</i> | 4.49 | 12-25-2044 | 675,000 | 732,296 |
| <i>FHLMC Series 2012-K18 Class B 144A±</i> | 4.40 | 1-25-2045 | 810,000 | 875,468 |
| <i>FHLMC Series 2012-K501 Class C 144A±</i> | 3.33 | 11-25-2046 | 800,000 | 798,785 |
| <i>FHLMC Series 2012-K705 Class B 144A±</i> | 4.30 | 9-25-2044 | 1,000,000 | 1,038,258 |
| <i>FHLMC Series 2012-K706 Class B 144A±</i> | 4.17 | 11-25-2044 | 500,000 | 518,729 |
| <i>FHLMC Series 2012-K706 Class C 144A±</i> | 4.17 | 11-25-2044 | 805,000 | 824,118 |
| <i>FHLMC Series 2012-K707 Class B 144A±</i> | 4.02 | 1-25-2047 | 930,000 | 964,676 |
| <i>FHLMC Series 2012-K709 Class B 144A±</i> | 3.87 | 4-25-2045 | 1,000,000 | 1,028,823 |
| <i>FHLMC Series 2012-K711 Class B 144A±</i> | 3.68 | 8-25-2045 | 264,000 | 271,686 |
| <i>FHLMC Series 2013-K30 Class B 144A±</i> | 3.67 | 6-25-2045 | 700,000 | 727,860 |
| <i>FHLMC Series 2013-K713 Class B 144A±</i> | 3.27 | 4-25-2046 | 1,000,000 | 1,023,329 |
| <i>FHLMC Series 2390 Class FD ±</i> | 0.98 | 12-15-2031 | 22,365 | 22,385 |
| <i>FHLMC Series 2567 Class FH ±</i> | 0.92 | 2-15-2033 | 70,072 | 70,139 |
| <i>FHLMC Series K007 Class XI ±(c)</i> | 1.14 | 4-25-2020 | 918,614 | 25,022 |
| <i>FHLMC Series K016 Class XI ±(c)</i> | 1.54 | 10-25-2021 | 372,783 | 23,564 |
| <i>FHLMC Series K020 Class XI ±(c)</i> | 1.44 | 5-25-2022 | 6,617,061 | 434,256 |
| <i>FNMA ±</i> | 2.52 | 9-1-2037 | 492,687 | 519,261 |
| <i>FNMA</i> | 6.00 | 4-1-2033 | 64,075 | 66,847 |
| <i>FNMA</i> | 7.50 | 10-1-2028 | 860 | 863 |
| <i>FNMA</i> | 7.50 | 2-1-2030 | 29,030 | 29,310 |
| <i>FNMA</i> | 7.50 | 9-1-2030 | 73,036 | 76,576 |
| <i>FNMA</i> | 8.00 | 6-1-2030 | 1,532 | 1,537 |
| <i>FNMA Series 1996-46 Class FA ±</i> | 1.02 | 8-25-2021 | 12,232 | 12,300 |
| <i>FNMA Series 1997-20 Class IO ±(c)</i> | 1.84 | 3-25-2027 | 964,940 | 31,010 |
| <i>FNMA Series 2001-25 Class Z</i> | 6.00 | 6-25-2031 | 143,580 | 161,888 |
| <i>FNMA Series 2001-35 Class F ±</i> | 1.12 | 7-25-2031 | 6,242 | 6,336 |
| <i>FNMA Series 2001-57 Class F ±</i> | 1.02 | 6-25-2031 | 6,285 | 6,312 |
| <i>FNMA Series 2002-77 Class FH ±</i> | 0.93 | 12-18-2032 | 46,040 | 46,076 |

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| | | | | |
|--|------|------------|--------|------------|
| <i>FNMA Series 2002-97 Class FR ±</i> | 1.07 | 1-25-2033 | 10,943 | 11,078 |
| <i>FNMA Series G91-16 Class F ±</i> | 0.97 | 6-25-2021 | 11,141 | 11,202 |
| <i>FNMA Series G92-17 Class F ±</i> | 1.57 | 3-25-2022 | 45,194 | 45,900 |
| <i>GNMA</i> | 6.50 | 6-15-2028 | 28,414 | 32,666 |
| <i>GNMA</i> | 7.25 | 8-15-2017 | 1,310 | 1,313 |
| <i>GNMA</i> | 7.25 | 8-15-2017 | 2,311 | 2,317 |
| <i>GNMA</i> | 7.25 | 9-15-2017 | 5,105 | 5,143 |
| <i>GNMA</i> | 7.25 | 10-15-2017 | 8,430 | 8,484 |
| <i>GNMA</i> | 7.25 | 10-15-2017 | 2,559 | 2,574 |
| <i>GNMA</i> | 7.25 | 11-15-2017 | 1,455 | 1,458 |
| <i>GNMA</i> | 7.25 | 1-15-2018 | 3,447 | 3,457 |
| <i>GNMA</i> | 7.25 | 2-15-2018 | 6,585 | 6,642 |
| <i>GNMA</i> | 7.25 | 5-15-2018 | 4,114 | 4,126 |
| Total Agency Securities (Cost \$13,364,030) | | | | 14,207,873 |

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2 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|--------------|------------|
| Asset-Backed Securities: 0.10% | | | | |
| <i>CVS Pass-Through Trust Series T</i> | 6.04% | 12-10-2028 | \$ 528,619 | \$ 614,130 |
| Total Asset-Backed Securities (Cost \$591,768) | | | | 614,130 |
| Shares | | | | |
| Common Stocks: 0.09% | | | | |
| Energy: 0.09% | | | | |
| Oil, Gas & Consumable Fuels: 0.09% | | | | |
| <i>Swift Energy Company (i)</i> | | | 16,549 | 529,568 |
| Materials: 0.00% | | | | |
| Chemicals: 0.00% | | | | |
| <i>LyondellBasell Industries NV Class A</i> | | | 9 | 716 |
| Total Common Stocks (Cost \$4,298,197) | | | | 530,284 |
| Principal | | | | |
| Corporate Bonds and Notes: 73.02% | | | | |
| Consumer Discretionary: 13.34% | | | | |
| Auto Components: 1.09% | | | | |
| <i>Allison Transmission Incorporated 144A</i> | 5.00 | 10-1-2024 | \$ 2,950,000 | 3,009,000 |
| <i>Cooper Tire & Rubber Company (i)</i> | 7.63 | 3-15-2027 | 1,680,000 | 1,835,400 |
| <i>Cooper Tire & Rubber Company (i)</i> | 8.00 | 12-15-2019 | 550,000 | 621,500 |
| <i>Goodyear Tire & Rubber Company</i> | 7.00 | 5-15-2022 | 400,000 | 420,500 |
| <i>Goodyear Tire & Rubber Company</i> | 8.75 | 8-15-2020 | 468,000 | 560,430 |
| | | | | 6,446,830 |
| Distributors: 0.16% | | | | |

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| | | | | |
|---|------|------------|-----------|------------|
| <i>LKQ Corporation</i> | 4.75 | 5-15-2023 | 900,000 | 923,625 |
| Diversified Consumer Services: 0.81% | | | | |
| <i>Service Corporation International</i> | 7.50 | 4-1-2027 | 2,993,000 | 3,501,810 |
| <i>Service Corporation International</i> | 7.63 | 10-1-2018 | 680,000 | 749,700 |
| <i>Service Corporation International</i> | 8.00 | 11-15-2021 | 475,000 | 562,875 |
| | | | | 4,814,385 |
| Hotels, Restaurants & Leisure: 2.43% | | | | |
| <i>Brinker International Incorporated 144A</i> | 5.00 | 10-1-2024 | 875,000 | 883,750 |
| <i>CCM Merger Incorporated 144A</i> | 9.13 | 5-1-2019 | 4,560,000 | 4,765,200 |
| <i>Greektown Holdings LLC 144A</i> | 8.88 | 3-15-2019 | 7,625,000 | 8,063,438 |
| <i>Hilton Worldwide Finance LLC</i> | 5.63 | 10-15-2021 | 195,000 | 200,850 |
| <i>Speedway Motorsports Incorporated</i> | 5.13 | 2-1-2023 | 425,000 | 428,090 |
| | | | | 14,341,328 |
| Household Durables: 0.23% | | | | |
| <i>American Greetings Corporation</i> | 7.38 | 12-1-2021 | 625,000 | 640,625 |
| <i>Tempur Sealy International Incorporated</i> | 5.50 | 6-15-2026 | 575,000 | 592,250 |
| <i>Tempur Sealy International Incorporated</i> | 5.63 | 10-15-2023 | 105,000 | 108,675 |
| | | | | 1,341,550 |

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 3

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Internet & Direct Marketing Retail: 0.14% | | | | |
| <i>Expedia Incorporated</i> | 5.95% | 8-15-2020 | \$ 750,000 | \$ 841,088 |
| Leisure Products: 0.11% | | | | |
| <i>Vista Outdoor Incorporated</i> | 5.88 | 10-1-2023 | 600,000 | 630,060 |
| Media: 6.75% | | | | |
| <i>Altice US Finance I Corporation 144A</i> | 5.38 | 7-15-2023 | 1,395,000 | 1,433,363 |
| <i>Altice US Finance I Corporation 144A</i> | 5.50 | 5-15-2026 | 1,275,000 | 1,300,500 |
| <i>AMC Entertainment Holdings Incorporated 144A</i> | 5.88 | 11-15-2026 | 925,000 | 931,938 |
| <i>Cablevision Systems Corporation</i> | 8.63 | 9-15-2017 | 1,310,000 | 1,368,950 |
| <i>CBS Radio Incorporated 144A</i> | 7.25 | 11-1-2024 | 45,000 | 46,744 |
| <i>CCO Holdings LLC</i> | 5.13 | 2-15-2023 | 300,000 | 310,500 |
| <i>CCO Holdings LLC 144A</i> | 5.13 | 5-1-2023 | 1,780,000 | 1,842,300 |
| <i>CCO Holdings LLC</i> | 5.25 | 9-30-2022 | 1,250,000 | 1,301,563 |
| <i>CCO Holdings LLC 144A</i> | 5.38 | 5-1-2025 | 4,150,000 | 4,264,125 |
| <i>CCO Holdings LLC 144A</i> | 5.50 | 5-1-2026 | 215,000 | 220,913 |
| <i>CCO Holdings LLC 144A</i> | 5.75 | 2-15-2026 | 3,375,000 | 3,516,328 |
| <i>CCO Holdings LLC 144A</i> | 5.88 | 4-1-2024 | 1,250,000 | 1,318,750 |
| <i>CCO Holdings LLC</i> | 6.63 | 1-31-2022 | 775,000 | 807,938 |
| <i>Cequel Communications Holdings I LLC 144A</i> | 7.75 | 7-15-2025 | 2,030,000 | 2,172,100 |
| <i>Cinemark USA Incorporated</i> | 4.88 | 6-1-2023 | 325,000 | 325,406 |
| <i>CSC Holdings LLC</i> | 7.88 | 2-15-2018 | 1,000,000 | 1,067,500 |
| <i>CSC Holdings LLC</i> | 8.63 | 2-15-2019 | 383,000 | 427,282 |
| <i>EMI Music Publishing 144A</i> | 7.63 | 6-15-2024 | 525,000 | 567,000 |
| <i>Gray Television Incorporated 144A</i> | 5.13 | 10-15-2024 | 1,450,000 | 1,406,500 |
| <i>Gray Television Incorporated 144A</i> | 5.88 | 7-15-2026 | 3,875,000 | 3,855,625 |
| <i>Interpublic Group of Companies</i> | 4.00 | 3-15-2022 | 750,000 | 796,248 |
| <i>Lamar Media Corporation</i> | 5.88 | 2-1-2022 | 690,000 | 714,150 |
| <i>LIN Television Corporation</i> | 6.38 | 1-15-2021 | 275,000 | 283,594 |
| <i>Live Nation Entertainment Incorporated 144A</i> | 4.88 | 11-1-2024 | 1,400,000 | 1,396,500 |
| <i>Live Nation Entertainment Incorporated 144A</i> | 7.00 | 9-1-2020 | 200,000 | 207,640 |
| <i>National CineMedia LLC 144A</i> | 5.75 | 8-15-2026 | 925,000 | 952,750 |
| <i>National CineMedia LLC</i> | 6.00 | 4-15-2022 | 1,725,000 | 1,794,000 |

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| | | | | |
|--|------|------------|-----------|------------|
| <i>Nexstar Broadcasting Group Incorporated</i> | | | | |
| <i>144A</i> | 5.63 | 8-1-2024 | 850,000 | 843,625 |
| <i>Nexstar Broadcasting Group Incorporated</i> | | | | |
| <i>144A</i> | 6.13 | 2-15-2022 | 950,000 | 973,750 |
| <i>Nexstar Broadcasting Group Incorporated</i> | 6.88 | 11-15-2020 | 1,750,000 | 1,813,438 |
| <i>Outfront Media Capital Corporation</i> | 5.63 | 2-15-2024 | 20,000 | 20,800 |
| <i>Outfront Media Capital Corporation</i> | 5.88 | 3-15-2025 | 775,000 | 809,875 |
| <i>Time Warner Cable Incorporated</i> | 4.00 | 1-15-2022 | 750,000 | 802,929 |
| | | | | 39,894,624 |
| Multiline Retail: 0.11% | | | | |
| <i>Macy's Retail Holdings Incorporated</i> | 3.88 | 1-15-2022 | 600,000 | 626,477 |
| Specialty Retail: 1.43% | | | | |
| <i>Advance Auto Parts Incorporated</i> | 4.50 | 1-15-2022 | 600,000 | 643,310 |
| <i>Asbury Automotive Group Incorporated</i> | 6.00 | 12-15-2024 | 1,175,000 | 1,210,250 |
| <i>Century Intermediate Holding Company (PIK at 10.50%) 144A</i> | 9.75 | 2-15-2019 | 300,000 | 304,125 |
| <i>L Brands Incorporated</i> | 6.63 | 4-1-2021 | 750,000 | 862,500 |
| <i>Penske Auto Group Incorporated</i> | 5.38 | 12-1-2024 | 2,150,000 | 2,160,750 |

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4 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|--------------|--------------|
| Specialty Retail (continued) | | | | |
| <i>Penske Auto Group Incorporated</i> | 5.75% | 10-1-2022 | \$ 1,155,000 | \$ 1,196,869 |
| <i>Sonic Automotive Incorporated</i> | 5.00 | 5-15-2023 | 1,224,000 | 1,196,460 |
| <i>Sonic Automotive Incorporated</i> | 7.00 | 7-15-2022 | 825,000 | 867,281 |
| | | | | 8,441,545 |
| Textiles, Apparel & Luxury Goods: 0.08% | | | | |
| <i>Wolverine World Wide Company 144A</i> | 5.00 | 9-1-2026 | 500,000 | 500,000 |
| Consumer Staples: 1.31% | | | | |
| Beverages: 0.14% | | | | |
| <i>Cott Beverages Incorporated</i> | 6.75 | 1-1-2020 | 790,000 | 820,613 |
| Food & Staples Retailing: 0.11% | | | | |
| <i>SABMiller Holdings Incorporated 144A</i> | 3.75 | 1-15-2022 | 600,000 | 644,031 |
| Food Products: 0.89% | | | | |
| <i>B&G Foods Incorporated</i> | 4.63 | 6-1-2021 | 300,000 | 308,250 |
| <i>Darling Ingredients Incorporated</i> | 5.38 | 1-15-2022 | 180,000 | 187,650 |
| <i>Kraft Foods Group Incorporated</i> | 3.50 | 6-6-2022 | 750,000 | 792,008 |
| <i>Pilgrim's Pride Corporation 144A</i> | 5.75 | 3-15-2025 | 1,130,000 | 1,155,425 |
| <i>Pinnacle Foods Incorporated 144A</i> | 5.63 | 5-1-2024 | 325,000 | 326,300 |
| <i>Pinnacle Foods Incorporated</i> | 5.88 | 1-15-2024 | 75,000 | 80,391 |
| <i>Post Holdings Incorporated 144A</i> | 5.00 | 8-15-2026 | 700,000 | 679,000 |
| <i>Prestige Brands Incorporated 144A</i> | 6.38 | 3-1-2024 | 130,000 | 138,125 |
| <i>Simmons Foods Incorporated 144A</i> | 7.88 | 10-1-2021 | 1,100,000 | 1,108,250 |
| <i>TreeHouse Foods Incorporated 144A</i> | 6.00 | 2-15-2024 | 50,000 | 53,700 |
| <i>US Foods Incorporated 144A</i> | 5.88 | 6-15-2024 | 410,000 | 429,475 |
| | | | | 5,258,574 |
| Household Products: 0.04% | | | | |
| <i>Central Garden & Pet Company</i> | 6.13 | 11-15-2023 | 250,000 | 268,125 |

