

WELLS FARGO UTILITIES & HIGH INCOME FUND

Form N-CSRS

May 08, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21331

Wells Fargo Utilities and High 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: August 31

Date of reporting period: February 28, 2018

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ITEM 1. REPORT TO STOCKHOLDERS

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Semi-Annual Report

February 28, 2018

Wells Fargo

Utilities and High Income Fund (ERH)

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The views expressed and any forward-looking statements are as of February 28, 2018, 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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Letter to shareholders (unaudited)

Andrew Owen

President

Wells Fargo Funds

During the period, stocks globally delivered positive returns.

Dear Shareholder:

We are pleased to offer you this semi-annual report for the Wells Fargo Utilities and High Income Fund for the six-month period that ended February 28, 2018. During the period, stocks globally delivered positive returns. For the period, U.S. stocks, as measured by the S&P 500 Index¹, gained 10.84% and international stocks, as measured by the MSCI ACWI ex USA Index (Net)², gained 7.59%. In bond markets, the Bloomberg Barclays U.S. Aggregate Bond Index³ declined 2.18% and the Bloomberg Barclays Municipal Bond Index⁴ lost 1.24% while fixed-income investments outside the U.S. gained 2.52%, according to the Bloomberg Barclays Global Aggregate ex-USD Index⁵. The ICE BofAML U.S. High Yield Index⁶ earned 1.01% during the period.

U.S. stocks advanced as business-friendly policies and regulations, newly implemented tax reform, increased hiring activity, and consistent corporate profits led to higher investor and consumer confidence. Internationally, stocks gained as unemployment fell and wages increased in the U.K.; the Bank of Japan continued its accommodative monetary policies; and industrial production, retail sales, and fixed asset investment increased in China. Stock returns in the emerging markets were strong, with the MSCI EM Index (Net)⁷ gaining 10.58% for the period.

Reactions to U.S. interest-rate increases were uneven across the yield curve and globally.

The U.S. Federal Reserve (Fed) increased the federal funds rate twice during the six-month period. Following a federal funds rate increase in June to a range of 1.00% to 1.25%, 10-year U.S. Treasury yields declined, the yield curve flattened, and long-term bond prices benefited.

Internationally, central banks maintained low interest rates and accommodative monetary policies that supported business activity and stock values in foreign markets. A weaker U.S. dollar was generally supportive of business activity in regions around the globe.

- ¹ The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index with each stock's weight in the index proportionate to its market value. You cannot invest directly in an index.
- ² The Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) ex USA Index (Net) is a free-float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. You cannot invest directly in an index.
- ³ The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities, and commercial mortgage-backed securities. You cannot invest directly in an index.
- ⁴ The Bloomberg Barclays Municipal Bond Index is an unmanaged index composed of long-term tax-exempt bonds with a minimum credit rating of Baa. You cannot invest directly in an index.
- ⁵ The Bloomberg Barclays Global Aggregate ex-USD Index is an unmanaged index that provides a broad-based measure of the global investment-grade fixed-income markets excluding the U.S. dollar-denominated debt market. You cannot invest directly in an index.
- ⁶ The ICE BofAML U.S. High Yield Index is a market-capitalization-weighted index of domestic and Yankee high-yield bonds. The index tracks the performance of high-yield securities traded in the U.S. bond market. You cannot invest directly in an index. Copyright 2018. ICE Data Indices, LLC. All rights reserved.
- ⁷ The MSCI Emerging Markets (EM) Index (Net) is a free-float-adjusted market-capitalization-weighted index that is designed to measure large- and mid-cap equity market performance of emerging markets. The MSCI EM Index (Net) consists of the following 24 emerging markets country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, the Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates. You cannot invest directly in an index.

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Letter to shareholders (unaudited) Wells Fargo Utilities and High Income Fund 3
Positive economic and market news continued as 2017 closed and 2018 began.

During the fourth quarter of 2017, stock markets continued the move higher. Third-quarter economic output in the U.S. grew at a 3.2% annual rate. The unemployment rate fell to a 17-year low of 4.1%. Tax reform and wage growth encouraged increased business and consumer spending.

Fed officials announced in October 2017 plans to begin unwinding its \$4.5 trillion portfolio of bonds and other assets accumulated during rounds of quantitative easing conducted since the 2008–2009 recession. Still, restrained inflation kept long-term bond rates steady and the flattening of the yield curve persisted.

October 2017 also marked one year since the regulatory reform of money market investing in the U.S. By December 2017, money market fund asset levels exceeded their December 2016 levels, reflecting continued investor demand for short-term investment opportunities offered in money market funds.

In December, the Organisation for Economic Co-operation and Development (OECD) reported that the global economy was expanding at its fastest rate since 2010; all 35 countries the OECD follows were on track to expand for 2017. International economies benefited from economic stimulus, which accelerated trade growth; improving employment; increased investment; and firming commodity prices.

The Fed raised the federal funds rate target to a range of 1.25% to 1.50% in December 2017 and began reducing its bond portfolio.

2018 opened with continued stock advances, then volatility.

Improving business and economic data globally continued to support stock advances through January 2018. Even political wrangling in the U.S. over budget resolutions could not dissuade investors from buying stocks as payrolls and factory orders increased. Long-term interest rates in the U.S. trended higher as the yield curve steepened—the 10-year Treasury rate moved from 2.46% to 2.84% and the 30-year rate moved from 2.81% to 3.08% during January 2018.

Investor sentiment shifted in February. Concerns about inflation began to emerge in the U.S. as readings from the Producer Price Index in January rose 2.5% year over year. During February 2018, the U.S. market endured a loss of more than 10% before recovering much of that loss, but volatility affected stocks globally throughout the month.

During January 2018, purchasing managers' indexes in China, the eurozone, India, and Japan reported data for December that indicated continued growth. International stock values fell during February 2018, swept up in the selling momentum in U.S. markets.

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

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

During February 2018, the U.S. market endured a loss of more than 10% before recovering much of that loss, but volatility affected stocks globally throughout the month.

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4 Wells Fargo Utilities and High Income Fund

Letter to shareholders (unaudited)

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

Sincerely,

Andrew Owen

President

Wells Fargo Funds

Notice to shareholders

On November 10, 2017, the Fund announced an extension of its open-market share repurchase program (the Buyback Program). Under the extended Buyback Program, the Fund may repurchase up to 10% of its outstanding shares during the period in open market transactions beginning on January 1, 2018 and ending on December 31, 2018. The Fund's Board of Trustees has delegated to Wells Fargo Funds Management, LLC, the Fund's adviser, 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.

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**.

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Performance highlights (unaudited)

Investment objective

The Fund seeks a high level of current income and moderate capital growth, with an emphasis on providing tax-advantaged dividend income.

Strategy summary:

The Fund allocates its assets between two separate investment strategies, or sleeves. Under normal market conditions, the Fund will allocate approximately 70% of its total assets to a sleeve that places a focus on common, preferred and convertible preferred stocks and convertible debentures of utility companies (water, gas, electric and telecommunications companies), and approximately 30% of its total assets to a sleeve of U.S. dollar denominated non-investment-grade (high yield) debt.