Tobacco: 0.13%

| | | | | |
|---------------------------------------|------|----------|---------|---------|
| <i>Reynolds American Incorporated</i> | 6.88 | 5-1-2020 | 650,000 | 755,576 |
|---------------------------------------|------|----------|---------|---------|

Energy: 19.02%**Energy Equipment & Services: 5.60%**

| | | | | |
|--|------|------------|-----------|------------|
| <i>Bristow Group Incorporated</i> | 6.25 | 10-15-2022 | 4,480,000 | 3,572,800 |
| <i>Cleaver Brooks Incorporated 144A</i> | 8.75 | 12-15-2019 | 95,000 | 99,275 |
| <i>Era Group Incorporated</i> | 7.75 | 12-15-2022 | 2,350,000 | 2,091,500 |
| <i>Hilcorp Energy Company 144A</i> | 5.00 | 12-1-2024 | 1,450,000 | 1,413,750 |
| <i>Hilcorp Energy Company 144A</i> | 5.75 | 10-1-2025 | 1,375,000 | 1,378,438 |
| <i>Hilcorp Energy Company 144A</i> | 7.63 | 4-15-2021 | 325,000 | 333,125 |
| <i>Holly Energy Partners LP 144A</i> | 6.00 | 8-1-2024 | 650,000 | 676,000 |
| <i>Hornbeck Offshore Services Incorporated</i> | 1.50 | 9-1-2019 | 2,325,000 | 1,448,766 |
| <i>Hornbeck Offshore Services Incorporated</i> | 5.00 | 3-1-2021 | 4,025,000 | 2,394,875 |
| <i>Hornbeck Offshore Services Incorporated</i> | 5.88 | 4-1-2020 | 1,860,000 | 1,199,700 |
| <i>NGPL PipeCo LLC 144A</i> | 7.12 | 12-15-2017 | 2,060,000 | 2,146,907 |
| <i>NGPL PipeCo LLC 144A</i> | 7.77 | 12-15-2037 | 9,490,000 | 10,391,550 |
| <i>NGPL PipeCo LLC 144A</i> | 9.63 | 6-1-2019 | 435,000 | 456,750 |
| <i>PHI Incorporated</i> | 5.25 | 3-15-2019 | 5,675,000 | 5,462,188 |
| | | | | 33,065,624 |

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 5

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|------------|------------|
| Oil, Gas & Consumable Fuels: 13.42% | | | | |
| <i>Continental Resources Incorporated</i> | 5.00% | 9-15-2022 | \$ 825,000 | \$ 812,625 |
| <i>Crestwood Midstream Partners LP</i> | 6.13 | 3-1-2022 | 225,000 | 230,063 |
| <i>Crestwood Midstream Partners LP</i> | 6.25 | 4-1-2023 | 1,350,000 | 1,366,875 |
| <i>Denbury Resources Incorporated</i> | 4.63 | 7-15-2023 | 4,725,000 | 3,437,438 |
| <i>Denbury Resources Incorporated</i> | 5.50 | 5-1-2022 | 425,000 | 335,750 |
| <i>Denbury Resources Incorporated</i> | 6.38 | 8-15-2021 | 1,460,000 | 1,208,150 |
| <i>El Paso LLC</i> | 6.50 | 4-1-2020 | 750,000 | 841,394 |
| <i>Enable Midstream Partner LP</i> | 2.40 | 5-15-2019 | 2,350,000 | 2,318,259 |
| <i>Enable Midstream Partner LP</i> | 3.90 | 5-15-2024 | 1,750,000 | 1,647,266 |
| <i>Enable Midstream Partner LP</i> | 5.00 | 5-15-2044 | 275,000 | 230,457 |
| <i>Enable Oklahoma Intrastate Transmission LLC 144A</i> | 6.25 | 3-15-2020 | 250,000 | 269,934 |
| <i>Energy Transfer Partners LP</i> | 5.20 | 2-1-2022 | 750,000 | 822,109 |
| <i>EnLink Midstream LLC</i> | 4.15 | 6-1-2025 | 2,950,000 | 2,875,527 |
| <i>EnLink Midstream LLC</i> | 4.40 | 4-1-2024 | 3,200,000 | 3,184,605 |
| <i>Exterran Partners LP</i> | 6.00 | 4-1-2021 | 2,225,000 | 2,108,188 |
| <i>Gulfport Energy Corporation 144A</i> | 6.00 | 10-15-2024 | 300,000 | 305,250 |
| <i>Gulfport Energy Corporation</i> | 6.63 | 5-1-2023 | 2,200,000 | 2,310,000 |
| <i>Kinder Morgan Energy Partners LP</i> | 3.95 | 9-1-2022 | 750,000 | 785,426 |
| <i>Kinder Morgan Incorporated</i> | 6.50 | 9-15-2020 | 285,000 | 322,007 |
| <i>Kinder Morgan Incorporated (i)</i> | 7.42 | 2-15-2037 | 800,000 | 881,599 |
| <i>Kinder Morgan Incorporated</i> | 7.80 | 8-1-2031 | 1,850,000 | 2,294,181 |
| <i>Murphy Oil Corporation</i> | 4.70 | 12-1-2022 | 850,000 | 806,556 |
| <i>Murphy Oil Corporation</i> | 6.88 | 8-15-2024 | 850,000 | 896,940 |
| <i>Nabors Industries Incorporated</i> | 4.63 | 9-15-2021 | 750,000 | 738,679 |
| <i>Overseas Shipholding Group Incorporated</i> | 8.13 | 3-30-2018 | 2,275,000 | 2,388,750 |
| <i>PDC Energy Incorporated 144A</i> | 6.13 | 9-15-2024 | 575,000 | 598,000 |
| <i>Phillips 66</i> | 4.30 | 4-1-2022 | 625,000 | 686,611 |
| <i>Pioneer Natural Resources Company</i> | 3.95 | 7-15-2022 | 750,000 | 800,696 |
| <i>Rockies Express Pipeline LLC 144A</i> | 5.63 | 4-15-2020 | 4,450,000 | 4,666,938 |
| <i>Rockies Express Pipeline LLC 144A</i> | 6.88 | 4-15-2040 | 3,624,000 | 3,778,020 |
| <i>Rockies Express Pipeline LLC 144A</i> | 7.50 | 7-15-2038 | 2,390,000 | 2,569,250 |
| <i>Rose Rock Midstream LP</i> | 5.63 | 7-15-2022 | 1,200,000 | 1,146,000 |
| <i>Rose Rock Midstream LP</i> | 5.63 | 11-15-2023 | 825,000 | 792,000 |
| <i>Sabine Oil & Gas Corporation (i)(s)</i> | 7.25 | 6-15-2019 | 520,000 | 520 |
| <i>Sabine Oil & Gas Corporation (i)(s)</i> | 7.50 | 9-15-2020 | 3,500,000 | 3,500 |

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| | | | | |
|---|------|------------|-----------|-----------|
| <i>Sabine Pass Liquefaction LLC</i> | 5.63 | 2-1-2021 | 1,375,000 | 1,450,625 |
| <i>Sabine Pass Liquefaction LLC</i> | 5.63 | 4-15-2023 | 1,710,000 | 1,816,875 |
| <i>Sabine Pass Liquefaction LLC</i> | 5.63 | 3-1-2025 | 460,000 | 486,450 |
| <i>Sabine Pass Liquefaction LLC</i> | 5.75 | 5-15-2024 | 1,625,000 | 1,718,438 |
| <i>Sabine Pass Liquefaction LLC 144A</i> | 5.88 | 6-30-2026 | 625,000 | 673,563 |
| <i>Sabine Pass Liquefaction LLC</i> | 6.25 | 3-15-2022 | 3,550,000 | 3,887,250 |
| <i>Sabine Pass LNG LP</i> | 6.50 | 11-1-2020 | 2,845,000 | 2,947,079 |
| <i>Sabine Pass LNG LP</i> | 7.50 | 11-30-2016 | 1,325,000 | 1,330,433 |
| <i>SemGroup Corporation</i> | 7.50 | 6-15-2021 | 3,450,000 | 3,527,625 |
| <i>Southern Star Central Corporation 144A</i> | 5.13 | 7-15-2022 | 50,000 | 50,875 |
| <i>Southwestern Energy Company</i> | 4.10 | 3-15-2022 | 425,000 | 380,375 |
| <i>Swift Energy Company (a)(i)(s)</i> | 7.13 | 6-1-2017 | 5,696,000 | 0 |
| <i>Swift Energy Company (a)(i)(s)</i> | 8.88 | 1-15-2020 | 1,075,000 | 0 |
| <i>Tallgrass Energy Partners LP 144A</i> | 5.50 | 9-15-2024 | 4,400,000 | 4,378,000 |
| <i>Tesoro Logistics LP</i> | 6.13 | 10-15-2021 | 225,000 | 235,406 |
| <i>Tesoro Logistics LP</i> | 6.38 | 5-1-2024 | 450,000 | 484,875 |
| <i>Ultra Petroleum Corporation 144A(s)</i> | 5.75 | 12-15-2018 | 410,000 | 352,600 |

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6 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|--------------|--------------|
| Oil, Gas & Consumable Fuels (continued) | | | | |
| <i>Ultra Petroleum Corporation 144A(s)</i> | 6.13% | 10-1-2024 | \$ 6,325,000 | \$ 5,376,250 |
| <i>Western Gas Partners LP</i> | 4.00 | 7-1-2022 | 175,000 | 179,944 |
| <i>Western Gas Partners LP</i> | 5.38 | 6-1-2021 | 728,000 | 793,915 |
| <i>Williams Partners LP</i> | 3.35 | 8-15-2022 | 750,000 | 745,993 |
| | | | | 79,276,134 |
| Financials: 7.84% | | | | |
| Banks: 0.89% | | | | |
| <i>Bank of America Corporation</i> | 5.70 | 1-24-2022 | 250,000 | 288,834 |
| <i>CIT Group Incorporated</i> | 5.25 | 3-15-2018 | 100,000 | 103,566 |
| <i>CIT Group Incorporated 144A</i> | 5.50 | 2-15-2019 | 1,275,000 | 1,343,531 |
| <i>CIT Group Incorporated 144A</i> | 6.63 | 4-1-2018 | 550,000 | 577,500 |
| <i>Citigroup Incorporated</i> | 4.50 | 1-14-2022 | 250,000 | 274,462 |
| <i>Citigroup Incorporated</i> | 6.00 | 8-15-2017 | 650,000 | 672,864 |
| <i>City National Bank</i> | 5.38 | 7-15-2022 | 500,000 | 573,839 |
| <i>HSBC Bank USA</i> | 6.00 | 8-9-2017 | 650,000 | 672,391 |
| <i>JPMorgan Chase & Company</i> | 3.38 | 5-1-2023 | 750,000 | 769,531 |
| | | | | 5,276,518 |
| Capital Markets: 1.04% | | | | |
| <i>ACE Securities Corporation ±</i> | 3.15 | 6-25-2033 | 367,806 | 363,571 |
| <i>Blackstone Holdings Finance Company LLC 144A</i> | 5.88 | 3-15-2021 | 750,000 | 862,085 |
| <i>Goldman Sachs Group Incorporated</i> | 5.75 | 1-24-2022 | 750,000 | 867,254 |
| <i>Jefferies Finance LLC 144A</i> | 6.88 | 4-15-2022 | 3,560,000 | 3,364,200 |
| <i>Neuberger Berman Group LLC 144A</i> | 5.88 | 3-15-2022 | 650,000 | 676,813 |
| | | | | 6,133,923 |
| Consumer Finance: 2.92% | | | | |
| <i>Ally Financial Incorporated</i> | 8.00 | 12-31-2018 | 780,000 | 856,050 |
| <i>Ally Financial Incorporated</i> | 8.00 | 3-15-2020 | 755,000 | 855,038 |
| <i>Discover Financial Services</i> | 5.20 | 4-27-2022 | 750,000 | 828,920 |
| <i>Ford Motor Credit Company LLC</i> | 5.00 | 5-15-2018 | 650,000 | 680,414 |

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| | | | | |
|--|------|------------|-----------|------------|
| <i>Ford Motor Credit Company LLC</i> | 8.00 | 12-15-2016 | 250,000 | 251,938 |
| <i>General Motors Financial Company</i> | 3.70 | 5-9-2023 | 750,000 | 760,139 |
| <i>Navient Corporation</i> | 8.00 | 3-25-2020 | 1,930,000 | 2,091,638 |
| <i>SLM Corporation</i> | 8.45 | 6-15-2018 | 1,675,000 | 1,812,551 |
| <i>Springleaf Finance Corporation</i> | 6.00 | 6-1-2020 | 1,735,000 | 1,750,181 |
| <i>Springleaf Finance Corporation</i> | 6.50 | 9-15-2017 | 200,000 | 206,750 |
| <i>Springleaf Finance Corporation</i> | 6.90 | 12-15-2017 | 4,550,000 | 4,766,125 |
| <i>Springleaf Finance Corporation</i> | 7.75 | 10-1-2021 | 975,000 | 1,011,953 |
| <i>Springleaf Finance Corporation</i> | 8.25 | 12-15-2020 | 175,000 | 189,473 |
| <i>Springleaf Finance Corporation</i> | 8.25 | 10-1-2023 | 1,160,000 | 1,200,600 |
| | | | | 17,261,770 |
| Diversified Financial Services: 1.10% | | | | |
| <i>General Electric Capital Corporation</i> | 4.65 | 10-17-2021 | 187,000 | 211,924 |
| <i>Infinity Acquisition LLC 144A(i)</i> | 7.25 | 8-1-2022 | 1,735,000 | 1,500,775 |
| <i>ING US Incorporated</i> | 5.50 | 7-15-2022 | 750,000 | 840,319 |
| <i>Moody s Corporation</i> | 5.50 | 9-1-2020 | 1,302,000 | 1,460,985 |
| <i>NewStar Financial Incorporated</i> | 7.25 | 5-1-2020 | 2,450,000 | 2,450,000 |
| | | | | 6,464,003 |

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 7

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|------------|------------|
| Insurance: 1.89% | | | | |
| <i>American International Group Incorporated</i> | 4.88% | 6-1-2022 | \$ 750,000 | \$ 837,719 |
| <i>Endurance Specialty Holdings Limited</i> | 7.00 | 7-15-2034 | 575,000 | 694,711 |
| <i>Hartford Financial Services Group Incorporated</i> | 5.13 | 4-15-2022 | 650,000 | 735,601 |
| <i>Hub Holdings LLC (PIK at 8.88%) 144A</i> | 8.13 | 7-15-2019 | 1,950,000 | 1,901,250 |
| <i>Hub International Limited 144A</i> | 7.88 | 10-1-2021 | 3,950,000 | 4,048,750 |
| <i>Liberty Mutual Group Incorporated 144A</i> | 4.95 | 5-1-2022 | 750,000 | 840,811 |
| <i>ProAssurance Corporation</i> | 5.30 | 11-15-2023 | 750,000 | 794,204 |
| <i>Progressive Corporation ±</i> | 6.70 | 6-15-2067 | 600,000 | 592,500 |
| <i>W.R. Berkley Corporation</i> | 4.63 | 3-15-2022 | 650,000 | 707,045 |
| | | | | 11,152,591 |
| Health Care: 6.30% | | | | |
| Biotechnology: 0.14% | | | | |
| <i>Amgen Incorporated</i> | 3.63 | 5-15-2022 | 750,000 | 799,881 |
| Health Care Equipment & Supplies: 1.09% | | | | |
| <i>Crimson Merger Sub Incorporated 144A</i> | 6.63 | 5-15-2022 | 2,400,000 | 2,064,000 |
| <i>Hill-Rom Holdings Incorporated 144A</i> | 5.75 | 9-1-2023 | 200,000 | 210,000 |
| <i>Hologic Incorporated 144A</i> | 5.25 | 7-15-2022 | 670,000 | 708,592 |
| <i>Kinetics Concepts Incorporated 144A</i> | 7.88 | 2-15-2021 | 1,425,000 | 1,548,092 |
| <i>Surgery Center Holdings Company 144A</i> | 8.88 | 4-15-2021 | 1,800,000 | 1,917,000 |
| | | | | 6,447,684 |
| Health Care Providers & Services: 3.71% | | | | |
| <i>Acadia Healthcare Company Incorporated</i> | 6.50 | 3-1-2024 | 190,000 | 194,988 |
| <i>Centene Corporation</i> | 5.75 | 6-1-2017 | 1,000,000 | 1,017,500 |
| <i>Coventry Health Care Incorporated</i> | 5.45 | 6-15-2021 | 750,000 | 848,738 |
| <i>DaVita HealthCare Partners Incorporated</i> | 5.00 | 5-1-2025 | 445,000 | 429,425 |
| <i>DaVita HealthCare Partners Incorporated</i> | 5.75 | 8-15-2022 | 525,000 | 538,781 |
| <i>Express Scripts Holding Company</i> | 3.90 | 2-15-2022 | 665,000 | 710,380 |
| <i>HCA Incorporated</i> | 6.50 | 2-15-2020 | 1,875,000 | 2,075,391 |

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| | | | | |
|--|-------|------------|-----------|------------|
| <i>HealthSouth Corporation</i> | 5.75 | 9-15-2025 | 575,000 | 595,125 |
| <i>Humana Incorporated</i> | 7.20 | 6-15-2018 | 750,000 | 817,715 |
| <i>Mednax Incorporated 144A</i> | 5.25 | 12-1-2023 | 475,000 | 496,375 |
| <i>Molina Healthcare Incorporated</i> | 5.38 | 11-15-2022 | 475,000 | 494,295 |
| <i>MPH Acquisition Holdings LLC 144A</i> | 7.13 | 6-1-2024 | 1,475,000 | 1,578,103 |
| <i>MPT Operating Partnership LP</i> | 5.25 | 8-1-2026 | 1,250,000 | 1,275,000 |
| <i>MPT Operating Partnership LP</i> | 6.38 | 2-15-2022 | 1,075,000 | 1,115,313 |
| <i>MPT Operating Partnership LP</i> | 6.38 | 3-1-2024 | 110,000 | 118,525 |
| <i>Select Medical Corporation</i> | 6.38 | 6-1-2021 | 4,065,000 | 4,038,325 |
| <i>Team Health Incorporated 144A</i> | 7.25 | 12-15-2023 | 950,000 | 1,073,500 |
| <i>Tenet Healthcare Corporation</i> | 6.00 | 10-1-2020 | 1,475,000 | 1,563,500 |
| <i>Vizient Incorporated 144A</i> | 10.38 | 3-1-2024 | 2,650,000 | 2,954,750 |
| | | | | 21,935,729 |

Health Care Technology: 0.91%

| | | | | |
|---|-------|------------|-----------|-----------|
| <i>Change Healthcare Holdings Incorporated 144A</i> | 6.00 | 2-15-2021 | 500,000 | 525,000 |
| <i>Change Healthcare Holdings Incorporated</i> | 11.00 | 12-31-2019 | 4,400,000 | 4,620,000 |
| <i>Quintiles IMS Holdings Incorporated 144A</i> | 5.00 | 10-15-2026 | 225,000 | 232,313 |
| | | | | 5,377,313 |

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8 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Life Sciences Tools & Services: 0.14% | | | | |
| <i>Life Technologies Corporation</i> | 6.00% | 3-1-2020 | \$ 750,000 | \$ 832,995 |
| Pharmaceuticals: 0.31% | | | | |
| <i>Endo Finance LLC 144A</i> | 5.38 | 1-15-2023 | 375,000 | 318,750 |
| <i>Endo Finance LLC 144A</i> | 5.75 | 1-15-2022 | 715,000 | 643,500 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 7.25 | 7-15-2022 | 75,000 | 63,750 |
| <i>Watson Pharmaceuticals Incorporated</i> | 3.25 | 10-1-2022 | 750,000 | 770,451 |
| | | | | 1,796,451 |
| Industrials: 4.02% | | | | |
| Aerospace & Defense: 0.18% | | | | |
| <i>BAE Systems Holdings Incorporated 144A</i> | 3.80 | 10-7-2024 | 1,000,000 | 1,048,918 |
| Airlines: 0.36% | | | | |
| <i>Aviation Capital Group Corporation 144A</i> | 6.75 | 4-6-2021 | 1,320,000 | 1,566,127 |
| <i>Delta Air Lines Incorporated</i> | 4.75 | 11-7-2021 | 541,839 | 582,477 |
| | | | | 2,148,604 |
| Commercial Services & Supplies: 1.30% | | | | |
| <i>Advanced Disposal Services Incorporated 144A</i> | 5.63 | 11-15-2024 | 250,000 | 251,250 |
| <i>Aramark Services Incorporated 144A</i> | 5.13 | 1-15-2024 | 475,000 | 497,563 |
| <i>Aramark Services Incorporated</i> | 5.13 | 1-15-2024 | 120,000 | 125,700 |
| <i>Covanta Holding Corporation</i> | 5.88 | 3-1-2024 | 2,260,000 | 2,203,500 |
| <i>Covanta Holding Corporation</i> | 6.38 | 10-1-2022 | 1,500,000 | 1,526,250 |
| <i>Covanta Holding Corporation</i> | 7.25 | 12-1-2020 | 1,480,000 | 1,518,850 |
| <i>Penske Truck Leasing Company 144A</i> | 3.75 | 5-11-2017 | 750,000 | 759,111 |
| <i>Republic Services Incorporated</i> | 3.55 | 6-1-2022 | 750,000 | 800,918 |
| | | | | 7,683,142 |

Construction & Engineering: 0.50%

| | | | | |
|--------------|------|------------|-----------|-----------|
| <i>AECOM</i> | 5.75 | 10-15-2022 | 215,000 | 225,660 |
| <i>AECOM</i> | 5.88 | 10-15-2024 | 2,610,000 | 2,756,813 |
| | | | | 2,982,473 |

Professional Services: 0.15%

| | | | | |
|--|------|-----------|---------|---------|
| <i>Ascent Capital Group Incorporated</i> | 4.00 | 7-15-2020 | 375,000 | 271,406 |
| <i>Verisk Analytics Incorporated</i> | 5.80 | 5-1-2021 | 530,000 | 603,450 |
| | | | | 874,856 |

Road & Rail: 0.11%

| | | | | |
|-------------------------|------|-----------|---------|---------|
| <i>TTX Company 144A</i> | 2.60 | 6-15-2020 | 650,000 | 658,799 |
|-------------------------|------|-----------|---------|---------|

Trading Companies & Distributors: 1.42%

| | | | | |
|---|------|-----------|-----------|-----------|
| <i>Ashtead Capital Incorporated 144A</i> | 6.50 | 7-15-2022 | 4,650,000 | 4,876,688 |
| <i>H&E Equipment Services Incorporated</i> | 7.00 | 9-1-2022 | 3,250,000 | 3,419,000 |
| <i>International Lease Finance Corporation 144A</i> | 7.13 | 9-1-2018 | 75,000 | 81,656 |
| | | | | 8,377,344 |

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 9

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|--------------|--------------|
| Information Technology: 5.84% | | | | |
| Communications Equipment: 0.33% | | | | |
| <i>CommScope Technologies Finance LLC 144A</i> | 6.00% | 6-15-2025 | \$ 1,100,000 | \$ 1,155,000 |
| <i>Motorola Solutions Incorporated</i> | 3.75 | 5-15-2022 | 750,000 | 771,199 |
| | | | | 1,926,199 |
| Electronic Equipment, Instruments & Components: 1.37% | | | | |
| <i>Jabil Circuit Incorporated</i> | 8.25 | 3-15-2018 | 5,275,000 | 5,697,000 |
| <i>L-3 Communications Corporation</i> | 4.95 | 2-15-2021 | 750,000 | 821,034 |
| <i>Zebra Technologies Corporation</i> | 7.25 | 10-15-2022 | 1,450,000 | 1,562,375 |
| | | | | 8,080,409 |
| Internet Software & Services: 0.23% | | | | |
| <i>Infor Software Parent LLC</i> | 6.50 | 5-15-2022 | 550,000 | 569,250 |
| <i>Infor Software Parent LLC (PIK at 7.88%) 144A</i> | 7.13 | 5-1-2021 | 550,000 | 558,078 |
| <i>Zayo Group LLC</i> | 6.00 | 4-1-2023 | 75,000 | 78,844 |
| <i>Zayo Group LLC</i> | 6.38 | 5-15-2025 | 175,000 | 183,969 |
| | | | | 1,390,141 |
| IT Services: 0.23% | | | | |
| <i>First Data Corporation 144A</i> | 5.00 | 1-15-2024 | 420,000 | 425,250 |
| <i>First Data Corporation 144A</i> | 5.75 | 1-15-2024 | 320,000 | 325,600 |
| <i>First Data Corporation 144A</i> | 6.75 | 11-1-2020 | 585,000 | 605,475 |
| | | | | 1,356,325 |
| Semiconductors & Semiconductor Equipment: 0.66% | | | | |
| <i>Micron Technology Incorporated 144A</i> | 5.25 | 8-1-2023 | 375,000 | 367,500 |
| <i>Micron Technology Incorporated 144A</i> | 5.25 | 1-15-2024 | 700,000 | 682,500 |
| <i>Micron Technology Incorporated</i> | 5.50 | 2-1-2025 | 1,100,000 | 1,075,976 |

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| | | | | |
|--|------|-----------|---------|-----------|
| <i>Micron Technology Incorporated 144A</i> | 5.63 | 1-15-2026 | 900,000 | 873,000 |
| <i>Micron Technology Incorporated</i> | 5.88 | 2-15-2022 | 850,000 | 877,965 |
| | | | | 3,876,941 |

Software: 0.43%

| | | | | |
|--|------|------------|-----------|-----------|
| <i>Activision Blizzard Incorporated 144A</i> | 6.13 | 9-15-2023 | 175,000 | 192,719 |
| <i>Boxer Parent Company Incorporated (PIK at 9.75%) 144A</i> | 9.00 | 10-15-2019 | 1,460,000 | 1,335,900 |
| <i>CA Incorporated</i> | 5.38 | 12-1-2019 | 750,000 | 824,800 |
| <i>SS&C Technologies Incorporated</i> | 5.88 | 7-15-2023 | 200,000 | 209,500 |
| | | | | 2,562,919 |

Technology Hardware, Storage & Peripherals: 2.59%

| | | | | |
|---|------|------------|-----------|------------|
| <i>Diamond 1 Finance Corporation 144A</i> | 5.88 | 6-15-2021 | 2,825,000 | 2,962,640 |
| <i>Diamond 1 Finance Corporation 144A</i> | 7.13 | 6-15-2024 | 5,400,000 | 5,916,467 |
| <i>Hewlett-Packard Company</i> | 4.05 | 9-15-2022 | 750,000 | 791,504 |
| <i>NCR Corporation</i> | 5.88 | 12-15-2021 | 230,000 | 240,853 |
| <i>NCR Corporation</i> | 6.38 | 12-15-2023 | 5,125,000 | 5,419,688 |
| | | | | 15,331,152 |

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10 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|------------|------------|
| Materials: 1.64% | | | | |
| Chemicals: 0.20% | | | | |
| <i>Dow Chemical Company</i> | 4.13% | 11-15-2021 | \$ 750,000 | \$ 814,033 |
| <i>Valvoline Incorporated 144A</i> | 5.50 | 7-15-2024 | 375,000 | 395,625 |
| | | | | 1,209,658 |
| Containers & Packaging: 1.40% | | | | |
| <i>Ball Corporation</i> | 5.25 | 7-1-2025 | 190,000 | 202,350 |
| <i>Berry Plastics Corporation</i> | 5.13 | 7-15-2023 | 350,000 | 356,125 |
| <i>Berry Plastics Corporation</i> | 6.00 | 10-15-2022 | 215,000 | 227,765 |
| <i>Crown Cork & Seal Company Incorporated</i> | 7.38 | 12-15-2026 | 35,000 | 39,288 |
| <i>Crown Cork & Seal Company Incorporated (i)</i> | 7.50 | 12-15-2096 | 600,000 | 612,750 |
| <i>Owens-Brockway Glass Container Incorporated 144A</i> | 5.88 | 8-15-2023 | 425,000 | 452,891 |
| <i>Owens-Illinois Incorporated 144A</i> | 5.38 | 1-15-2025 | 575,000 | 592,250 |
| <i>Owens-Illinois Incorporated 144A</i> | 6.38 | 8-15-2025 | 2,950,000 | 3,237,625 |
| <i>Owens-Illinois Incorporated</i> | 7.80 | 5-15-2018 | 1,295,000 | 1,398,600 |
| <i>Sealed Air Corporation 144A</i> | 5.13 | 12-1-2024 | 1,100,000 | 1,166,000 |
| | | | | 8,285,644 |
| Metals & Mining: 0.04% | | | | |
| <i>Indalex Holdings Corporation (a)(i)(s)</i> | 11.50 | 2-1-2020 | 3,170,000 | 0 |
| <i>Kaiser Aluminum Corporation</i> | 5.88 | 5-15-2024 | 200,000 | 211,250 |
| | | | | 211,250 |
| Real Estate: 4.85% | | | | |
| Equity REITs: 4.27% | | | | |
| <i>Alexandria Real Estate Company</i> | 4.60 | 4-1-2022 | 650,000 | 705,124 |
| <i>American Tower Corporation</i> | 5.90 | 11-1-2021 | 650,000 | 751,680 |
| <i>Crown Castle International Corporation</i> | 4.88 | 4-15-2022 | 460,000 | 507,518 |
| <i>Crown Castle International Corporation</i> | 5.25 | 1-15-2023 | 95,000 | 106,154 |
| <i>DuPont Fabros Technology Incorporated LP</i> | 5.63 | 6-15-2023 | 2,975,000 | 3,131,188 |

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| | | | | |
|---|------|------------|-----------|------------|
| <i>DuPont Fabros Technology Incorporated LP</i> | 5.88 | 9-15-2021 | 4,655,000 | 4,876,113 |
| <i>Equinix Incorporated</i> | 5.88 | 1-15-2026 | 425,000 | 451,430 |
| <i>ESH Hospitality Incorporated 144A</i> | 5.25 | 5-1-2025 | 1,825,000 | 1,806,750 |
| <i>Essex Portfolio LP</i> | 3.63 | 8-15-2022 | 750,000 | 789,524 |
| <i>Health Care REIT Incorporated</i> | 5.25 | 1-15-2022 | 650,000 | 734,775 |
| <i>Iron Mountain Incorporated 144A</i> | 4.38 | 6-1-2021 | 1,175,000 | 1,213,188 |
| <i>Iron Mountain Incorporated 144A</i> | 5.38 | 6-1-2026 | 950,000 | 959,500 |
| <i>Iron Mountain Incorporated 144A</i> | 6.00 | 10-1-2020 | 230,000 | 243,513 |
| <i>Iron Mountain Incorporated</i> | 6.00 | 8-15-2023 | 2,960,000 | 3,145,000 |
| <i>Sabra Health Care Incorporated</i> | 5.38 | 6-1-2023 | 900,000 | 918,000 |
| <i>Sabra Health Care Incorporated</i> | 5.50 | 2-1-2021 | 1,100,000 | 1,146,750 |
| <i>The Geo Group Incorporated</i> | 5.13 | 4-1-2023 | 800,000 | 697,000 |
| <i>The Geo Group Incorporated</i> | 5.88 | 1-15-2022 | 1,565,000 | 1,475,013 |
| <i>The Geo Group Incorporated</i> | 5.88 | 10-15-2024 | 840,000 | 728,700 |
| <i>The Geo Group Incorporated</i> | 6.00 | 4-15-2026 | 184,000 | 158,700 |
| <i>Ventas Realty LP</i> | 4.25 | 3-1-2022 | 650,000 | 704,157 |
| | | | | 25,249,777 |