Adviser

Wells Fargo Funds Management, LLC

Subadvisers

Crow Point Partners, LLC

Wells Capital Management Incorporated

Portfolio managers

Niklas Nordenfelt, CFA®

Timothy P. O'Brien, CFA®

Phillip Susser

Average annual total return (%) as of February 28, 2018¹

| | 6 months | 1 year | 5 year | 10 year |
|---|----------|--------|--------|---------|
| Based on market value | (5.37) | 5.19 | 8.39 | 1.06 |
| Based on net asset value (NAV) per share | (4.65) | 5.48 | 8.08 | 4.25 |
| ERH Blended Index ² | (6.13) | (0.06) | 8.45 | 7.28 |
| ICE BofAML U.S. High Yield Index ³ | 1.01 | 4.12 | 5.35 | 8.13 |
| S&P 500 Utilities Sector Index ⁴ | (9.18) | (1.99) | 9.50 | 6.85 |

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 six months ended February 28, 2018, was 1.32% which includes 0.38% of interest expense.

Comparison of NAV vs. market value⁵

High-yield, lower-rated bonds may contain more risk due to the increased possibility of default. Foreign investments may contain more risk due to the inherent risks associated with changing political climates, foreign market instability, and foreign currency fluctuations. Risks of international investing are magnified in emerging or developing markets. Funds that concentrate their investments in a single industry or sector may face increased risk of price fluctuation due to adverse developments within that industry or sector. Small- and mid-cap securities may be subject to special risks associated with narrower product lines and limited financial resources compared with their large-cap counterparts. The use of leverage results in certain risks, including, among others, the likelihood of greater volatility of net asset value and the market price of common shares. Derivatives involve additional risks, including interest-rate risk, credit risk, the risk of improper valuation, and the risk of noncorrelation to the relevant instruments they are designed to hedge or closely track. There are numerous risks associated with transactions in options on securities. Illiquid securities may be subject to wide fluctuations in market value and may be difficult to sell. This closed-end fund is no longer available as an initial public offering and is only offered through broker/dealers on the secondary market.

Please see footnotes on page 8.

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Performance highlights (unaudited)
MANAGERS' DISCUSSION

Wells Fargo Utilities and High Income Fund 7

Overview

The Fund's return based on market value was -5.37% for the six-month period that ended February 28, 2018. During the same period, the Fund's return based on net asset value (NAV) was -4.65%. Based on its NAV return, the Fund performed in line with the ERH Blended Index,³ which returned -6.13%.

During the six-month period that ended February 28, 2018, the U.S. economic expansion picked up steam while economic recoveries in Europe and Asia appeared to strengthen. The U.S. Federal Reserve increased the federal funds rate once again in December 2017, the fifth such increase since December 2015. Other central banks around the world maintained interest-rate and monetary policies that were accommodative of increased business activity. The U.S. dollar weakened relative to other major currencies during the period.

The high-yield bond market was supported during the period by solid and consistent gross domestic product growth, less-than-aggressive issuance over the past several years, and the tailwinds from tax reform, offset to some extent by rising interest rates. As a result, high-yield spreads over Treasuries narrowed, which, to a large extent, was offset by the rise in interest rates. During the period, lower-quality bonds have outperformed higher quality bonds which is not unusual in the latter stages of an economic cycle when interest rates begin to rise.

Among the Fund's equity holdings, a new position was initiated in Atresmedia Corporacion de Medios de Comunicacion S.A. and the remaining holdings of Chunghwa Telecom Company, Limited, were sold.

Ten largest holdings (%) as of February 28, 2018⁶

| | |
|--|------|
| FirstEnergy Corporation | 6.14 |
| American Electric Power Company Incorporated | 5.71 |
| PNM Resources Incorporated | 5.36 |
| Antena 3 de Television SA | 4.74 |
| NextEra Energy Incorporated | 4.64 |
| DTE Energy Company | 4.24 |
| Eversource Energy | 3.97 |
| Exelon Corporation | 3.74 |
| Red Electrica Corporacion SA | 3.39 |
| Edison International | 3.16 |

Contributors to performance

Within the Fund's equities portfolio, performance contributors included utilities Hera S.p.A.; NextEra Energy, Incorporated; and Public Service Enterprise Group Incorporated along with telecommunication services carrier Verizon Communications Incorporated. The Fund's substantial cash position and its preferred stock holdings generally were additive to performance.

The performance of the Fund's high-yield bond investments benefited from industry allocation. An overweight to and strong security selection within

oil-field services and midstream along with an underweight to wireless and cable/satellite (both underperforming sectors relative to the broader high-yield index) were the largest contributors. Security selection was the main driver of outperformance.

Credit quality as of February 28, 2018⁷

Sector distribution as of February 28, 2018⁸

Please see footnotes on page 8.

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8 Wells Fargo Utilities and High Income Fund

Performance highlights (unaudited)

Country allocation as of February 28, 2018⁸**Detractors from performance**

Significant performance detractors among the Fund's equities investments included utilities Edison International; SCANA Corporation; South Jersey Industries, Incorporated; and Spark Energy, Incorporated. Credit rating and maturity allocations within the Fund's high-yield bond portfolios both detracted modestly from performance. The negative effects of an overweight to BBB and a slight underweight to CC were more than offset by security selection, as were the negative effects of an underweight to the better-performing 3- to 5-year maturity bucket and an overweight to the 7- to 10-year maturity bucket.

Outlook from the Fund's equities manager: Solid, accelerating economic recovery

From an equity perspective, we are now seeing what appears to be a more solid and accelerating economic recovery in the U.S. We expect interest rates to continue to go up on the short end of the yield curve. The outlook for 10-year rates, which are highly correlated with utility dividend yields, is less clear. Stronger economic growth may be positive for utilities suffering from weak sales, while higher interest rates could be a near-term headwind for utility stocks. Over the longer term, the outlook on the fundamentals of regulated network operators remains robust while the outlook for utilities with significant commodity price exposure remains challenging.

Outlook from the Fund's high-yield manager: Growth to continue with evidence of potential risks

While we tend to think that the economy should continue to grow and company fundamentals will continue to improve, we are always on the lookout for potential threats to that growth. Of growing concern is what we believe to be the early stages of a new period of gradually increasing inflation. This inflation concern is partly mitigated by the fact that inflation often takes a fair amount of time to build up (and to quell, unfortunately) and to have an impact on consumers, businesses, and the economy, and it may even help high-yield companies repay their debts.

Our increasing concern about potential trade wars is mitigated by the large entrenched interests that are hurt by a trade war and the broader understanding in the investment, business, and government communities that all parties would lose. We continue to believe that spreads between high-yield bonds and Treasuries will continue to remain flat in the short run but will widen in the medium term, potentially significantly from here. In our view, the higher yields available in the junk bond market will offset this spread widening to some extent.

¹ Total returns based on market value are calculated assuming a purchase of common stock on the first day and sale on the last day of the period reported. Total returns based on NAV are calculated based on the NAV at the beginning of the period and at the 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 ERH Blended Index is weighted 70% S&P 500 Utilities Index and 30% ICE BofA Merrill Lynch U.S. High Yield Index. You cannot invest directly in an index.
- ³ The ICE BofAML U.S. High Yield Index is a market-capitalization-weighted index of domestic and Yankee high-yield bonds. The index tracks the performance of high-yield securities traded in the U.S. bond market. You cannot invest directly in an index. Copyright 2018. ICE Data Indices, LLC. All rights reserved.
- ⁴ The S&P 500 Utilities Index is a market-value-weighted index that measures the performance of all stocks within the utilities sector of the S&P 500 Index.
- ⁵ This 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.
- ⁶ 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.
- ⁷ 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.
- ⁸ Amounts are calculated based on the total long-term investments of the Fund. These percentages are subject to change and may have changed since the date specified.

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Portfolio of investments February 28, 2018 (unaudited)

Wells Fargo Utilities and High Income Fund 9

| Security name | Shares | Value |
|--|---------|--------------|
| Common Stocks: 61.84% | | |
| Consumer Discretionary: 4.74% | | |
| Media: 4.74% | | |
| <i>Antena 3 de Television SA</i> | 525,000 | \$ 5,450,400 |
| Telecommunication Services: 4.29% | | |
| Diversified Telecommunication Services: 1.72% | | |
| <i>Verizon Communications Incorporated</i> | 41,291 | 1,971,232 |
| Wireless Telecommunication Services: 2.57% | | |
| <i>Shenandoah Telecommunications Company</i> | 90,000 | 2,952,000 |
| Utilities: 52.81% | | |
| Electric Utilities: 43.08% | | |
| <i>Alliant Energy Corporation</i> | 8,000 | 309,200 |
| <i>American Electric Power Company Incorporated</i> | 100,000 | 6,558,000 |
| <i>Edison International</i> | 60,000 | 3,635,400 |
| <i>Entergy Corporation</i> | 31,000 | 2,350,420 |
| <i>Eversource Energy</i> | 80,000 | 4,560,000 |
| <i>Exelon Corporation</i> | 116,001 | 4,296,677 |
| <i>FirstEnergy Corporation</i> | 218,333 | 7,058,706 |
| <i>Great Plains Energy Incorporated</i> | 100,000 | 2,915,000 |
| <i>IDACORP Incorporated</i> | 25,000 | 2,026,250 |
| <i>NextEra Energy Incorporated</i> | 35,000 | 5,325,250 |
| <i>PNM Resources Incorporated</i> | 175,000 | 6,160,000 |
| <i>Red Electrica Corporacion SA</i> | 200,000 | 3,891,363 |
| <i>Spark Energy Incorporated Class A</i> | 44,138 | 410,483 |
| | | 49,496,749 |
| Gas Utilities: 0.04% | | |
| <i>Chesapeake Utilities Corporation</i> | 300 | 19,995 |
| <i>New Jersey Resources Corporation</i> | 400 | 15,240 |

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| | | |
|---|---------|------------|
| <i>South Jersey Industries Incorporated</i> | 400 | 10,484 |
| | | 45,719 |
| Multi-Utilities: 9.69% | | |
| <i>CenterPoint Energy Incorporated</i> | 50,000 | 1,352,500 |
| <i>Dominion Resources Incorporated</i> | 300 | 22,221 |
| <i>Hera SpA</i> | 900,000 | 3,061,185 |
| <i>MDU Resources Group Incorporated</i> | 500 | 13,145 |
| <i>Public Service Enterprise Group Incorporated</i> | 50,000 | 2,421,500 |
| <i>SCANA Corporation</i> | 25,000 | 991,750 |
| <i>Sempra Energy</i> | 30,000 | 3,269,400 |
| | | 11,131,701 |
| Total Common Stocks (Cost \$56,146,547) | | 71,047,801 |

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

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10 Wells Fargo Utilities and High Income Fund

Portfolio of investments February 28, 2018 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|-----------|-----------|
| Corporate Bonds and Notes: 29.90% | | | | |
| Consumer Discretionary: 6.90% | | | | |
| Auto Components: 0.68% | | | | |
| <i>Allison Transmission Incorporated 144A</i> | 4.75% | 10-1-2027 | \$ 75,000 | \$ 73,500 |
| <i>Allison Transmission Incorporated 144A</i> | 5.00 | 10-1-2024 | 400,000 | 405,500 |
| <i>Cooper Tire & Rubber Company</i> | 7.63 | 3-15-2027 | 257,000 | 289,125 |
| <i>Cooper Tire & Rubber Company</i> | 8.00 | 12-15-2019 | 15,000 | 16,320 |
| | | | | 784,445 |
| Distributors: 0.13% | | | | |
| <i>LKQ Corporation</i> | 4.75 | 5-15-2023 | 125,000 | 126,563 |
| <i>Spectrum Brands Incorporated</i> | 6.63 | 11-15-2022 | 25,000 | 25,844 |
| | | | | 152,407 |
| Diversified Consumer Services: 0.53% | | | | |
| <i>Service Corporation International</i> | 4.63 | 12-15-2027 | 50,000 | 48,875 |
| <i>Service Corporation International</i> | 7.50 | 4-1-2027 | 400,000 | 466,000 |
| <i>Service Corporation International</i> | 8.00 | 11-15-2021 | 85,000 | 96,900 |
| | | | | 611,775 |
| Hotels, Restaurants & Leisure: 0.53% | | | | |
| <i>Brinker International Incorporated 144A</i> | 5.00 | 10-1-2024 | 50,000 | 49,313 |
| <i>CCM Merger Incorporated 144A</i> | 6.00 | 3-15-2022 | 425,000 | 429,497 |
| <i>Pinnacle Entertainment Incorporated</i> | 5.63 | 5-1-2024 | 25,000 | 26,388 |
| <i>Speedway Motorsports Incorporated</i> | 5.13 | 2-1-2023 | 100,000 | 100,000 |
| | | | | 605,198 |
| Media: 3.45% | | | | |
| <i>Altice US Finance I Corporation 144A</i> | 5.38 | 7-15-2023 | 200,000 | 203,250 |
| <i>Altice US Finance I Corporation 144A</i> | 5.50 | 5-15-2026 | 100,000 | 99,000 |
| <i>CCO Holdings LLC</i> | 5.75 | 9-1-2023 | 50,000 | 51,000 |

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| | | | | |
|--|------|------------|---------|---------|
| <i>CCO Holdings LLC 144A</i> | 5.00 | 2-1-2028 | 25,000 | 23,610 |
| <i>CCO Holdings LLC</i> | 5.13 | 2-15-2023 | 100,000 | 101,625 |
| <i>CCO Holdings LLC 144A</i> | 5.13 | 5-1-2023 | 135,000 | 137,531 |
| <i>CCO Holdings LLC 144A</i> | 5.13 | 5-1-2027 | 50,000 | 48,063 |
| <i>CCO Holdings LLC</i> | 5.25 | 9-30-2022 | 90,000 | 91,631 |
| <i>CCO Holdings LLC 144A</i> | 5.38 | 5-1-2025 | 335,000 | 336,256 |
| <i>CCO Holdings LLC 144A</i> | 5.50 | 5-1-2026 | 5,000 | 5,000 |
| <i>CCO Holdings LLC 144A</i> | 5.75 | 2-15-2026 | 275,000 | 278,781 |
| <i>CCO Holdings LLC 144A</i> | 5.88 | 4-1-2024 | 125,000 | 129,256 |
| <i>Cequel Communications Holdings I LLC 144A</i> | 7.75 | 7-15-2025 | 100,000 | 106,500 |
| <i>Cinemark USA Incorporated</i> | 4.88 | 6-1-2023 | 25,000 | 24,844 |
| <i>CSC Holdings LLC</i> | 8.63 | 2-15-2019 | 125,000 | 130,525 |
| <i>EMI Music Publishing Group 144A</i> | 7.63 | 6-15-2024 | 150,000 | 163,500 |
| <i>Gray Television Incorporated 144A</i> | 5.13 | 10-15-2024 | 100,000 | 98,000 |
| <i>Gray Television Incorporated 144A</i> | 5.88 | 7-15-2026 | 325,000 | 322,156 |
| <i>Lamar Media Corporation</i> | 5.38 | 1-15-2024 | 50,000 | 51,545 |
| <i>Lamar Media Corporation</i> | 5.88 | 2-1-2022 | 75,000 | 76,568 |