Real Estate Management & Development:

0.58%

| | | | | |
|------------------------------|------|-----------|-----------|-----------|
| <i>Onex Corporation 144A</i> | 7.75 | 1-15-2021 | 3,400,000 | 3,434,000 |
|------------------------------|------|-----------|-----------|-----------|

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 11

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Telecommunication Services: 6.32% | | | | |
| Diversified Telecommunication Services: 2.08% | | | | |
| <i>AT&T Incorporated</i> | 3.80% | 3-15-2022 | \$ 750,000 | \$ 789,608 |
| <i>CenturyLink Incorporated</i> | 5.80 | 3-15-2022 | 600,000 | 609,000 |
| <i>Citizens Communications Company</i> | 7.88 | 1-15-2027 | 355,000 | 311,513 |
| <i>Frontier Communications Corporation</i> | 8.13 | 10-1-2018 | 845,000 | 918,938 |
| <i>Frontier Communications Corporation</i> | 8.25 | 4-15-2017 | 1,040,000 | 1,071,200 |
| <i>Frontier Communications Corporation</i> | 8.50 | 4-15-2020 | 525,000 | 560,438 |
| <i>GCI Incorporated</i> | 6.75 | 6-1-2021 | 2,350,000 | 2,426,375 |
| <i>GCI Incorporated</i> | 6.88 | 4-15-2025 | 1,385,000 | 1,405,775 |
| <i>Level 3 Financing Incorporated</i> | 5.13 | 5-1-2023 | 975,000 | 984,750 |
| <i>Level 3 Financing Incorporated</i> | 5.38 | 8-15-2022 | 300,000 | 309,000 |
| <i>Level 3 Financing Incorporated</i> | 5.38 | 5-1-2025 | 975,000 | 989,625 |
| <i>Level 3 Financing Incorporated</i> | 5.63 | 2-1-2023 | 350,000 | 359,625 |
| <i>Level 3 Financing Incorporated</i> | 6.13 | 1-15-2021 | 175,000 | 180,906 |
| <i>Level 3 Financing Incorporated 144A</i> | 5.25 | 3-15-2026 | 650,000 | 658,125 |
| <i>Level 3 Financing Incorporated</i> | 5.38 | 1-15-2024 | 700,000 | 712,250 |
| | | | | 12,287,128 |
| Wireless Telecommunication Services: 4.24% | | | | |
| <i>Crown Castle Towers LLC 144A</i> | 6.11 | 1-15-2040 | 750,000 | 827,470 |
| <i>MetroPCS Wireless Incorporated</i> | 6.63 | 11-15-2020 | 3,300,000 | 3,399,000 |
| <i>SBA Communications Corporation</i> | 4.88 | 7-15-2022 | 640,000 | 649,664 |
| <i>SBA Communications Corporation 144A</i> | 4.88 | 9-1-2024 | 500,000 | 500,625 |
| <i>Sprint Capital Corporation</i> | 6.88 | 11-15-2028 | 6,500,000 | 5,957,659 |
| <i>Sprint Capital Corporation</i> | 8.75 | 3-15-2032 | 875,000 | 896,602 |
| <i>Sprint Communications Incorporated</i> | 7.00 | 8-15-2020 | 225,000 | 233,438 |
| <i>Syniverse Holdings Incorporated</i> | 9.13 | 1-15-2019 | 4,650,000 | 3,720,000 |
| <i>T-Mobile USA Incorporated</i> | 6.00 | 3-1-2023 | 300,000 | 315,750 |
| <i>T-Mobile USA Incorporated</i> | 6.13 | 1-15-2022 | 85,000 | 89,888 |
| <i>T-Mobile USA Incorporated</i> | 6.25 | 4-1-2021 | 165,000 | 171,806 |
| <i>T-Mobile USA Incorporated</i> | 6.38 | 3-1-2025 | 825,000 | 884,301 |
| <i>T-Mobile USA Incorporated</i> | 6.46 | 4-28-2019 | 160,000 | 162,600 |
| <i>T-Mobile USA Incorporated</i> | 6.50 | 1-15-2024 | 80,000 | 85,800 |

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| | | | | |
|----------------------------------|------|-----------|-----------|------------|
| <i>T-Mobile USA Incorporated</i> | 6.50 | 1-15-2026 | 500,000 | 551,250 |
| <i>T-Mobile USA Incorporated</i> | 6.54 | 4-28-2020 | 165,000 | 170,002 |
| <i>T-Mobile USA Incorporated</i> | 6.63 | 4-28-2021 | 925,000 | 966,047 |
| <i>T-Mobile USA Incorporated</i> | 6.63 | 4-1-2023 | 655,000 | 696,055 |
| <i>T-Mobile USA Incorporated</i> | 6.73 | 4-28-2022 | 3,490,000 | 3,655,775 |
| <i>T-Mobile USA Incorporated</i> | 6.84 | 4-28-2023 | 1,060,000 | 1,132,080 |
| | | | | 25,065,812 |

Utilities: 2.54%

Electric Utilities: 0.45%

| | | | | |
|---|------|------------|-----------|-----------|
| <i>Great Plains Energy Incorporated</i> | 4.85 | 6-1-2021 | 750,000 | 818,582 |
| <i>Otter Tail Corporation (i)</i> | 9.00 | 12-15-2016 | 1,835,000 | 1,849,065 |
| | | | | 2,667,647 |

Independent Power & Renewable

Electricity Producers: 1.85%

| | | | | |
|---------------------------------|------|-----------|---------|---------|
| <i>Calpine Corporation 144A</i> | 6.00 | 1-15-2022 | 515,000 | 538,335 |
| <i>Calpine Corporation 144A</i> | 7.88 | 1-15-2023 | 530,000 | 555,838 |

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12 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|--------------|--------------|
| Independent Power & Renewable Electricity Producers | | | | |
| (continued) | | | | |
| <i>NSG Holdings LLC 144A</i> | 7.75% | 12-15-2025 | \$ 2,316,942 | \$ 2,490,713 |
| <i>TerraForm Power Operating LLC 144A</i> | 9.38 | 2-1-2023 | 5,425,000 | 5,423,373 |
| <i>TerraForm Power Operating LLC 144A</i> | 9.63 | 6-15-2025 | 1,850,000 | 1,910,125 |
| | | | | 10,918,384 |
| Multi-Utilities: 0.24% | | | | |
| <i>Ameren Illinois Company</i> | 9.75 | 11-15-2018 | 500,000 | 581,389 |
| <i>CMS Energy Corporation</i> | 5.05 | 3-15-2022 | 750,000 | 848,381 |
| | | | | 1,429,770 |
| Total Corporate Bonds and Notes (Cost \$411,249,073) | | | | 431,426,339 |
| Foreign Corporate Bonds and Notes @ : 2.61% | | | | |
| Consumer Discretionary: 0.15% | | | | |
| Auto Components: 0.02% | | | | |
| <i>HP Pelzer Holding GmbH (EUR)</i> | 7.50 | 7-15-2021 | 100,000 | 117,415 |
| Internet & Direct Marketing Retail: 0.04% | | | | |
| <i>Priceline Group Incorporated (EUR)</i> | 2.38 | 9-23-2024 | 200,000 | 237,442 |
| Media: 0.09% | | | | |
| <i>Virgin Media Incorporated 144A (GBP)</i> | 5.50 | 9-15-2024 | 450,000 | 540,315 |
| Consumer Staples: 0.15% | | | | |
| Food Products: 0.15% | | | | |
| <i>BRF SA 144A (BRL)</i> | 7.75 | 5-22-2018 | 3,100,000 | 912,907 |

Energy: 0.25%**Energy Equipment & Services: 0.02%**

| | | | | |
|--------------------------------------|------|------------|---------|---------|
| <i>Rapid Holding GmbH 144A (EUR)</i> | 6.63 | 11-15-2020 | 100,000 | 114,484 |
|--------------------------------------|------|------------|---------|---------|

Oil, Gas & Consumable Fuels: 0.23%

| | | | | |
|---------------------------------------|------|-----------|------------|-----------|
| <i>Petroleos Mexicanos 144A (MXN)</i> | 7.19 | 9-12-2024 | 28,200,000 | 1,364,150 |
|---------------------------------------|------|-----------|------------|-----------|

Financials: 1.61%**Banks: 1.56%**

| | | | | |
|-----------------------|------|------------|-----------|-----------|
| <i>Eurofima (AUD)</i> | 6.25 | 12-28-2018 | 2,450,000 | 2,020,233 |
|-----------------------|------|------------|-----------|-----------|

| | | | | |
|---------------------------------------|------|-----------|------------|-----------|
| <i>European Investment Bank (ZAR)</i> | 9.00 | 3-31-2021 | 17,400,000 | 1,321,237 |
|---------------------------------------|------|-----------|------------|-----------|

| | | | | |
|------------------|------|-----------|------------|-----------|
| <i>KfW (TRY)</i> | 5.00 | 1-16-2017 | 11,400,000 | 3,647,411 |
|------------------|------|-----------|------------|-----------|

| | | | | |
|------------------|------|-----------|-----------|-----------|
| <i>KfW (AUD)</i> | 5.00 | 3-19-2024 | 1,300,000 | 1,138,896 |
|------------------|------|-----------|-----------|-----------|

| | | | | |
|---|------|-----------|------------|-----------|
| <i>Landwirtschaftliche Rentenbank (ZAR)</i> | 8.25 | 5-23-2022 | 15,000,000 | 1,107,778 |
|---|------|-----------|------------|-----------|

| | | | | |
|--|--|--|--|-----------|
| | | | | 9,235,555 |
|--|--|--|--|-----------|

Diversified Financial Services: 0.05%

| | | | | |
|--------------------------------------|------|-----------|---------|---------|
| <i>AA Bond Company Limited (GBP)</i> | 4.25 | 7-31-2043 | 200,000 | 260,977 |
|--------------------------------------|------|-----------|---------|---------|

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

| | | | | |
|------------------------------------|------|-----------|---------|---------|
| <i>Albemarle Corporation (EUR)</i> | 1.88 | 12-8-2021 | 600,000 | 693,725 |
|------------------------------------|------|-----------|---------|---------|

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 13

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|-----------------|------------|
| Telecommunication Services: 0.33% | | | | |
| Diversified Telecommunication Services: 0.07% | | | | |
| <i>Verizon Communications Incorporated (EUR)</i> | 3.25% | 2-17-2026 | 300,000 | \$ 391,614 |
| Wireless Telecommunication Services: 0.26% | | | | |
| <i>America Movil SAB de CV (MXN)</i> | 7.13 | 12-9-2024 | 28,850,000 | 1,533,396 |
| Total Foreign Corporate Bonds and Notes (Cost \$20,226,869) | | | | 15,401,980 |
| Foreign Government Bonds @: 23.26% | | | | |
| <i>Brazil (BRL)</i> | 10.00 | 1-1-2017 | 38,525,000 | 12,057,710 |
| <i>Brazil (BRL)</i> | 10.00 | 1-1-2025 | 32,800,000 | 9,555,891 |
| <i>Brazil (BRL)</i> | 10.00 | 1-1-2027 | 11,500,000 | 3,322,545 |
| <i>Colombia (COP)</i> | 7.00 | 9-11-2019 | 18,500,000,000 | 6,219,796 |
| <i>Colombia (COP)</i> | 7.00 | 5-4-2022 | 18,650,000,000 | 6,230,840 |
| <i>Colombia (COP)</i> | 7.50 | 8-26-2026 | 14,000,000,000 | 4,692,397 |
| <i>Colombia (COP)</i> | 7.75 | 4-14-2021 | 5,250,000,000 | 1,842,035 |
| <i>Hungary (HUF)</i> | 6.75 | 11-24-2017 | 1,305,000,000 | 4,948,594 |
| <i>Indonesia (IDR)</i> | 7.88 | 4-15-2019 | 133,640,000,000 | 10,512,238 |
| <i>Indonesia (IDR)</i> | 8.38 | 9-15-2026 | 110,000,000,000 | 8,969,527 |
| <i>Indonesia (IDR)</i> | 10.00 | 7-15-2017 | 50,000,000,000 | 3,942,803 |
| <i>Korea (KRW)</i> | 5.25 | 3-10-2027 | 2,830,000,000 | 3,305,005 |
| <i>Malaysia (MYR)</i> | 3.66 | 10-15-2020 | 20,700,000 | 4,986,341 |
| <i>Malaysia (MYR)</i> | 4.18 | 7-15-2024 | 19,850,000 | 4,878,709 |
| <i>Mexico (MXN)</i> | 4.75 | 6-14-2018 | 113,800,000 | 5,957,223 |
| <i>Mexico (MXN)</i> | 5.75 | 3-5-2026 | 152,000,000 | 7,757,034 |
| <i>Mexico (MXN)</i> | 6.50 | 6-10-2021 | 40,000,000 | 2,162,948 |
| <i>Mexico (MXN)</i> | 10.00 | 12-5-2024 | 62,120,000 | 4,087,280 |
| <i>Mexico (MXN)</i> | 10.00 | 12-5-2024 | 14,100,000 | 927,731 |
| <i>Queensland Treasury (AUD)</i> | 5.75 | 7-22-2024 | 4,100,000 | 3,829,164 |

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| | | | | | |
|---|------|------------|--|-------------|-----------|
| <i>Republic of South Africa (ZAR)</i> | 7.75 | 2-28-2023 | | 103,000,000 | 7,401,410 |
| <i>Republic of South Africa (ZAR)</i> | 8.00 | 12-21-2018 | | 129,000,000 | 9,603,235 |
| <i>State of New South Wales Australia (AUD)</i> | 5.00 | 8-20-2024 | | 3,900,000 | 3,525,370 |
| <i>Turkey (TRY)</i> | 6.30 | 2-14-2018 | | 7,325,000 | 2,292,724 |
| <i>Turkey (TRY)</i> | 9.00 | 3-8-2017 | | 13,600,000 | 4,402,941 |

**Total Foreign Government Bonds
(Cost \$157,944,241)**

137,411,491

Loans: 14.93%

Consumer Discretionary: 3.67%

Auto Components: 0.39%

| | | | | | |
|--|------|-----------|----|-----------|-----------|
| <i>Allison Transmission Incorporated ±</i> | 3.25 | 9-23-2022 | \$ | 1,904,748 | 1,917,739 |
| <i>Federal-Mogul Corporation ±</i> | 4.00 | 4-15-2018 | | 423,916 | 418,240 |
| | | | | | 2,335,979 |

Distributors: 0.50%

| | | | | | |
|-----------------------------------|------|------------|--|-----------|-----------|
| <i>Spin Holdco Incorporated ±</i> | 4.25 | 11-14-2019 | | 2,987,343 | 2,969,419 |
|-----------------------------------|------|------------|--|-----------|-----------|

**Hotels, Restaurants & Leisure:
0.45%**

| | | | | | |
|---|------|------------|--|-----------|-----------|
| <i>CCM Merger Incorporated ±</i> | 4.50 | 8-8-2021 | | 601,988 | 603,872 |
| <i>Four Seasons Holdings Incorporated ±%%<</i> | 6.25 | 12-27-2020 | | 2,025,000 | 2,038,932 |
| | | | | | 2,642,804 |