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

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Portfolio of investments February 28, 2018 (unaudited)

Wells Fargo Utilities and High Income Fund 11

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|-----------|-----------|
| Media (continued) | | | | |
| <i>LIN Television Corporation</i> | 5.88% | 11-15-2022 | \$ 25,000 | \$ 25,813 |
| <i>Live Nation Entertainment Incorporated 144A</i> | 4.88 | 11-1-2024 | 100,000 | 99,375 |
| <i>Live Nation Entertainment Incorporated 144A</i> | 5.38 | 6-15-2022 | 50,000 | 51,563 |
| <i>National CineMedia LLC</i> | 6.00 | 4-15-2022 | 300,000 | 302,625 |
| <i>Nexstar Broadcasting Group Incorporated 144A</i> | 5.63 | 8-1-2024 | 75,000 | 75,375 |
| <i>Nexstar Broadcasting Group Incorporated 144A</i> | 6.13 | 2-15-2022 | 150,000 | 154,500 |
| <i>Nielsen Finance LLC 144A</i> | 5.00 | 4-15-2022 | 100,000 | 101,238 |
| <i>Outfront Media Capital Corporation</i> | 5.25 | 2-15-2022 | 15,000 | 15,319 |
| <i>Outfront Media Capital Corporation</i> | 5.63 | 2-15-2024 | 29,000 | 29,326 |
| <i>Outfront Media Capital Corporation</i> | 5.88 | 3-15-2025 | 65,000 | 65,975 |
| <i>Salem Media Group Incorporated 144A</i> | 6.75 | 6-1-2024 | 300,000 | 292,500 |
| <i>The E.W. Scripps Company 144A</i> | 5.13 | 5-15-2025 | 275,000 | 264,000 |
| | | | | 3,956,250 |
| Specialty Retail: 1.44% | | | | |
| <i>Asbury Automotive Group Incorporated</i> | 6.00 | 12-15-2024 | 350,000 | 363,125 |
| <i>Group 1 Automotive Incorporated</i> | 5.00 | 6-1-2022 | 125,000 | 127,500 |
| <i>Group 1 Automotive Incorporated 144A</i> | 5.25 | 12-15-2023 | 95,000 | 97,375 |
| <i>Lithia Motors Incorporated 144A</i> | 5.25 | 8-1-2025 | 350,000 | 356,125 |
| <i>Penske Auto Group Incorporated</i> | 3.75 | 8-15-2020 | 50,000 | 49,625 |
| <i>Penske Auto Group Incorporated</i> | 5.38 | 12-1-2024 | 300,000 | 300,750 |
| <i>Penske Auto Group Incorporated</i> | 5.75 | 10-1-2022 | 99,000 | 101,723 |
| <i>Sonic Automotive Incorporated</i> | 5.00 | 5-15-2023 | 145,000 | 138,838 |
| <i>Sonic Automotive Incorporated</i> | 6.13 | 3-15-2027 | 125,000 | 123,438 |
| | | | | 1,658,499 |
| Textiles, Apparel & Luxury Goods: 0.14% | | | | |
| <i>Wolverine World Wide Company 144A</i> | 5.00 | 9-1-2026 | 160,000 | 160,000 |
| Consumer Staples: 0.36% | | | | |

Beverages: 0.04%

| | | | | |
|---|------|----------|--------|--------|
| <i>Cott Beverages Incorporated 144A</i> | 5.50 | 4-1-2025 | 50,000 | 49,805 |
|---|------|----------|--------|--------|

Food Products: 0.26%

| | | | | |
|--|------|-----------|---------|---------|
| <i>B&G Foods Incorporated</i> | 4.63 | 6-1-2021 | 30,000 | 30,113 |
| <i>B&G Foods Incorporated</i> | 5.25 | 4-1-2025 | 75,000 | 72,188 |
| <i>Darling Ingredients Incorporated</i> | 5.38 | 1-15-2022 | 15,000 | 15,394 |
| <i>Pilgrim s Pride Corporation 144A</i> | 5.75 | 3-15-2025 | 110,000 | 109,450 |
| <i>Pilgrim s Pride Corporation 144A</i> | 5.88 | 9-30-2027 | 25,000 | 24,313 |
| <i>Prestige Brands Incorporated 144A</i> | 6.38 | 3-1-2024 | 10,000 | 10,313 |
| <i>US Foods Incorporated 144A</i> | 5.88 | 6-15-2024 | 30,000 | 31,125 |
| | | | | 292,896 |

Household Products: 0.06%

| | | | | |
|---|------|------------|--------|--------|
| <i>Central Garden & Pet Company</i> | 5.13 | 2-1-2028 | 25,000 | 24,344 |
| <i>Central Garden & Pet Company</i> | 6.13 | 11-15-2023 | 20,000 | 20,875 |
| <i>Spectrum Brands Incorporated</i> | 5.75 | 7-15-2025 | 25,000 | 25,750 |
| | | | | 70,969 |

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

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12 Wells Fargo Utilities and High Income Fund

Portfolio of investments February 28, 2018 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|------------|------------|
| Energy: 7.52% | | | | |
| Energy Equipment & Services: 2.35% | | | | |
| <i>Bristow Group Incorporated</i> | 6.25% | 10-15-2022 | \$ 325,000 | \$ 279,500 |
| <i>Bristow Group Incorporated 144A%%</i> | 8.75 | 3-1-2023 | 75,000 | 76,266 |
| <i>Diamond Offshore Drilling Incorporated</i> | 4.88 | 11-1-2043 | 150,000 | 110,250 |
| <i>Era Group Incorporated</i> | 7.75 | 12-15-2022 | 215,000 | 206,669 |
| <i>Hilcorp Energy Company 144A</i> | 5.00 | 12-1-2024 | 150,000 | 150,750 |
| <i>Hilcorp Energy Company 144A</i> | 5.75 | 10-1-2025 | 175,000 | 178,063 |
| <i>Hornbeck Offshore Services Incorporated</i> | 1.50 | 9-1-2019 | 350,000 | 284,599 |
| <i>Hornbeck Offshore Services Incorporated</i> | 5.00 | 3-1-2021 | 150,000 | 88,500 |
| <i>Hornbeck Offshore Services Incorporated</i> | 5.88 | 4-1-2020 | 235,000 | 162,150 |
| <i>NGPL PipeCo LLC 144A</i> | 4.38 | 8-15-2022 | 25,000 | 24,938 |
| <i>NGPL PipeCo LLC 144A</i> | 4.88 | 8-15-2027 | 50,000 | 50,438 |
| <i>NGPL PipeCo LLC 144A</i> | 7.77 | 12-15-2037 | 625,000 | 765,625 |
| <i>Oceaneering International Incorporated</i> | 6.00 | 2-1-2028 | 75,000 | 73,925 |
| <i>PHI Incorporated</i> | 5.25 | 3-15-2019 | 255,000 | 250,219 |
| | | | | 2,701,892 |
| Oil, Gas & Consumable Fuels: 5.17% | | | | |
| <i>Andeavor Logistics LP</i> | 5.25 | 1-15-2025 | 50,000 | 51,315 |
| <i>Archrock Partners LP</i> | 6.00 | 10-1-2022 | 75,000 | 75,188 |
| <i>Carrizo Oil & Gas Incorporated</i> | 8.25 | 7-15-2025 | 75,000 | 80,063 |
| <i>Cheniere Energy Incorporated 144A</i> | 5.25 | 10-1-2025 | 400,000 | 404,000 |
| <i>Continental Resources Incorporated 144A</i> | 4.38 | 1-15-2028 | 25,000 | 24,297 |
| <i>Continental Resources Incorporated</i> | 3.80 | 6-1-2024 | 100,000 | 97,125 |
| <i>DCP Midstream Operating LLC</i> | 2.70 | 4-1-2019 | 75,000 | 74,156 |
| <i>Denbury Resources Incorporated</i> | 5.00 | 12-15-2023 | 51,000 | 41,856 |
| <i>Denbury Resources Incorporated</i> | 6.38 | 8-15-2021 | 285,000 | 236,550 |
| <i>Denbury Resources Incorporated 144A</i> | 9.25 | 3-31-2022 | 61,000 | 62,525 |
| <i>Enable Midstream Partner LP</i> | 2.40 | 5-15-2019 | 275,000 | 272,424 |
| <i>Enable Oklahoma Intrastate Transmission LLC 144A</i> | 6.25 | 3-15-2020 | 50,000 | 52,567 |
| <i>EnLink Midstream LLC</i> | 4.40 | 4-1-2024 | 300,000 | 301,406 |
| <i>Exterran Partners LP</i> | 6.00 | 4-1-2021 | 300,000 | 300,750 |
| <i>Gulfport Energy Corporation</i> | 6.00 | 10-15-2024 | 75,000 | 73,688 |