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14 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|--------------|--------------|
| Household Products: 0.18% | | | | |
| <i>Anchor Glass Container Corporation ±</i> | 4.75% | 7-1-2022 | \$ 1,050,366 | \$ 1,059,883 |
| Internet & Direct Marketing Retail: 0.86% | | | | |
| <i>Ancestry.com Incorporated ±</i> | 5.25 | 10-19-2023 | 3,005,000 | 3,009,688 |
| <i>Ancestry.com Incorporated ±</i> | 9.25 | 10-11-2024 | 2,025,000 | 2,050,313 |
| | | | | 5,060,001 |
| Leisure Products: 0.35% | | | | |
| <i>AMF Bowling Centers Incorporated ±</i> | 6.00 | 8-17-2023 | 1,711,926 | 1,702,648 |
| <i>Life Time Fitness Incorporated ±</i> | 4.25 | 6-10-2022 | 371,180 | 370,890 |
| | | | | 2,073,538 |
| Media: 0.80% | | | | |
| <i>Altice US Finance I Corporation ±</i> | 4.00 | 1-15-2025 | 519,084 | 520,511 |
| <i>Charter Communications Operating LLC ±</i> | 3.50 | 1-24-2023 | 915,400 | 920,609 |
| <i>Entercom Radio LLC ±</i> | 4.02 | 11-23-2018 | 966,049 | 969,266 |
| <i>Learfield Communications Incorporated ±</i> | 4.25 | 10-9-2020 | 1,650,468 | 1,649,775 |
| <i>Mission Broadcasting Incorporated ±%%<</i> | 0.00 | 9-26-2023 | 30,682 | 30,797 |
| <i>Mission Broadcasting Incorporated ±</i> | 3.75 | 10-1-2020 | 124,270 | 124,607 |
| <i>Nexstar Broadcasting Incorporated ±%%<</i> | 0.00 | 9-21-2023 | 344,318 | 345,609 |
| <i>Nexstar Broadcasting Incorporated ±</i> | 3.75 | 10-1-2020 | 140,924 | 141,306 |
| | | | | 4,702,480 |
| Multiline Retail: 0.03% | | | | |
| <i>Doosan Infracore International Incorporated ±</i> | 4.50 | 5-28-2021 | 160,896 | 161,902 |
| Specialty Retail: 0.11% | | | | |
| <i>Focus Brands Incorporated ±</i> | 5.00 | 10-3-2023 | 648,609 | 655,368 |
| Consumer Staples: 0.15% | | | | |

Food Products: 0.15%

| | | | | |
|--------------------------------------|------|-----------|---------|---------|
| <i>B&G Foods Incorporated ±</i> | 3.84 | 11-2-2022 | 640,110 | 645,442 |
| <i>Pinnacle Foods Incorporated ±</i> | 3.28 | 1-13-2023 | 248,125 | 250,048 |
| | | | | 895,490 |

Energy: 1.15%

Energy Equipment & Services: 0.80%

| | | | | |
|-----------------------------|------|------------|-----------|-----------|
| <i>Hummel Station LLC ±</i> | 7.00 | 10-27-2022 | 4,929,434 | 4,699,377 |
|-----------------------------|------|------------|-----------|-----------|

Oil, Gas & Consumable Fuels: 0.35%

| | | | | |
|--|------|------------|-----------|-----------|
| <i>Chesapeake Energy Corporation ±</i> | 8.50 | 8-23-2021 | 450,000 | 480,659 |
| <i>Veresen Midstream LP ±</i> | 5.25 | 3-31-2022 | 1,321,646 | 1,314,482 |
| <i>Western Refining Incorporated ±</i> | 5.25 | 11-12-2020 | 274,295 | 273,609 |
| | | | | 2,068,750 |

Financials: 1.20%

Capital Markets: 0.20%

| | | | | |
|--|------|------------|---------|-----------|
| <i>La Quinta Intermediate Holdings LLC ±</i> | 3.75 | 4-14-2021 | 744,347 | 742,255 |
| <i>Neptune Finco Corporation ±</i> | 3.88 | 10-11-2024 | 460,526 | 461,968 |
| | | | | 1,204,223 |

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 15

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Consumer Finance: 0.03% | | | | |
| <i>KAR Auction Services Incorporated ±</i> | 4.38% | 3-9-2023 | \$ 199,000 | \$ 201,052 |
| Diversified Financial Services: 0.77% | | | | |
| <i>American Beacon Advisors Incorporated ±</i> | 5.50 | 4-30-2022 | 2,324,173 | 2,314,016 |
| <i>American Beacon Advisors Incorporated ±(i)</i> | 9.75 | 3-3-2023 | 440,000 | 426,800 |
| <i>Ipreo Holdings LLC ±</i> | 4.25 | 8-6-2021 | 142,114 | 136,192 |
| <i>LPL Holdings Incorporated ±</i> | 4.75 | 11-20-2022 | 1,190,802 | 1,197,744 |
| <i>Nielsen Finance LLC ±</i> | 3.03 | 10-4-2023 | 475,000 | 476,857 |
| | | | | 4,551,609 |
| Insurance: 0.20% | | | | |
| <i>Hub International Limited ±</i> | 4.00 | 10-2-2020 | 270,665 | 270,478 |
| <i>Solera Holdings Incorporated ±</i> | 5.75 | 3-3-2023 | 870,625 | 879,740 |
| | | | | 1,150,218 |
| Health Care: 1.80% | | | | |
| Health Care Equipment & Supplies: 0.40% | | | | |
| <i>DJO Finance LLC ±</i> | 4.25 | 6-8-2020 | 562,875 | 556,543 |
| <i>Kinetic Concepts Incorporated ±</i> | 5.00 | 11-4-2020 | 1,533,657 | 1,544,209 |
| <i>Prestige Brands Incorporated ±</i> | 3.28 | 9-3-2021 | 247,338 | 248,651 |
| | | | | 2,349,403 |
| Health Care Providers & Services: 1.02% | | | | |
| <i>Acadia Healthcare Company Incorporated ±</i> | 3.75 | 2-11-2022 | 157,200 | 157,200 |
| <i>Acadia Healthcare Company Incorporated ±</i> | 3.75 | 2-16-2023 | 942,875 | 945,628 |
| <i>Community Health Systems Incorporated ±</i> | 4.00 | 1-27-2021 | 940,476 | 887,104 |
| <i>MPH Acquisition Holdings LLC ±</i> | 5.00 | 6-7-2023 | 526,225 | 531,650 |
| <i>Press Ganey Holdings Incorporated ±%%<</i> | 0.00 | 10-21-2023 | 350,000 | 350,000 |
| <i>Press Ganey Holdings Incorporated ±%%<</i> | 0.00 | 10-21-2024 | 150,000 | 151,875 |
| <i>Surgery Center Holdings Incorporated ±</i> | 4.75 | 11-3-2020 | 1,105,316 | 1,108,079 |

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| | | | | |
|---|------|------------|-----------|-----------|
| <i>Surgical Care Affiliates Incorporated ±%%<</i> | 0.00 | 3-17-2022 | 775,000 | 776,938 |
| <i>TeamHealth Incorporated ±</i> | 3.84 | 11-23-2022 | 521,069 | 521,559 |
| <i>Vizient Incorporated ±</i> | 5.00 | 2-13-2023 | 571,904 | 577,801 |
| | | | | 6,007,834 |
| Health Care Technology: 0.18% | | | | |
| <i>Alere Incorporated ±</i> | 4.25 | 6-18-2022 | 101,230 | 100,794 |
| <i>Emdeon Incorporated ±</i> | 3.75 | 11-2-2018 | 987,212 | 989,068 |
| | | | | 1,089,862 |
| Life Sciences Tools & Services: 0.08% | | | | |
| <i>Inventiv Health Incorporated ±%%<</i> | 0.00 | 9-28-2023 | 475,000 | 474,744 |
| Pharmaceuticals: 0.12% | | | | |
| <i>Endo Finance LLC ±</i> | 3.75 | 9-26-2022 | 297,750 | 297,268 |
| <i>Valeant Pharmaceuticals International Incorporated ±</i> | 5.50 | 4-1-2022 | 425,501 | 423,906 |
| | | | | 721,174 |
| Industrials: 2.17% | | | | |
| Aerospace & Defense: 0.50% | | | | |
| <i>TransDigm Incorporated ±</i> | 3.82 | 2-28-2020 | 2,995,611 | 2,990,938 |

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Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|------------|------------|
| Commercial Services & Supplies: 1.49% | | | | |
| <i>ADS Waste Holdings Incorporated ±</i> | 3.75% | 10-9-2019 | \$ 819,564 | \$ 819,793 |
| <i>Advantage Sales & Marketing LLC ±</i> | 7.50 | 7-25-2022 | 1,250,000 | 1,178,913 |
| <i>Avantor Performance Materials Incorporated ±</i> | 6.00 | 6-21-2022 | 1,712,275 | 1,722,977 |
| <i>Casella Waste Systems Incorporated ±%%<</i> | 0.00 | 10-3-2023 | 175,000 | 175,219 |
| <i>Gates Global Limited ±</i> | 4.25 | 7-6-2021 | 845,085 | 832,493 |
| <i>GFL Environmental Incorporated ±</i> | 3.75 | 9-23-2023 | 175,000 | 174,855 |
| <i>McJunkin Red Man Corporation ±</i> | 5.00 | 11-8-2019 | 846,768 | 838,656 |
| <i>Sedgwick Claims Management Services Incorporated ±</i> | 3.75 | 3-1-2021 | 525,567 | 521,462 |
| <i>WASH Multifamily Laundry Systems LLC ±</i> | 4.25 | 5-14-2022 | 1,273,872 | 1,272,280 |
| <i>WASH Multifamily Laundry Systems LLC ±</i> | 8.00 | 5-12-2023 | 17,885 | 17,617 |
| <i>WASH Multifamily Laundry Systems LLC ±(i)</i> | 8.00 | 5-14-2023 | 102,115 | 100,583 |
| <i>Waste Industries USA Incorporated ±</i> | 3.50 | 2-27-2020 | 1,135,680 | 1,137,452 |
| | | | | 8,792,300 |
| Machinery: 0.11% | | | | |
| <i>Onex Wizard Acquisition Company ±</i> | 4.00 | 3-13-2022 | 631,144 | 631,428 |
| Transportation Infrastructure: 0.07% | | | | |
| <i>OSG Bulk Ships Incorporated ±</i> | 5.25 | 8-5-2019 | 74,161 | 73,512 |
| <i>OSG International Incorporated ±</i> | 5.75 | 8-5-2019 | 335,138 | 333,044 |
| | | | | 406,556 |
| Information Technology: 1.37% | | | | |
| Internet Software & Services: 0.46% | | | | |
| <i>Black Knight InfoServ LLC ±</i> | 3.75 | 5-27-2022 | 494,370 | 496,842 |
| <i>CCC Information Services Incorporated ±</i> | 4.00 | 12-20-2019 | 578,465 | 577,921 |
| <i>Infor US Incorporated ±</i> | 3.75 | 6-3-2020 | 684,937 | 682,738 |
| <i>Sophia Holding Finance LP ±</i> | 4.75 | 9-30-2022 | 149,246 | 149,386 |
| <i>VF Holding Corporation ±</i> | 4.75 | 6-30-2023 | 450,000 | 451,337 |
| <i>Zayo Group LLC ±</i> | 3.75 | 5-6-2021 | 356,913 | 358,576 |
| | | | | 2,716,800 |

Semiconductors & Semiconductor**Equipment: 0.22%**

| | | | | |
|---|------|-----------|---------|-----------|
| <i>Avago Technologies</i> ± | 3.53 | 2-1-2023 | 674,719 | 681,372 |
| <i>Micron Technology Incorporated</i> ± | 4.29 | 4-26-2022 | 349,125 | 351,091 |
| <i>NXP Semiconductors NV</i> ± | 3.41 | 12-7-2020 | 239,940 | 240,675 |
| | | | | 1,273,138 |

Software: 0.10%

| | | | | |
|---|------|----------|---------|---------|
| <i>SS&C Technologies Incorporated</i> ± | 4.00 | 7-8-2022 | 594,144 | 598,416 |
|---|------|----------|---------|---------|

Technology Hardware, Storage &**Peripherals: 0.59%**

| | | | | |
|----------------------------------|------|------------|-----------|-----------|
| <i>Dell Incorporated</i> ± | 4.00 | 9-7-2023 | 2,500,000 | 2,517,075 |
| <i>Kronos Incorporated</i> ± | 4.50 | 10-30-2019 | 569,266 | 571,400 |
| <i>Peak 10 Incorporated</i> ±(i) | 8.25 | 6-17-2022 | 430,000 | 398,468 |
| | | | | 3,486,943 |

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 17

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Materials: 0.20% | | | | |
| Containers & Packaging: 0.20% | | | | |
| <i>Owens-Illinois Incorporated ±</i> | 3.50% | 9-1-2022 | \$ 167,875 | \$ 167,875 |
| <i>Reynolds Group Holdings Incorporated ±</i> | 4.25 | 2-5-2023 | 1,000,000 | 1,002,230 |
| | | | | 1,170,105 |
| Real Estate: 0.84% | | | | |
| Equity REITs: 0.15% | | | | |
| <i>ESH Hospitality Incorporated ±</i> | 3.75 | 8-30-2023 | 300,000 | 301,539 |
| <i>MGM Growth Properties LLC ±</i> | 4.00 | 4-25-2023 | 548,247 | 549,278 |
| | | | | 850,817 |
| Real Estate Management & Development: 0.69% | | | | |
| <i>Capital Automotive LP ±</i> | 4.00 | 4-10-2019 | 2,214,863 | 2,232,870 |
| <i>Capital Automotive LP ±</i> | 6.00 | 4-30-2020 | 1,849,333 | 1,858,580 |
| | | | | 4,091,450 |
| Telecommunication Services: 1.40% | | | | |
| Diversified Telecommunication Services: 0.75% | | | | |
| <i>Avaya Incorporated ±</i> | 5.39 | 10-26-2017 | 199,261 | 172,787 |
| <i>Level 3 Financing Incorporated ±</i> | 4.00 | 1-15-2020 | 1,700,000 | 1,707,650 |
| <i>Telesat Canada ±</i> | 3.50 | 3-28-2019 | 2,538,071 | 2,538,071 |
| | | | | 4,418,508 |
| Wireless Telecommunication Services: 0.65% | | | | |
| <i>LTS Buyer LLC ±</i> | 4.09 | 4-13-2020 | 1,843,605 | 1,845,449 |
| <i>LTS Buyer LLC ±(i)</i> | 8.00 | 4-12-2021 | 566,625 | 566,982 |
| <i>Syniverse Holdings Incorporated ±</i> | 4.00 | 4-23-2019 | 1,103,755 | 1,015,351 |
| <i>T-Mobile USA Incorporated ±</i> | 3.50 | 11-9-2022 | 446,625 | 449,823 |

3,877,605

Utilities: 0.98%**Electric Utilities: 0.98%***Texas Competitive Electric Holdings Company*

| | | | | |
|-----------------|------|------------|------------|-----------|
| <i>LLC ±(s)</i> | 4.66 | 10-10-2017 | 20,096,983 | 5,818,077 |
|-----------------|------|------------|------------|-----------|

Total Loans (Cost \$101,800,665)

88,198,191

Municipal Obligations: 0.05%**New York: 0.05%***Build New York City Resource Corporation**Bronx Charter School for Excellence Project*

| | | | | |
|-------------------------------------|------|----------|---------|---------|
| <i>Series B (Education Revenue)</i> | 5.00 | 4-1-2018 | 270,000 | 269,114 |
|-------------------------------------|------|----------|---------|---------|

Total Municipal Obligations (Cost \$270,000)

269,114

Non-Agency Mortgage-Backed Securities: 5.44%*Argent Securities Incorporated Series*

| | | | | |
|-----------------------------|------|-----------|--------|--------|
| <i>2004-W5 Class AV3B ±</i> | 1.39 | 4-25-2034 | 62,964 | 59,619 |
|-----------------------------|------|-----------|--------|--------|

Asset-Backed Funding Certificates Series

| | | | | |
|---------------------------|------|-----------|---------|---------|
| <i>2003-AHL1 Class A1</i> | 4.18 | 3-25-2033 | 217,210 | 216,694 |
|---------------------------|------|-----------|---------|---------|