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| | | | | |
|--|------|------------|---------|---------|
| <i>Gulfport Energy Corporation</i> | 6.63 | 5-1-2023 | 150,000 | 154,125 |
| <i>Kinder Morgan Incorporated</i> | 6.50 | 9-15-2020 | 45,000 | 48,425 |
| <i>Kinder Morgan Incorporated</i> | 7.42 | 2-15-2037 | 90,000 | 104,976 |
| <i>Matador Resources Company</i> | 6.88 | 4-15-2023 | 25,000 | 26,125 |
| <i>Murphy Oil Corporation</i> | 4.45 | 12-1-2022 | 175,000 | 172,813 |
| <i>Murphy Oil Corporation</i> | 5.75 | 8-15-2025 | 15,000 | 14,925 |
| <i>Murphy Oil Corporation</i> | 6.88 | 8-15-2024 | 50,000 | 52,569 |
| <i>Nabors Industries Limited</i> | 0.75 | 1-15-2024 | 125,000 | 95,060 |
| <i>Overseas Shipholding Group Incorporated</i> | 8.13 | 3-30-2018 | 175,000 | 175,175 |
| <i>PDC Energy Incorporated</i> | 6.13 | 9-15-2024 | 50,000 | 51,125 |
| <i>Rockies Express Pipeline LLC 144A</i> | 5.63 | 4-15-2020 | 325,000 | 337,594 |
| <i>Rockies Express Pipeline LLC 144A</i> | 6.88 | 4-15-2040 | 250,000 | 293,125 |
| <i>Rockies Express Pipeline LLC 144A</i> | 7.50 | 7-15-2038 | 55,000 | 67,100 |
| <i>Rockpoint Gas Storage 144A</i> | 7.00 | 3-31-2023 | 175,000 | 175,000 |
| <i>Rose Rock Midstream LP</i> | 5.63 | 7-15-2022 | 100,000 | 99,000 |
| <i>Rose Rock Midstream LP</i> | 5.63 | 11-15-2023 | 100,000 | 96,750 |

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

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Portfolio of investments February 28, 2018 (unaudited)

Wells Fargo Utilities and High Income Fund 13

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Oil, Gas & Consumable Fuels (continued) | | | | |
| <i>Sabine Pass Liquefaction LLC</i> | 5.63% | 2-1-2021 | \$ 125,000 | \$ 132,024 |
| <i>Sabine Pass Liquefaction LLC</i> | 6.25 | 3-15-2022 | 100,000 | 109,094 |
| <i>SemGroup Corporation</i> | 6.38 | 3-15-2025 | 275,000 | 271,563 |
| <i>SemGroup Corporation</i> | 7.25 | 3-15-2026 | 150,000 | 153,375 |
| <i>Southern Star Central Corporation 144A</i> | 5.13 | 7-15-2022 | 75,000 | 76,688 |
| <i>Southwestern Energy Company</i> | 4.10 | 3-15-2022 | 75,000 | 70,313 |
| <i>Southwestern Energy Company</i> | 7.50 | 4-1-2026 | 50,000 | 50,500 |
| <i>Southwestern Energy Company</i> | 7.75 | 10-1-2027 | 50,000 | 51,000 |
| <i>Summit Midstream Holdings LLC</i> | 5.75 | 4-15-2025 | 25,000 | 25,000 |
| <i>Tallgrass Energy Partners LP 144A</i> | 5.50 | 9-15-2024 | 600,000 | 617,988 |
| <i>Tesoro Logistics LP</i> | 6.38 | 5-1-2024 | 25,000 | 26,875 |
| <i>Ultra Resources Incorporated 144A</i> | 6.88 | 4-15-2022 | 50,000 | 45,000 |
| <i>Ultra Resources Incorporated 144A</i> | 7.13 | 4-15-2025 | 225,000 | 201,375 |
| | | | | 5,942,592 |
| Financials: 2.52% | | | | |
| Consumer Finance: 1.07% | | | | |
| <i>Ally Financial Incorporated</i> | 8.00 | 12-31-2018 | 75,000 | 77,813 |
| <i>Ally Financial Incorporated</i> | 8.00 | 3-15-2020 | 203,000 | 219,748 |
| <i>FirstCash Incorporated 144A</i> | 5.38 | 6-1-2024 | 100,000 | 103,125 |
| <i>Navient Corporation</i> | 8.00 | 3-25-2020 | 175,000 | 187,469 |
| <i>Navient Corporation</i> | 8.45 | 6-15-2018 | 125,000 | 126,563 |
| <i>OneMain Financial Group LLC 144A</i> | 7.25 | 12-15-2021 | 300,000 | 311,663 |
| <i>Springleaf Finance Corporation</i> | 6.00 | 6-1-2020 | 100,000 | 103,375 |
| <i>Springleaf Finance Corporation</i> | 7.75 | 10-1-2021 | 25,000 | 27,250 |
| <i>Springleaf Finance Corporation</i> | 8.25 | 10-1-2023 | 65,000 | 71,500 |
| | | | | 1,228,506 |
| Diversified Financial Services: 0.85% | | | | |
| <i>Infinity Acquisition LLC 144A</i> | 7.25 | 8-1-2022 | 75,000 | 75,188 |
| <i>LPL Holdings Incorporated 144A</i> | 5.75 | 9-15-2025 | 775,000 | 784,688 |
| <i>Tempo Acquisition LLC 144A</i> | 6.75 | 6-1-2025 | 75,000 | 75,563 |
| <i>Vantiv LLC 144A</i> | 4.38 | 11-15-2025 | 50,000 | 48,438 |