Asset-Backed Securities Corporation Home

| | | | | |
|--|------|------------|--------|--------|
| <i>Equity Series 2002-HE3 Class M2 ±</i> | 2.86 | 10-15-2032 | 61,617 | 61,561 |
|--|------|------------|--------|--------|

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18 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|--------------|--------------|
| Non-Agency Mortgage-Backed Securities | | | | |
| (continued) | | | | |
| <i>Banc of America Commercial Mortgage Securities Incorporated Series 2006-03 Class AM ±</i> | 6.06% | 7-10-2044 | \$ 1,340,000 | \$ 1,004,999 |
| <i>Banc of America Commercial Mortgage Securities Incorporated Series 2007-1 Class AMFX ±</i> | 5.48 | 1-15-2049 | 530,000 | 527,721 |
| <i>Banc of America Commercial Mortgage Securities Incorporated Series 2008-1 Class AM ±</i> | 6.27 | 2-10-2051 | 550,000 | 575,308 |
| <i>Banc of America Funding Corporation Series 2005 Class 5-1A1</i> | 5.50 | 9-25-2035 | 306,750 | 317,498 |
| <i>Banc of America Funding Corporation Series 2009 Class R6-3A1 144A±</i> | 2.35 | 1-26-2037 | 22,932 | 22,901 |
| <i>Banc of America Mortgage Securities Series 2003 Class 1A1 ±</i> | 3.06 | 4-25-2033 | 335,897 | 313,226 |
| <i>Banc of America Mortgage Securities Series 2003 Class A-3A1 ±</i> | 3.01 | 2-25-2033 | 56,247 | 54,507 |
| <i>Bank of America Commercial Mortgage Trust Series 2006-5 Class AM</i> | 5.45 | 9-10-2047 | 541,948 | 541,552 |
| <i>Bear Stearns Commercial Mortgage Series 2007-PW17 Class AM ±</i> | 5.89 | 6-11-2050 | 418,000 | 427,030 |
| <i>Bear Stearns Commercial Mortgage Series 2007-PW17 Class AMFL 144A±</i> | 1.22 | 6-11-2050 | 685,000 | 675,351 |
| <i>Bear Stearns Commercial Mortgage Series 2007-PW18 Class AM ±</i> | 6.08 | 6-11-2050 | 100,000 | 103,088 |
| <i>Bear Stearns Commercial Mortgage Series 2007-PW18 Class AMA ±</i> | 6.09 | 6-11-2050 | 715,000 | 733,560 |
| <i>Centex Home Equity Series 2002-A Class AF6</i> | 5.54 | 1-25-2032 | 61,188 | 61,007 |
| <i>Centex Home Equity Series 2002-D Class AF6 ±</i> | 4.66 | 12-25-2032 | 21,678 | 21,861 |
| <i>Centex Home Equity Series 2004-B Class AF6</i> | 4.69 | 3-25-2034 | 182,972 | 187,678 |
| <i>CFCRE Commercial Mortgage Trust Series 2015-RUM Class A 144A±</i> | 2.23 | 7-15-2030 | 480,000 | 479,149 |
| | 5.04 | 9-10-2045 | 1,000,000 | 1,071,299 |

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| | | | | |
|---|------|------------|-----------|-----------|
| <i>Citigroup Commercial Mortgage Trust Series 2012-GC8 Class C 144A±</i> | | | | |
| <i>Citigroup Commercial Mortgage Trust Series 2015 Class A 144A±</i> | 1.67 | 9-15-2027 | 595,000 | 593,131 |
| <i>Citigroup Mortgage Loan Trust Incorporated Series 2003-HE3 Class A3 ±</i> | 0.90 | 12-25-2033 | 45,086 | 44,304 |
| <i>Commercial Mortgage Trust Series 2007-C9 144A±</i> | 1.17 | 12-10-2049 | 940,000 | 927,560 |
| <i>Commercial Mortgage Trust Series 2012-CR2 Class C ±</i> | 5.02 | 8-15-2045 | 1,000,000 | 1,075,735 |
| <i>Countrywide Asset Backed Certificates Series 2003-5 Class AF5</i> | 5.40 | 2-25-2034 | 96,867 | 96,948 |
| <i>Countrywide Home Loans Series 2003-48 Class 2A2 ±</i> | 2.95 | 10-25-2033 | 95,766 | 93,593 |
| <i>Credit Suisse Commercial Mortgage Trust Series 2006-C5 Class AM</i> | 5.34 | 12-15-2039 | 328,118 | 327,733 |
| <i>Credit Suisse First Boston Mortgage Securities Series 2002-AR25 Class 1A1 ±</i> | 2.52 | 9-25-2032 | 562,743 | 522,062 |
| <i>Credit Suisse First Boston Mortgage Securities Series 2003-AR15 Class 3A1 ±</i> | 3.19 | 6-25-2033 | 152,473 | 149,973 |
| <i>Credit Suisse First Boston Mortgage Securities Series 2003-AR9 Class 2A2 ±</i> | 2.82 | 3-25-2033 | 34,237 | 33,443 |
| <i>Credit-Based Asset Servicing & Securitization LLC Series 2005-CB2 Class M1 ±</i> | 1.18 | 4-25-2036 | 95,279 | 95,040 |
| <i>Equity One Asset Backed Securities Series 2004-2 Class AF4 ±</i> | 4.62 | 7-25-2034 | 423,501 | 426,119 |
| <i>First Horizon Mortgage Pass Through Series 2004-AR1 Class 1A1 ±</i> | 2.77 | 2-25-2034 | 411,953 | 405,476 |
| <i>First Horizon Mortgage Pass Through Series 2004-AR4 Class 3A1 ±</i> | 3.01 | 8-25-2034 | 8,876 | 8,655 |
| <i>Global Mortgage Securitization Limited Series 2004-A Class A2 144A±</i> | 0.85 | 11-25-2032 | 154,586 | 144,523 |
| <i>GMAC Mortgage Corporation Loan Series 2003-GH1 Class A5</i> | 5.31 | 7-25-2034 | 60,364 | 62,252 |
| <i>Great Wolf Trust Series 2015 Class A 144A±</i> | 1.97 | 5-15-2034 | 1,015,000 | 1,017,533 |
| <i>Greenwich Capital Commercial Funding Corporation Series 2007-GG11 Class A4</i> | 5.74 | 12-10-2049 | 373,783 | 382,293 |
| <i>GS Mortgage Securities Trust Series 2007-GG10 Class A4 ±</i> | 5.79 | 8-10-2045 | 863,702 | 873,076 |
| <i>GS Mortgage Securities Trust Series 2010-C1 Class X 144A±</i> | 1.44 | 8-10-2043 | 5,351,619 | 233,683 |
| <i>GS Mortgage Securities Trust Series 2012-GCJ7 Class XA ±</i> | 2.42 | 5-10-2045 | 4,241,701 | 329,464 |
| <i>GS Mortgage Securities Trust Series 2014-GSFLC Class C 144A±</i> | 2.77 | 7-15-2031 | 1,000,000 | 991,108 |
| <i>GS Mortgage Securities Trust Series 2014-New Class C 144A</i> | 3.79 | 1-10-2031 | 1,000,000 | 1,007,999 |
| | 2.46 | 2-15-2033 | 588,000 | 590,761 |

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|--|------|-----------|-----------|---------|
| <i>GS Mortgage Securities Trust Series 2016-ICE2 Class A 144A±</i> | | | | |
| <i>GSAA Home Equity Trust Series 2004-5 Class AF5 ±</i> | 4.79 | 6-25-2034 | 7,890 | 7,928 |
| <i>GSCCRE Commercial Mortgage Trust Series 2015-HULA Class C 144A±</i> | 3.27 | 8-15-2032 | 1,000,000 | 993,573 |
| <i>GSMPS Mortgage Loan Trust Series 2005-AHL Class M1 ±</i> | 1.17 | 4-25-2035 | 8,954 | 8,885 |
| <i>GSMPS Mortgage Loan Trust Series 2006-1 Class A1 144A±</i> | 0.82 | 3-25-2035 | 111,609 | 109,873 |
| <i>GSMPS Mortgage Loan Trust Series 2006-SEA1 Class A 144A±</i> | 0.82 | 5-25-2036 | 29,560 | 29,485 |
| <i>JPMorgan Chase Commercial Mortgage Securities Trust Series 2007-CB18 Class AM ±</i> | 5.47 | 6-12-2047 | 875,000 | 883,283 |
| <i>JPMorgan Chase Commercial Mortgage Securities Trust Series 2007-CB18 Class AMFL ±</i> | 0.69 | 6-12-2047 | 750,000 | 740,368 |

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 19

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Non-Agency Mortgage-Backed Securities | | | | |
| (continued) | | | | |
| <i>JPMorgan Chase Commercial Mortgage Securities Trust Series 2007-LDPX Class AM ±</i> | 5.46% | 1-15-2049 | \$ 550,000 | \$ 539,566 |
| <i>JPMorgan Chase Commercial Mortgage Securities Trust Series 2014-INN Class A 144A±</i> | 1.46 | 6-15-2029 | 521,000 | 519,867 |
| <i>JPMorgan Chase Commercial Mortgage Securities Trust Series 2015-FL7 Class A 144A±</i> | 1.78 | 5-15-2028 | 340,327 | 338,718 |
| <i>JPMorgan Mortgage Trust Series 2004-A3 Class 2A1 ±</i> | 3.12 | 7-25-2034 | 70,824 | 68,642 |
| <i>JPMorgan Mortgage Trust Series 2004-A3 Series 3A3 ±</i> | 3.06 | 7-25-2034 | 64,137 | 62,071 |
| <i>JPMorgan Mortgage Trust Series 2005-A3 Class 11A2 ±</i> | 3.13 | 6-25-2035 | 241,728 | 244,843 |
| <i>JPMorgan Mortgage Trust Series 2009-7 Class 2A1 144A±</i> | 6.00 | 2-27-2037 | 27,457 | 27,860 |
| <i>JPMorgan Mortgage Trust Series 2009-7 Class 5A1 144A±</i> | 6.00 | 2-27-2037 | 77,987 | 78,103 |
| <i>MASTR Adjustable Rate Mortgage Trust Series 2003-6 Class 3A1 ±</i> | 2.76 | 12-25-2033 | 428,405 | 422,409 |
| <i>MASTR Adjustable Rate Mortgage Trust Series 2003-6 Class 4A2 ±</i> | 2.93 | 1-25-2034 | 18,006 | 17,483 |
| <i>MASTR Adjustable Rate Mortgage Trust Series 2004-13 Class 3A7 ±</i> | 3.04 | 11-21-2034 | 23,161 | 23,616 |
| <i>MASTR Alternative Loans Trust Series 2005-1 Class 5A1</i> | 5.50 | 1-25-2020 | 33,122 | 33,916 |
| <i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2006-4 Class AM</i> | 5.20 | 12-12-2049 | 9,129 | 9,123 |
| <i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2007-9 Class A4</i> | 5.70 | 9-12-2049 | 722,962 | 742,387 |
| | 5.25 | 8-25-2036 | 58,403 | 59,918 |

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| | | | | |
|---|------|------------|-----------|-----------|
| <i>Merrill Lynch Mortgage Trust Series 2005-A8 Class A1B3 ±</i> | | | | |
| <i>Merrill Lynch Mortgage Trust Series 2007-C1 Class A1A ±</i> | 6.01 | 6-12-2050 | 607,995 | 616,828 |
| <i>Mesa Trust Asset Backed Certificates Series 2001-5 Class A 144A±</i> | 1.32 | 12-25-2031 | 15,445 | 14,397 |
| <i>Mid State Trust Series 11 Class A1</i> | 4.86 | 7-15-2038 | 224,774 | 239,139 |
| <i>MLCC Mortgage Investors Incorporated Series 2003-G Class A2 ±</i> | 1.64 | 1-25-2029 | 101,169 | 94,919 |
| <i>Morgan Stanley Bank of America Merrill Lynch Trust Series 2012-C5 Class XA 144A±</i> | 1.72 | 8-15-2045 | 5,306,851 | 299,727 |
| <i>Morgan Stanley Capital I Trust Series 2004-NC1 Class M1 ±</i> | 1.57 | 12-27-2033 | 485,052 | 474,282 |
| <i>Morgan Stanley Capital I Trust Series 2006-HQ9 Class AJ ±</i> | 5.79 | 7-12-2044 | 52,571 | 52,531 |
| <i>Morgan Stanley Capital I Trust Series 2006-IQ12 Class AM</i> | 5.37 | 12-15-2043 | 500,000 | 499,765 |
| <i>Morgan Stanley Capital I Trust Series 2007-HQ13 Class A3</i> | 5.57 | 12-15-2044 | 1,201,825 | 1,227,109 |
| <i>Morgan Stanley Capital I Trust Series 2010-GG10 Class A4B 144A±</i> | 5.79 | 8-15-2045 | 615,000 | 619,195 |
| <i>Morgan Stanley Capital I Trust Series 2012-C4 Class C 144A±</i> | 5.71 | 3-15-2045 | 900,000 | 977,680 |
| <i>Navient SLM Studen Loan Series 2005-B Class A3 ±</i> | 1.12 | 12-15-2023 | 90,000 | 87,614 |
| <i>New Century Home Equity Loan Trust Series 2004-3 Class M1 ±</i> | 1.45 | 11-25-2034 | 1,165,049 | 1,056,019 |
| <i>New Century Home Equity Loan Trust Series 2005-1 Class AIMZ ±</i> | 1.10 | 3-25-2035 | 62,015 | 61,932 |
| <i>Northstar Education Finance Incorporated Series 2004-2 Class A3 ±</i> | 0.91 | 7-30-2018 | 43,862 | 43,722 |
| <i>Provident Funding Mortgage Loan Series 2005-1 Class 2A1 ±</i> | 2.84 | 5-25-2035 | 36,044 | 34,734 |
| <i>RBSSP Resecuritization Trust Series 2010-3 Class 4A1 144A±</i> | 3.46 | 12-26-2035 | 18,409 | 18,421 |
| <i>Renaissance Home Equity Loan Trust Series 2004-4 Class AF4</i> | 4.88 | 2-25-2035 | 313,295 | 313,804 |
| <i>Residential Funding Mortgage Securities Trust Series 03-S12 Class 2A1</i> | 4.00 | 12-25-2032 | 56,605 | 56,658 |
| <i>Saxon Asset Securities Trust Series 2002-1 Class AF5</i> | 6.76 | 12-25-2030 | 148,495 | 151,153 |
| <i>Saxon Asset Securities Trust Series 2003-1 Class AF7</i> | 4.03 | 6-25-2033 | 512,882 | 518,529 |
| <i>Sequoia Mortgage Trust Series 2003-1 Class 1A ±</i> | 1.29 | 4-20-2033 | 18,762 | 17,619 |
| | 3.06 | 3-25-2034 | 62,905 | 61,801 |

| | | | | |
|--|------|------------|-----------|------------|
| <i>Structured Adjustable Rate Mortgage Loan</i> | | | | |
| <i>Trust Series 2004-2 Class 2A ±</i> | | | | |
| <i>Structured Asset Securities Corporation Series</i> | | | | |
| <i>1998-2 Class A ±</i> | 1.04 | 2-25-2028 | 231,846 | 225,419 |
| <i>Structured Asset Securities Corporation Series</i> | | | | |
| <i>2002-9 Class A2 ±</i> | 1.12 | 10-25-2027 | 65,320 | 63,679 |
| <i>Terwin Mortgage Trust Series 2003-6HE</i> | | | | |
| <i>Class A3 ±</i> | 1.67 | 11-25-2033 | 173,407 | 165,210 |
| <i>Vendee Mortgage Trust Series 2003-2 Class</i> | | | | |
| <i>IO ±(c)</i> | 0.75 | 5-15-2033 | 5,150,639 | 156,682 |
| <i>Washington Mutual Mortgage Trust Series</i> | | | | |
| <i>2004-RA4 Class 3A</i> | 7.50 | 7-25-2034 | 157,153 | 167,578 |
| Total Non-Agency Mortgage-Backed Securities (Cost \$32,339,819) | | | | 32,166,136 |
| | | | | |
| Yankee Corporate Bonds and Notes: 9.04% | | | | |
| Consumer Discretionary: 0.50% | | | | |
| Media: 0.50% | | | | |
| <i>Grupo Televisa SAB</i> | 6.00 | 5-15-2018 | 750,000 | 798,046 |
| <i>Myriad International Holdings BV</i> | 6.00 | 7-18-2020 | 500,000 | 549,685 |