983,877

Insurance: 0.60%

| | | | | |
|--|------|-----------|---------|---------|
| <i>Hub Holdings LLC (PIK at 8.88%) 144A</i> | 8.13 | 7-15-2019 | 175,000 | 175,219 |
| <i>Hub International Limited 144A</i> | 7.88 | 10-1-2021 | 350,000 | 360,938 |
| <i>USIS Merger Subordinate Incorporated 144A</i> | 6.88 | 5-1-2025 | 150,000 | 151,875 |
| | | | | 688,032 |

Health Care: 2.87%**Health Care Equipment & Supplies: 0.64%**

| | | | | |
|--|------|------------|---------|---------|
| <i>Hill-Rom Holdings Incorporated 144A</i> | 5.00 | 2-15-2025 | 50,000 | 49,875 |
| <i>Hill-Rom Holdings Incorporated 144A</i> | 5.75 | 9-1-2023 | 25,000 | 25,938 |
| <i>Hologic Incorporated 144A</i> | 4.63 | 2-1-2028 | 25,000 | 24,125 |
| <i>Hologic Incorporated 144A</i> | 4.38 | 10-15-2025 | 225,000 | 219,656 |
| <i>Kinetics Concepts Incorporated 144A</i> | 7.88 | 2-15-2021 | 200,000 | 207,000 |

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

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14 Wells Fargo Utilities and High Income Fund

Portfolio of investments February 28, 2018 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|-----------|-----------|
| Health Care Equipment & Supplies | | | | |
| (continued) | | | | |
| <i>Surgery Center Holdings Incorporated 144A</i> | 6.75% | 7-1-2025 | \$ 50,000 | \$ 47,000 |
| <i>Surgery Center Holdings Incorporated 144A</i> | 8.88 | 4-15-2021 | 150,000 | 155,625 |
| | | | | 729,219 |
| Health Care Providers & Services: 1.87% | | | | |
| <i>Acadia Healthcare Company Incorporated</i> | 6.50 | 3-1-2024 | 20,000 | 20,650 |
| <i>CHS Incorporated</i> | 5.13 | 8-1-2021 | 200,000 | 184,500 |
| <i>HCA Incorporated</i> | 5.88 | 3-15-2022 | 25,000 | 26,500 |
| <i>HCA Incorporated</i> | 6.50 | 2-15-2020 | 325,000 | 342,063 |
| <i>HealthSouth Corporation</i> | 5.75 | 9-15-2025 | 75,000 | 76,313 |
| <i>Mednax Incorporated 144A</i> | 5.25 | 12-1-2023 | 50,000 | 51,188 |
| <i>MPH Acquisition Holdings LLC 144A</i> | 7.13 | 6-1-2024 | 300,000 | 315,750 |
| <i>MPT Operating Partnership LP</i> | 5.00 | 10-15-2027 | 100,000 | 97,700 |
| <i>MPT Operating Partnership LP</i> | 5.25 | 8-1-2026 | 150,000 | 149,063 |
| <i>MPT Operating Partnership LP</i> | 6.38 | 3-1-2024 | 10,000 | 10,525 |
| <i>Polaris Intermediate Corporation 144A</i> | 8.50 | 12-1-2022 | 50,000 | 50,906 |
| <i>Select Medical Corporation</i> | 6.38 | 6-1-2021 | 315,000 | 321,133 |
| <i>Tenet Healthcare Corporation 144A</i> | 4.63 | 7-15-2024 | 118,000 | 112,911 |
| <i>Vizient Incorporated 144A</i> | 10.38 | 3-1-2024 | 350,000 | 392,000 |
| | | | | 2,151,202 |
| Health Care Technology: 0.28% | | | | |
| <i>Change Healthcare Holdings Incorporated 144A</i> | 5.75 | 3-1-2025 | 250,000 | 250,000 |
| <i>Quintiles IMS Holdings Incorporated 144A</i> | 4.88 | 5-15-2023 | 75,000 | 77,063 |
| | | | | 327,063 |
| Pharmaceuticals: 0.08% | | | | |
| <i>Endo Finance LLC 144A</i> | 5.38 | 1-15-2023 | 50,000 | 37,125 |
| <i>Endo Finance LLC 144A</i> | 5.75 | 1-15-2022 | 65,000 | 53,138 |
| | | | | 90,263 |

Industrials: 1.44%**Aerospace & Defense: 0.02%**

| | | | | |
|--|------|------------|--------|--------|
| <i>RBS Global & Rexnord LLC 144A</i> | 4.88 | 12-15-2025 | 25,000 | 24,625 |
|--|------|------------|--------|--------|

Airlines: 0.10%

| | | | | |
|--|------|----------|---------|---------|
| <i>Aviation Capital Group Corporation 144A</i> | 6.75 | 4-6-2021 | 100,000 | 109,917 |
|--|------|----------|---------|---------|

Commercial Services & Supplies: 1.29%

| | | | | |
|-------------------------------------|------|------------|--------|--------|
| <i>Acco Brands Corporation 144A</i> | 5.25 | 12-15-2024 | 25,000 | 25,125 |
|-------------------------------------|------|------------|--------|--------|

| | | | | |
|---|------|------------|---------|---------|
| <i>Advanced Disposal Services Incorporated 144A</i> | 5.63 | 11-15-2024 | 275,000 | 280,500 |
|---|------|------------|---------|---------|

| | | | | |
|---|------|----------|--------|--------|
| <i>Aramark Services Incorporated 144A</i> | 5.00 | 2-1-2028 | 25,000 | 24,906 |
|---|------|----------|--------|--------|

| | | | | |
|--------------------------------------|------|-----------|--------|--------|
| <i>Aramark Services Incorporated</i> | 5.13 | 1-15-2024 | 60,000 | 61,200 |
|--------------------------------------|------|-----------|--------|--------|

| | | | | |
|------------------------------------|------|----------|---------|---------|
| <i>Covanta Holding Corporation</i> | 5.88 | 3-1-2024 | 185,000 | 185,463 |
|------------------------------------|------|----------|---------|---------|

| | | | | |
|------------------------------------|------|----------|--------|--------|
| <i>Covanta Holding Corporation</i> | 5.88 | 7-1-2025 | 75,000 | 74,625 |
|------------------------------------|------|----------|--------|--------|

| | | | | |
|------------------------------------|------|-----------|---------|---------|
| <i>Covanta Holding Corporation</i> | 6.38 | 10-1-2022 | 195,000 | 199,144 |
|------------------------------------|------|-----------|---------|---------|

| | | | | |
|---|------|----------|---------|---------|
| <i>KAR Auction Services Incorporated 144A</i> | 5.13 | 6-1-2025 | 550,000 | 554,125 |
|---|------|----------|---------|---------|

| | | | | |
|--|------|-----------|--------|--------|
| <i>Waste Pro USA Incorporated 144A</i> | 5.50 | 2-15-2026 | 50,000 | 50,250 |
|--|------|-----------|--------|--------|

| | | | | |
|--|------|-----------|--------|--------|
| <i>Wrangler Buyer Corporation 144A</i> | 6.00 | 10-1-2025 | 25,000 | 25,313 |
|--|------|-----------|--------|--------|

1,480,651

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

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Portfolio of investments February 28, 2018 (unaudited)