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20 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Media (continued) | | | | |
| <i>Myriad International Holdings BV 144A</i> | 6.38% | 7-28-2017 | \$ 750,000 | \$ 772,959 |
| <i>WPP Finance 2010</i> | 3.63 | 9-7-2022 | 750,000 | 799,667 |
| | | | | 2,920,357 |
| Consumer Staples: 0.27% | | | | |
| Beverages: 0.14% | | | | |
| <i>Pernod Ricard SA 144A</i> | 4.45 | 1-15-2022 | 760,000 | 832,919 |
| Tobacco: 0.13% | | | | |
| <i>BAT International Finance plc 144A</i> | 3.25 | 6-7-2022 | 750,000 | 784,441 |
| Energy: 1.97% | | | | |
| Energy Equipment & Services: 0.35% | | | | |
| <i>Alcoa Nederland Holding Company BV 144A</i> | 6.75 | 9-30-2024 | 175,000 | 181,125 |
| <i>Alcoa Nederland Holding Company BV 144A</i> | 7.00 | 9-30-2026 | 175,000 | 179,813 |
| <i>Ensco plc</i> | 5.75 | 10-1-2044 | 2,515,000 | 1,678,763 |
| | | | | 2,039,701 |
| Oil, Gas & Consumable Fuels: 1.62% | | | | |
| <i>Baytex Energy Corporation 144A</i> | 5.13 | 6-1-2021 | 2,114,000 | 1,781,045 |
| <i>Baytex Energy Corporation 144A</i> | 5.63 | 6-1-2024 | 1,000,000 | 805,000 |
| <i>Griffin Coal Mining Company Limited</i> | | | | |
| <i>144A(a)(i)(s)</i> | 9.50 | 12-1-2016 | 1,685,411 | 6,742 |
| <i>Griffin Coal Mining Company Limited (a)(i)(s)</i> | 9.50 | 12-1-2016 | 137,792 | 551 |
| <i>Petrobras International Finance Company</i> | 5.38 | 1-27-2021 | 670,000 | 663,434 |
| <i>Petroleos Mexicanos</i> | 4.88 | 1-24-2022 | 750,000 | 766,725 |
| <i>Teekay Corporation</i> | 8.50 | 1-15-2020 | 5,625,000 | 5,118,750 |
| <i>Woodside Finance Limited 144A</i> | 8.75 | 3-1-2019 | 405,000 | 459,522 |
| | | | | 9,601,769 |
| Financials: 0.98% | | | | |

Banks: 0.78%

| | | | | |
|--|------|------------|---------|-----------|
| <i>ABN AMRO Bank NV 144A</i> | 4.80 | 4-18-2026 | 750,000 | 793,520 |
| <i>Banco del Estado de Chile 144A</i> | 3.88 | 2-8-2022 | 650,000 | 692,625 |
| <i>Corporación Andina de Fomento</i> | 4.38 | 6-15-2022 | 958,000 | 1,051,357 |
| <i>Export Import Bank of Korea</i> | 5.00 | 4-11-2022 | 750,000 | 860,532 |
| <i>Macquarie Bank Limited 144A</i> | 5.00 | 2-22-2017 | 750,000 | 758,279 |
| <i>Nielsen Holding and Finance BV 144A</i> | 5.50 | 10-1-2021 | 415,000 | 432,638 |
| <i>Preferred Term Securities XII Limited (a)(i)(s)</i> | 0.00 | 12-24-2033 | 635,000 | 0 |
| | | | | 4,588,951 |

Diversified Financial Services: 0.20%

| | | | | |
|---|------|------------|---------|-----------|
| <i>GE Capital International Funding Company</i> | 2.34 | 11-15-2020 | 527,000 | 537,734 |
| <i>Tyco Electronics Group SA</i> | 3.50 | 2-3-2022 | 625,000 | 661,012 |
| | | | | 1,198,746 |

Health Care: 1.89%**Pharmaceuticals: 1.89%**

| | | | | |
|------------------------------|------|------------|-----------|-----------|
| <i>Mallinckrodt plc 144A</i> | 5.50 | 4-15-2025 | 500,000 | 461,875 |
| <i>Mallinckrodt plc 144A</i> | 5.63 | 10-15-2023 | 275,000 | 258,500 |
| <i>Perrigo Finance plc</i> | 3.90 | 12-15-2024 | 1,000,000 | 1,011,793 |

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Portfolio of investments October 31, 2016

Wells Fargo Multi-Sector Income Fund 21

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Pharmaceuticals (continued) | | | | |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.63% | 12-1-2021 | \$ 700,000 | \$ 567,000 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.88 | 5-15-2023 | 2,220,000 | 1,709,400 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.13 | 4-15-2025 | 6,300,000 | 4,851,000 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.38 | 10-15-2020 | 1,425,000 | 1,239,750 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.75 | 8-15-2021 | 425,000 | 361,250 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 7.50 | 7-15-2021 | 785,000 | 690,800 |
| | | | | 11,151,368 |
| Industrials: 0.81% | | | | |
| Building Products: 0.04% | | | | |
| <i>Allegion plc</i> | 5.88 | 9-15-2023 | 210,000 | 226,275 |
| Commercial Services & Supplies: 0.59% | | | | |
| <i>GFL Environmental Incorporated 144A</i> | 7.88 | 4-1-2020 | 2,825,000 | 2,959,188 |
| <i>GFL Environmental Incorporated 144A</i> | 9.88 | 2-1-2021 | 500,000 | 547,500 |
| | | | | 3,506,688 |
| Machinery: 0.04% | | | | |
| <i>Sensata Technologies BV 144A</i> | 5.00 | 10-1-2025 | 235,000 | 240,875 |
| Road & Rail: 0.14% | | | | |
| <i>Canadian Pacific Railway Company</i> | 4.50 | 1-15-2022 | 750,000 | 819,138 |
| Information Technology: 0.26% | | | | |
| Communications Equipment: 0.13% | | | | |

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| | | | | |
|--|------|------------|-----------|-----------|
| <i>Ericsson LM</i> | 4.13 | 5-15-2022 | 750,000 | 781,420 |
| Internet Software & Services: 0.13% | | | | |
| <i>Tencent Holdings Limited 144A</i> | 4.63 | 12-12-2016 | 750,000 | 752,619 |
| Materials: 0.47% | | | | |
| Containers & Packaging: 0.13% | | | | |
| <i>Ardagh Packaging Finance plc 144A</i> | 7.25 | 5-15-2024 | 725,000 | 764,875 |
| Metals & Mining: 0.34% | | | | |
| <i>ArcelorMittal SA</i> | 6.13 | 6-1-2025 | 275,000 | 301,125 |
| <i>Glencore Finance Canada Limited 144A</i> | 4.25 | 10-25-2022 | 750,000 | 762,247 |
| <i>Novelis Corporation 144A</i> | 6.25 | 8-15-2024 | 200,000 | 208,000 |
| <i>Vale Overseas Limited</i> | 4.38 | 1-11-2022 | 750,000 | 751,875 |
| | | | | 2,023,247 |
| Telecommunication Services: 1.77% | | | | |
| Diversified Telecommunication Services: 1.54% | | | | |
| <i>Intelsat Jackson Holdings SA</i> | 5.50 | 8-1-2023 | 6,775,000 | 4,488,438 |
| <i>Intelsat Jackson Holdings SA</i> | 7.25 | 4-1-2019 | 1,675,000 | 1,335,813 |
| <i>Intelsat Luxembourg SA</i> | 7.75 | 6-1-2021 | 1,445,000 | 469,625 |
| <i>Intelsat Luxembourg SA</i> | 8.13 | 6-1-2023 | 5,815,000 | 1,918,950 |
| <i>Qtel International Finance Limited</i> | 5.00 | 10-19-2025 | 300,000 | 337,202 |
| <i>Virgin Media Finance plc 144A</i> | 5.38 | 4-15-2021 | 162,000 | 167,265 |
| <i>Virgin Media Finance plc 144A</i> | 6.38 | 4-15-2023 | 365,000 | 372,300 |
| | | | | 9,089,593 |

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22 Wells Fargo Multi-Sector Income Fund

Portfolio of investments October 31, 2016

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|---------------|-----------------------|
| Wireless Telecommunication Services: 0.23% | | | | |
| <i>Globo Comunicacoes Participacoes SA 144A</i> | | | | |
| | 4.88% | 4-11-2022 | \$ 595,000 | \$ 612,850 |
| <i>Telesat Canada Incorporated 144A</i> | | | | |
| | 6.00 | 5-15-2017 | 775,000 | 775,969 |
| | | | | 1,388,819 |
| Utilities: 0.12% | | | | |
| Electric Utilities: 0.12% | | | | |
| <i>Comision Federal de Electricidad 144A</i> | | | | |
| | 4.88 | 5-26-2021 | 650,000 | 687,375 |
| Total Yankee Corporate Bonds and Notes (Cost \$62,609,732) | | | | 53,399,176 |
| | Yield | | Shares | |
| Short-Term Investments: 5.65% | | | | |
| Investment Companies: 5.65% | | | | |
| <i>Wells Fargo Government Money Market Fund Select Class (l)(u)##</i> | | | | |
| | 0.32 | | 33,404,630 | 33,404,630 |
| Total Short-Term Investments (Cost \$33,404,630) | | | | 33,404,630 |
| Total investments in securities (Cost \$838,099,024) * | | | | 807,029,344 |
| <i>Other assets and liabilities, net</i> | | | | (216,189,225) |
| Total net assets | | | | \$ 590,840,119 |

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

144A The security may be resold in transactions exempt from registration, normally to qualified institutional buyers, pursuant to Rule 144A under the Securities Act of 1933.

(c) Investment in an interest-only security entitles holders to receive only the interest payments on the underlying mortgages. The principal amount shown is the notional amount of the underlying mortgages. The rate represents the coupon rate.

Non-income-earning security

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

¥ A payment-in-kind (PIK) security is a security in which the issuer may make interest or dividend payments in cash or additional securities. These additional securities generally have the same terms as the original holdings.

%% The security is issued on a when-issued basis.

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

(a) The security is fair valued in accordance with procedures approved by the Board of Trustees.

@ Foreign bond principal is denominated in the local currency of the issuer.

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

(l) The issuer of the security is an affiliated person of the Fund as defined in the Investment Company Act of 1940.

(u) The rate represents the 7-day annualized yield at period end.

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

* Cost for federal income tax purposes is \$843,539,182 and unrealized gains (losses) consists of:

| | |
|-------------------------|-----------------|
| Gross unrealized gains | \$ 33,235,110 |
| Gross unrealized losses | (69,744,948) |
| Net unrealized losses | \$ (36,509,838) |

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Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders of

Wells Fargo Multi-Sector Income Fund:

We have audited the accompanying statements of assets and liabilities, including the summary portfolio of investments, of the Wells Fargo Multi-Sector Income Fund (the Fund), as of October 31, 2016, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended (collectively, the financial statements), the financial highlights for each of the years in the five-year period then ended (the financial statements and financial highlights are included in Item 1 of this Form N-CSR), and the portfolio of investments as of October 31, 2016 (included in Item 6 of this Form N-CSR). These financial statements, financial highlights, and portfolio of investments are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements, financial highlights, and portfolio of investments based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements, financial highlights, and portfolio of investments are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and portfolio of investments. Our procedures included confirmation of securities owned as of October 31, 2016, by correspondence with the custodian and brokers, or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements, financial highlights, and portfolio of investments referred to above present fairly, in all material respects, the financial position of Wells Fargo Multi-Sector Income Fund as of October 31, 2016, and the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with accounting principles generally accepted in the United States of America.

Boston, Massachusetts
December 22, 2016

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

WELLS FARGO FUNDS TRUST

WELLS FARGO MASTER TRUST

WELLS FARGO VARIABLE TRUST

ASSET ALLOCATION TRUST

WELLS FARGO GLOBAL DIVIDEND OPPORTUNITY FUND

WELLS FARGO INCOME OPPORTUNITIES FUND

WELLS FARGO MULTI-SECTOR INCOME FUND

WELLS FARGO UTILITIES & HIGH INCOME FUND

WELLS FARGO FUNDS MANAGEMENT, LLC

PROXY VOTING POLICIES AND PROCEDURES

REVISED AS OF JANUARY 26, 2016

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

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

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

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

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

Voting Discretion. In all cases, the Proxy Committee will exercise its voting discretion in accordance with the voting philosophy of the Funds. In cases where a proxy item is forwarded by ISS to the Proxy Committee, the Proxy Committee may be assisted in its voting decision through receipt of: (i) independent

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research and voting recommendations provided by ISS or other independent sources; (ii) input from the investment sub-adviser responsible for purchasing the security; and (iii) information provided by company management and shareholder groups.

Membership. The voting members of the Proxy Committee shall be Tom Biwer, Travis Keshemberg, Erik Sens, Aldo Ceccarelli and Melissa Duller. Changes to the membership of the Proxy Committee will be made only with Board approval. Upon departure from Funds Management, a member's position on the Proxy Committee will automatically terminate.

Voting Policy. Proxies generally shall be voted in accordance with the recommendations of proxy advisor ISS. However, the following proxy items shall be referred to the Proxy Committee for case-by-case review and vote determination:

1. Proxy items for meetings deemed of high importance where ISS opposes management recommendations
2. Mutual fund proxies

The term high importance is defined as those items designated Proxy Level 6, 5, or 4 by ISS, which include proxy contests, mergers, capitalization proposals and anti-takeover defenses. (Further detail appears in Appendix A.)

The Proxy Committee may consult Fund sub-advisers on specific proxy voting issues as it deems appropriate or if a sub-adviser makes a recommendation regarding a proxy voting issue. As a general matter, however, proxies are voted consistently on the same matter when securities of an issuer are held by multiple Funds.

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

Practical Limitations to Proxy Voting. While Funds Management uses its best efforts to vote proxies, in certain circumstances it may be impractical or impossible for Funds Management to vote proxies (e.g., limited value or unjustifiable costs). For example, in accordance with local law or business practices, many foreign companies prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting (share blocking). Due to these restrictions, Funds Management must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. As a result, Funds Management will generally not vote those proxies in the absence of an unusual, significant vote or compelling economic importance. Additionally, Funds Management may not be able to vote proxies for certain foreign securities if Funds Management does not receive the proxy statement in time to vote the proxies due to custodial processing delays.

Securities on Loan. As a general matter, securities on loan will not be recalled to facilitate proxy voting (in which case the borrower of the security shall be entitled to vote the proxy). However, if the Proxy Committee is aware of an item in time to recall the security and has determined in good faith that the importance of the matter to be voted upon outweighs the loss in lending revenue that would result from recalling the security (i.e., if there is a controversial upcoming merger or acquisition, or some other significant matter), the security will be recalled for voting.

Conflicts of Interest. Funds Management may have a conflict of interest regarding a proxy to be voted upon if, for example, Funds Management or its affiliates have other relationships with the issuer of the proxy. In most instances,

conflicts of interest are avoided through a strict and objective application of the voting guidelines attached hereto. However, when the Proxy Committee is aware of a material conflict of interest regarding a matter that would otherwise require a vote by the Proxy Committee, the Proxy Committee shall address the material conflict by using any of the following methods:

1. instructing ISS to vote in accordance with the recommendation ISS makes to its clients;
2. disclosing the conflict to the Board and obtaining their consent before voting;
3. submitting the matter to the Board to exercise its authority to vote on such matter;
4. engaging an independent fiduciary who will direct the Proxy Committee on voting instructions for the proxy;
5. consulting with outside legal counsel for guidance on resolution of the conflict of interest;

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6. erecting information barriers around the person or persons making voting decisions;
7. voting in proportion to other shareholders (mirror voting); or
8. voting in other ways that are consistent with each Fund's obligation to vote in the best interests of its shareholders.