Wells Fargo Utilities and High Income Fund 15

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|-----------|-----------|
| Trading Companies & Distributors: 0.03% | | | | |
| <i>International Lease Finance Corporation 144A</i> | 7.13% | 9-1-2018 | \$ 35,000 | \$ 35,745 |
| Information Technology: 2.79% | | | | |
| Communications Equipment: 0.07% | | | | |
| <i>CommScope Technologies Finance LLC 144A</i> | 6.00 | 6-15-2025 | 75,000 | 77,460 |
| Internet Software & Services: 0.47% | | | | |
| <i>Infor Software Parent LLC (PIK at 7.88%) 144A</i> | 7.13 | 5-1-2021 | 75,000 | 76,313 |
| <i>Infor US Incorporated</i> | 6.50 | 5-15-2022 | 50,000 | 51,125 |
| <i>Zayo Group LLC 144A</i> | 5.75 | 1-15-2027 | 125,000 | 125,625 |
| <i>Zayo Group LLC</i> | 6.38 | 5-15-2025 | 275,000 | 287,719 |
| | | | | 540,782 |
| IT Services: 0.89% | | | | |
| <i>Cardtronics Incorporated</i> | 5.13 | 8-1-2022 | 125,000 | 121,563 |
| <i>Cardtronics Incorporated 144A</i> | 5.50 | 5-1-2025 | 200,000 | 188,500 |
| <i>First Data Corporation 144A</i> | 5.00 | 1-15-2024 | 125,000 | 125,781 |
| <i>First Data Corporation 144A</i> | 5.38 | 8-15-2023 | 25,000 | 25,435 |
| <i>First Data Corporation 144A</i> | 5.75 | 1-15-2024 | 95,000 | 96,663 |
| <i>First Data Corporation 144A</i> | 7.00 | 12-1-2023 | 225,000 | 236,531 |
| <i>Gartner Incorporated 144A</i> | 5.13 | 4-1-2025 | 225,000 | 230,625 |
| | | | | 1,025,098 |
| Semiconductors & Semiconductor Equipment: 0.09% | | | | |
| <i>Micron Technology Incorporated 144A</i> | 5.25 | 1-15-2024 | 75,000 | 76,875 |
| <i>Micron Technology Incorporated</i> | 5.50 | 2-1-2025 | 29,000 | 30,088 |
| | | | | 106,963 |

Software: 0.13%

| | | | | |
|---|------|------------|--------|---------|
| <i>CDK Global Incorporated 144A</i> | 4.88 | 6-1-2027 | 20,000 | 19,844 |
| <i>CDK Global Incorporated</i> | 5.00 | 10-15-2024 | 50,000 | 50,625 |
| <i>SS&C Technologies Incorporated</i> | 5.88 | 7-15-2023 | 50,000 | 52,563 |
| <i>Symantec Corporation 144A</i> | 5.00 | 4-15-2025 | 25,000 | 25,503 |
| | | | | 148,535 |

Technology Hardware, Storage & Peripherals: 1.14%

| | | | | |
|------------------------------------|------|------------|---------|-----------|
| <i>Dell International LLC 144A</i> | 5.88 | 6-15-2021 | 250,000 | 255,625 |
| <i>Dell International LLC 144A</i> | 7.13 | 6-15-2024 | 475,000 | 512,953 |
| <i>NCR Corporation</i> | 5.88 | 12-15-2021 | 15,000 | 15,263 |
| <i>NCR Corporation</i> | 6.38 | 12-15-2023 | 500,000 | 520,000 |
| | | | | 1,303,841 |

Materials: 1.05%

Chemicals: 0.04%

| | | | | |
|-----------------------------------|------|-----------|--------|--------|
| <i>Celanese U.S. Holdings LLC</i> | 5.88 | 6-15-2021 | 20,000 | 21,517 |
| <i>Valvoline Incorporated</i> | 5.50 | 7-15-2024 | 25,000 | 25,781 |
| | | | | 47,298 |

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

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16 Wells Fargo Utilities and High Income Fund

Portfolio of investments February 28, 2018 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|-----------|-----------|
| Containers & Packaging: 0.99% | | | | |
| <i>Ball Corporation</i> | 5.25% | 7-1-2025 | \$ 40,000 | \$ 42,000 |
| <i>Berry Plastics Corporation</i> | 5.13 | 7-15-2023 | 50,000 | 51,063 |
| <i>Berry Plastics Corporation</i> | 6.00 | 10-15-2022 | 65,000 | 67,681 |
| <i>Crown Americas LLC 144A</i> | 4.75 | 2-1-2026 | 75,000 | 73,875 |
| <i>Crown Cork & Seal Company Incorporated</i> | 7.38 | 12-15-2026 | 155,000 | 175,925 |
| <i>Owens-Brockway Glass Container Incorporated 144A</i> | 5.38 | 1-15-2025 | 50,000 | 51,000 |
| <i>Owens-Brockway Glass Container Incorporated 144A</i> | 5.88 | 8-15-2023 | 50,000 | 52,125 |
| <i>Owens-Illinois Incorporated 144A</i> | 6.38 | 8-15-2025 | 375,000 | 403,125 |
| <i>Sealed Air Corporation 144A</i> | 5.13 | 12-1-2024 | 100,000 | 103,000 |
| <i>Silgan Holdings Incorporated</i> | 5.00 | 4-1-2020 | 14,000 | 13,965 |
| <i>Silgan Holdings Incorporated</i> | 5.50 | 2-1-2022 | 100,000 | 101,875 |
| | | | | 1,135,634 |
| Metals & Mining: 0.02% | | | | |
| <i>Novelis Corporation 144A</i> | 6.25 | 8-15-2024 | 25,000 | 25,563 |
| Real Estate: 1.61% | | | | |
| Equity REITs: 1.61% | | | | |
| <i>CoreCivic Incorporated</i> | 4.63 | 5-1-2023 | 35,000 | 34,825 |
| <i>CoreCivic Incorporated</i> | 5.00 | 10-15-2022 | 100,000 | 102,250 |
| <i>Equinix Incorporated</i> | 5.75 | 1-1-2025 | 125,000 | 130,625 |
| <i>Equinix Incorporated</i> | 5.88 | 1-15-2026 | 100,000 | 104,750 |
| <i>ESH Hospitality Incorporated 144A</i> | 5.25 | 5-1-2025 | 325,000 | 324,188 |
| <i>Iron Mountain Incorporated 144A</i> | 5.25 | 3-15-2028 | 50,000 | 47,640 |
| <i>Iron Mountain Incorporated 144A</i> | 4.38 | 6-1-2021 | 125,000 | 126,438 |
| <i>Iron Mountain Incorporated 144A</i> | 5.38 | 6-1-2026 | 100,000 | 98,500 |
| <i>Iron Mountain Incorporated</i> | 6.00 | 8-15-2023 | 267,000 | 277,346 |
| <i>Sabra Health Care REIT Incorporated</i> | 5.38 | 6-1-2023 | 75,000 | 75,375 |
| <i>Sabra Health Care REIT Incorporated</i> | 5.50 | 2-1-2021 | 130,000 | 132,925 |
| <i>The Geo Group Incorporated</i> | 5.13 | 4-1-2023 | 50,000 | 49,750 |
| <i>The Geo Group Incorporated</i> | 5.88 | 1-15-2022 | 135,000 | 138,544 |