The Proxy Committee will not permit its votes to be influenced by any conflict of interest that exists for any other affiliated person of the Fund (such as a sub-adviser or principal underwriter) or any affiliated persons of such affiliated persons and the Proxy Committee will vote all such matters without regard to the conflict.

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

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

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

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

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

1. The name of the issuer of the portfolio security;
2. The exchange ticker symbol of the portfolio security;
3. The Council of Uniform Securities Identification Procedures (CUSIP) number for the portfolio security (unless the CUSIP is not available through reasonably practicable means, in which case it will be omitted);

4. The shareholder meeting date;
 5. A brief identification of the matter voted on;
 6. Whether the matter was proposed by the issuer or by a security holder;
 7. Whether the Fund cast its vote on the matter;
 8. How the Fund cast its vote (e.g. for or against a proposal, or abstain; for or withhold regarding election of directors); and
 9. Whether the Fund cast its vote for or against management.
- Form N-PX shall be made available to Fund shareholders through the SEC web site.

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APPENDIX A

TO

PROXY VOTING POLICIES AND PROCEDURES

DEFINITION OF PROXY LEVELS

| Proxy Level | Meetings with . . . | Examples of Proposals |
|--------------------|--|---|
| 6 | Proxy Contests | <ul style="list-style-type: none"> Elect Directors (management slate) Elect Directors (opposition slate) |
| 5 | Significant Transactions | <ul style="list-style-type: none"> Mergers, acquisitions, reorgs, restructurings, spinoffs Issue shares in connection with acquisitions Sale/purchase of company assets Adjourn meeting to solicit additional votes |
| 4 | Capitalization Proposals & Antitakeover Defenses | <ul style="list-style-type: none"> Increase authorized shares New classes of stock Share repurchase programs Anti-takeover provisions (poison pills, NOL pills) |
| 3 | Compensation Proposals | <ul style="list-style-type: none"> Stock compensation & executive bonus plans Say on golden parachutes Say on pay/frequency ESOPs Stock option repricing |
| 2 | Shareholder Proposals | <ul style="list-style-type: none"> Require independent chair Classify/declassify board Proxy Access Majority vote standard |

Supermajority vote requirements

Cumulative voting

Right to call special meetings

Right to act by written consent

1 Uncontested Director
Elections and Routine
Items

Elect directors

Ratify auditors

APPENDIX B

TO

PROXY VOTING POLICIES AND PROCEDURES

Members of Funds Management Proxy Voting Committee

Thomas C. Biwer, CFA

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Mr. Biwer has over 40 years of experience in finance and investments. He has served as an investment analyst, portfolio strategist, and corporate pension officer. He received B.S. and M.B.A. degrees from the University of Illinois and has earned the right to use the CFA designation.

Erik J. Sens, CFA

Mr. Sens has over 25 years of investment industry experience. He has served as an investment analyst and portfolio manager. He received undergraduate degrees in Finance and Philosophy from the University of San Francisco and has earned the right to use the CFA designation.

Travis L. Keshemberg, CFA

Mr. Keshemberg has over 20 years of experience in the investment industry. He has served as a overlay portfolio manager and investment consultant. He holds a Masters Degree from the University of Wisconsin Milwaukee and Bachelors degree from Marquette University. He has earned the right to use the CFA, CIPM and CIMA designations.

Aldo Ceccarelli, CFA

Mr. Ceccarelli has over 14 years of investment industry experience. He has served as a fixed income analyst and head of the Funds Management investments team. He earned his bachelor s degree in business administration with an emphasis in economics from Santa Clara University and has earned the right to use the CFA designation.

Melissa Duller, CIMA

Ms. Duller has over 16 years of experience in the investment industry. She has served as an investment analyst and as a regional investment manager for high net worth individuals, personal trusts, and charitable foundations. She has earned the right to use the CIMA designation.

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

Ashok Bhatia, CFA

Ashok Bhatia is co-lead of the Wells Capital Management Customized Fixed Income team and senior portfolio manager. He joined Wells Capital Management from Balyasny Asset Management where he oversaw a discretionary global macro portfolio for 5 years and prior to this also worked at Stark Investments for 5 years as co-head of global macro, fixed income, emerging markets and commodities strategies. Ashok left Strong Capital Management in 2004 where he was a portfolio manager on what is now the WellsCap Customized Fixed Income Team (Strong was acquired by Wells Fargo on 1/1/05 and the investment teams became part of Wells Capital Management). Ashok previously worked for Morgan Stanley and LaSalle Advisors, focusing on commercial and residential mortgage backed securities trading. He earned his bachelor s degree from the University of Michigan and MBA from the University of Chicago. Ashok has earned the right to use the CFA designation.

Christopher Y. Kauffman, CFA

Mr. Kauffman is a portfolio manager for the Wells Capital Management Fixed Income team. He joined WellsCap from Tattersall Advisory Group (TAG), where he served in a similar role since 2003. He began his investment industry career in 1997 as an investment officer for NISA Investment Advisors, where he was responsible for MBS analysis, risk assessment, and trading. He earned a bachelor s degree in finance and economics and a master s degree in

business administration with an emphasis in finance from Washington University in St. Louis. He has earned the right to use the CFA designation and is a member of the St. Louis Society of Financial Analysts and the CFA Institute.

Michael Lee

Mr. Lee is a senior portfolio manager with the First International Advisors team at Wells Capital Management. Mike is one of five senior members of the investment team that forms the Senior Strategy

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Team. His responsibilities include the day-to-day management and implementation of portfolio strategies. He joined WellsCap from Evergreen Investments, where he served in a similar role since 1992. Prior to this, he worked at Northern Trust Co. Earlier, he held investment positions at JPMorganChase and National Westminster Bank. Michael began his investment industry career in 1982. He is a member of the U.K. Society of Investment Professionals.

Niklas Nordenfelt, CFA

Mr. Nordenfelt is currently managing director, senior portfolio manager with the Sutter High Yield Fixed Income team at Wells Capital Management. Niklas joined the Sutter High Yield Fixed Income team of Wells Capital Management in February 2003 as investment strategist. Niklas began his investment career in 1991 and has managed portfolios ranging from quantitative-based and tactical asset allocation strategies to credit driven portfolios. Previous to joining Sutter, Niklas was at Barclays Global Investors (BGI) from 1996-2002 where he was a principal. At BGI, he worked on their international and emerging markets equity strategies after having managed their asset allocation products. Prior to this, Niklas was a quantitative analyst at Fidelity and a portfolio manager and group leader at Mellon Capital Management. He earned a bachelor's degree in economics from the University of California, Berkeley, and has earned the right to use the CFA designation.

Tony Norris

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

Alex Perrin

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

Philip Susser

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

Christopher Wightman

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

Peter Wilson

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

Noah Wise, CFA

Noah Wise is a portfolio manager for the Wells Capital Management Customized Fixed Income team. Noah joined Wells Capital Management in 2008 as a research analyst and later became a portfolio manager in 2013. Prior to joining WellsCap, Noah worked as a lead market maker for Interactive Brokers. He began his investment industry career as an intern for Capital Financial Services in 2001. Noah earned a bachelor's degree in finance and a master's degree in business administration with an emphasis in securities analysis from the University of Wisconsin, Madison. He has earned the right to use the CFA designation.

OTHER FUNDS AND ACCOUNTS MANAGED

The following table provides information about the registered investment companies and other pooled investment vehicles and accounts managed by the portfolio manager of the Fund as of the Fund's most recent year ended October 31, 2016.

Ashok Bhatia

| I manage the following types of accounts: | Other Registered | | |
|---|----------------------|----------------------------------|----------------|
| | Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
| Number of above accounts | 7 | 0 | 0 |
| Total assets of above accounts (millions) | \$ 1,678 | \$ 0 | \$ 0 |

performance based fee accounts:

I manage the following types of accounts:

Other Accounts

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| | Other Registered Investment Companies | Other Pooled Investment Vehicles | |
|---|---|-------------------------------------|------|
| Number of above accounts | 0 | 0 | 0 |
| Total assets of above accounts (millions) | \$ 0 | \$ 0 | \$ 0 |

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Niklas Nordenfelt

| I manage the following types of accounts: | Other Registered | | |
|---|----------------------|----------------------------------|----------------|
| | Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
| Number of above accounts | 4 | 4 | 14 |
| Total assets of above accounts (millions) | \$ 1,287.50 | \$ 391.40 | \$ 1,638.10 |

performance based fee accounts:

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

Philip Susser

| I manage the following types of accounts: | Other Registered | | |
|---|----------------------|----------------------------------|----------------|
| | Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
| Number of above accounts | 4 | 4 | 14 |
| Total assets of above accounts (millions) | \$ 1,287.5 | \$ 391.40 | \$ 1,638.10 |

performance based fee accounts:

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

Christopher Y. Kauffman

| I manage the following types of accounts: | Other Registered | | |
|---|----------------------|----------------------------------|----------------|
| | Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
| Number of above accounts | 9 | 0 | 3 |
| Total assets of above accounts (millions) | \$ 4,757 | \$ 0 | \$ 250 |

performance based fee accounts:

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

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| | | | | | | |
|---|----|---|----|---|----|---|
| Total assets of above accounts (millions) | \$ | 0 | \$ | 0 | \$ | 0 |
|---|----|---|----|---|----|---|

Tony Norris

| I manage the following types of accounts: | Other Registered | | |
|---|----------------------|---------------------------------|----------------|
| | Investment Companies | Other Pooled Investment Vehicle | Other Accounts |
| Number of above accounts | 3 | 12 | 7 |
| Total assets of above accounts (millions) | \$ 831.85 | \$ 1,139 | \$ 4,066 |

performance based fee accounts:

| I manage the following types of accounts: | Other Registered | | |
|---|----------------------|---------------------------------|----------------|
| | Investment Companies | Other Pooled Investment Vehicle | Other Accounts |
| Number of above accounts | 2 | 4 | 17 |
| Total assets of above accounts (millions) | \$ 647 | \$ 566 | \$ 4,460 |

Peter Wilson

| I manage the following types of accounts: | Other Registered | | |
|---|----------------------|---------------------------------|----------------|
| | Investment Companies | Other Pooled Investment Vehicle | Other Accounts |
| Number of above accounts | 3 | 12 | 7 |
| Total assets of above accounts (millions) | \$ 831.85 | \$ 1,139 | \$ 4,066 |

performance based fee accounts:

| I manage the following types of accounts: | Other Registered | | |
|---|----------------------|---------------------------------|----------------|
| | Investment Companies | Other Pooled Investment Vehicle | Other Accounts |
| Number of above accounts | 2 | 4 | 17 |
| Total assets of above accounts (millions) | \$ 647 | \$ 566 | \$ 4,460 |

Michael Lee

| I manage the following types of accounts: | Other Registered | | |
|---|----------------------|---------------------------------|----------------|
| | Investment Companies | Other Pooled Investment Vehicle | Other Accounts |
| Number of above accounts | 3 | 12 | 7 |

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| | | | |
|---|-----------|----------|----------|
| Total assets of above accounts (millions) | \$ 831.85 | \$ 1,139 | \$ 4,066 |
|---|-----------|----------|----------|

performance based fee accounts:

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| | Other Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
|---|---|--|----------------|
| I manage the following types of accounts: | | | |
| Number of above accounts | 2 | 4 | 17 |
| Total assets of above accounts (millions) | \$ 647 | \$ 566 | \$ 04,460 |

Alex Perrin

| | Other Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
|---|---|--|----------------|
| I manage the following types of accounts: | | | |
| Number of above accounts | 3 | 12 | 7 |
| Total assets of above accounts (millions) | \$ 8,31.85 | \$ 1,139 | \$ 4,066 |

performance based fee accounts:

| | Other Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
|---|---|--|----------------|
| I manage the following types of accounts: | | | |
| Number of above accounts | 2 | 4 | 17 |
| Total assets of above accounts (millions) | \$ 647 | \$ 566 | \$ 4,460 |

Christopher Wightman

| | Other Registered Investment Companies | Other Pooled Investment Vehicles | Other Accounts |
|---|---|--|----------------|
| I manage the following types of accounts: | | | |
| Number of above accounts | 8 | 0 | 10 |
| Total assets of above accounts (millions) | \$ 2,606.54 | \$ 0 | \$ 846 |

performance based fee accounts:

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

Noah Wise

I manage the following types of accounts: Other Accounts

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| | Other Registered Investment Companies | Other Pooled Investment Vehicles | |
|--------------------------|---|--|----|
| Number of above accounts | 8 | 0 | 10 |

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| | | | |
|---|-------------|------|--------|
| Total assets of above accounts (millions) | \$ 2,606.54 | \$ 0 | \$ 846 |
|---|-------------|------|--------|

performance based fee accounts:

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

MATERIAL CONFLICTS OF INTEREST

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

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

First International Advisors

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

Wells Capital Management

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

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policies and procedures for the express purpose of ensuring that clients are treated fairly and that potential conflicts of interest are minimized.

COMPENSATION

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

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

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

BENEFICIAL OWNERSHIP OF THE FUND

The following table shows for each Portfolio Manager the dollar value of the Fund beneficially owned by the Portfolio Manager as of October 31, 2016

| | |
|----------------------|------|
| Ashok Bhatia | none |
| Niklas Nordenfelt | none |
| Philip Susser | none |
| Christopher Kauffman | none |
| Tony Norris | none |
| Peter Wilson | none |
| Michael Lee | none |
| Alex Perrin | none |
| Christopher Wightman | none |
| Noah Wise | none |

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

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| Period | (a) Total Number of Shares Purchased | (b) Average Price Paid per Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|-------------------------|--|--|---|---|
| 11/1/2015 to 11/30/2015 | 0 | 0 | 0 | 0 |
| 12/1/2015 to 12/31/2015 | 0 | 0 | 0 | 4,205,500 |
| 1/1/2016 to 1/31/2016 | 0 | 0 | 0 | 4,205,500 |
| 2/1/2016 to 2/29/2016 | 36,691 | 11.08 | 36,691 | 4,168,809 |
| 3/1/2016 to 3/31/2016 | 0 | 0 | 0 | 4,168,809 |
| 4/1/2016 to 4/30/2016 | 0 | 0 | 0 | 4,168,809 |
| 5/1/2016 to 5/31/2016 | 0 | 0 | 0 | 4,168,809 |
| 6/1/2016 to 6/30/2016 | 0 | 0 | 0 | 4,168,809 |
| 7/1/2016 to 7/31/2016 | 0 | 0 | 0 | 4,168,809 |
| 8/1/2016 to 8/31/2016 | 320,918 | 13.10 | 320,918 | 3,847,891 |
| 9/1/2016 to 9/30/2016 | 199,963 | 13.04 | 199,963 | 3,647,928 |
| 10/1/2016 to 10/31/2016 | 334,362 | 12.85 | 334,362 | 3,313,566 |
| Total | 891,934 | 12.85 | 891,934 | 3,313,566 |

On December 17, 2015, the Fund announced an open-market share repurchase program (the Buyback Program). Under the Buyback Program, the Fund may repurchase up to 10% of its outstanding shares within one year of December 17, 2015.

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

(b) There were no significant changes in the Fund's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the second fiscal

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quarter of the period covered by this report that materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS

(a)(1) Code of Ethics pursuant to Item 2 of Form N-CSR is filed and attached hereto as Exhibit COE.

(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 Multi-Sector Income Fund

By:

/s/ Karla M. Rabusch

Karla M. Rabusch
President

Date: December 22, 2016

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

Wells Fargo Multi-Sector Income Fund

By:

/s/ Karla M. Rabusch

Karla M. Rabusch
President

Date: December 22, 2016

By:

/s/ Jeremy DePalma

Jeremy DePalma
Treasurer

Date: December 22, 2016