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| | | | | |
|--|------|------------|---------|-----------|
| <i>The Geo Group Incorporated</i> | 5.88 | 10-15-2024 | 125,000 | 126,250 |
| <i>The Geo Group Incorporated</i> | 6.00 | 4-15-2026 | 75,000 | 74,741 |
| | | | | 1,844,147 |
| Real Estate: 0.11% | | | | |
| <i>MGM Growth/MGM Finance Company</i> | 4.50 | 1-15-2028 | 50,000 | 47,375 |
| <i>SBA Communications Corporation</i> | 4.88 | 7-15-2022 | 75,000 | 75,938 |
| | | | | 123,313 |
| Telecommunication Services: 1.14% | | | | |
| Diversified Telecommunication Services: 0.56% | | | | |
| <i>GCI Incorporated</i> | 6.75 | 6-1-2021 | 125,000 | 126,875 |
| <i>Level 3 Financing Incorporated</i> | 5.13 | 5-1-2023 | 75,000 | 75,000 |
| <i>Level 3 Financing Incorporated</i> | 5.25 | 3-15-2026 | 50,000 | 48,125 |
| <i>Level 3 Financing Incorporated</i> | 5.38 | 8-15-2022 | 125,000 | 126,250 |
| <i>Level 3 Financing Incorporated</i> | 5.38 | 1-15-2024 | 50,000 | 49,750 |
| <i>Level 3 Financing Incorporated</i> | 5.38 | 5-1-2025 | 75,000 | 74,438 |
| <i>Level 3 Financing Incorporated</i> | 5.63 | 2-1-2023 | 65,000 | 65,650 |

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

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Portfolio of investments February 28, 2018 (unaudited)

Wells Fargo Utilities and High Income Fund 17

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|-----------|-----------|
| Diversified Telecommunication Services | | | | |
| (continued) | | | | |
| <i>Level 3 Financing Incorporated</i> | 6.13% | 1-15-2021 | \$ 80,000 | \$ 81,350 |
| | | | | 647,438 |
| Wireless Telecommunication Services: | | | | |
| 0.58% | | | | |
| <i>Sprint Capital Corporation</i> | 6.88 | 11-15-2028 | 225,000 | 214,875 |
| <i>Sprint Capital Corporation</i> | 8.75 | 3-15-2032 | 25,000 | 27,125 |
| <i>Sprint Communications Incorporated 144A</i> | 9.00 | 11-15-2018 | 25,000 | 25,938 |
| <i>T-Mobile USA Incorporated</i> | 4.00 | 4-15-2022 | 50,000 | 50,000 |
| <i>T-Mobile USA Incorporated</i> | 5.13 | 4-15-2025 | 25,000 | 25,250 |
| <i>T-Mobile USA Incorporated</i> | 5.38 | 4-15-2027 | 25,000 | 25,563 |
| <i>T-Mobile USA Incorporated</i> | 6.00 | 3-1-2023 | 25,000 | 26,000 |
| <i>T-Mobile USA Incorporated</i> | 6.38 | 3-1-2025 | 145,000 | 152,975 |
| <i>T-Mobile USA Incorporated</i> | 6.50 | 1-15-2024 | 5,000 | 5,238 |
| <i>T-Mobile USA Incorporated</i> | 6.63 | 4-1-2023 | 35,000 | 36,239 |
| <i>T-Mobile USA Incorporated</i> | 6.84 | 4-28-2023 | 75,000 | 77,813 |
| | | | | 667,016 |
| Utilities: 1.59% | | | | |
| Electric Utilities: 0.13% | | | | |
| <i>NextEra Energy Incorporated 144A</i> | 4.25 | 9-15-2024 | 25,000 | 24,656 |
| <i>Terraform Global Operating LLC 144A</i> | 6.13 | 3-1-2026 | 125,000 | 125,938 |
| | | | | 150,594 |
| Gas Utilities: 0.06% | | | | |
| <i>AmeriGas Partners LP</i> | 5.75 | 5-20-2027 | 75,000 | 74,250 |
| Independent Power & Renewable | | | | |
| Electricity Producers: 1.40% | | | | |
| <i>NSG Holdings LLC 144A</i> | 7.75 | 12-15-2025 | 369,009 | 404,065 |

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| | | | | |
|---|------|-----------|---------|-----------|
| <i>Pattern Energy Group Incorporated 144A</i> | 5.88 | 2-1-2024 | 550,000 | 566,500 |
| <i>TerraForm Power Operating LLC 144A</i> | 4.25 | 1-31-2023 | 375,000 | 367,500 |
| <i>TerraForm Power Operating LLC 144A</i> | 5.00 | 1-31-2028 | 50,000 | 48,390 |
| <i>TerraForm Power Operating LLC 144A</i> | 6.63 | 6-15-2025 | 200,000 | 216,500 |
| | | | | 1,602,955 |

**Total Corporate Bonds and Notes (Cost
\$33,619,238)**

34,356,715

Loans: 1.47%

Consumer Discretionary: 0.65%

Auto Components: 0.14%

*Federal-Mogul Corporation (1 Month LIBOR
+3.75%) ±*

5.35 4-15-2021 157,058 157,931

Hotels, Restaurants & Leisure: 0.51%

*CCM Merger Incorporated (1 Month LIBOR
+2.75%) ±*

4.40 8-8-2021 51,312 51,665

*Montreign Operating Company LLC (1 Month
LIBOR +8.25%) ±*

9.90 12-7-2022 525,000 532,875

584,540

Energy: 0.07%

Energy Equipment & Services: 0.02%

Hummel Station (1 Month LIBOR +6.00%) ±

7.65 10-27-2022 22,991 22,222

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

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18 Wells Fargo Utilities and High Income Fund

Portfolio of investments February 28, 2018 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|-----------|-----------|
| Oil, Gas & Consumable Fuels: 0.05% | | | | |
| <i>Chesapeake Energy Corporation (3 Month LIBOR +7.50%) ±</i> | 9.44% | 8-23-2021 | \$ 50,000 | \$ 53,238 |
| Financials: 0.11% | | | | |
| Diversified Financial Services: 0.11% | | | | |
| <i>Resolute Investment Managers Incorporated (3 Month LIBOR +7.50%) ±</i> | 9.27 | 4-30-2023 | 125,000 | 126,563 |
| Health Care: 0.10% | | | | |
| Health Care Providers & Services: 0.01% | | | | |
| <i>Press Ganey Holdings Incorporated (1 Month LIBOR +6.50%) ±</i> | 8.15 | 10-21-2024 | 16,833 | 17,022 |
| Health Care Technology: 0.09% | | | | |
| <i>Emerald Bidco Incorporated (1 Month LIBOR +3.00%) ±</i> | 4.65 | 10-21-2023 | 99,748 | 100,372 |
| Industrials: 0.11% | | | | |
| Commercial Services & Supplies: 0.11% | | | | |
| <i>Advantage Sales & Marketing LLC (3 Month LIBOR +6.50%) ±</i> | 8.27 | 7-25-2022 | 91,664 | 88,181 |
| <i>WASH Multifamily Laundry Systems LLC 1st Lien Term (1 Month LIBOR +3.25%) ±</i> | 4.90 | 5-14-2022 | 4,359 | 4,381 |
| <i>WASH Multifamily Laundry Systems LLC 2015 Term Loan B (1 Month LIBOR +3.25%) ±</i> | 4.90 | 5-14-2022 | 24,891 | 25,015 |
| <i>WASH Multifamily Laundry Systems LLC 2nd Lien Term (1 Month LIBOR +7.00%) ±</i> | 8.65 | 5-12-2023 | 1,490 | 1,476 |
| <i>WASH Multifamily Laundry Systems LLC 2nd Lien Term (1 Month LIBOR +7.00%) ±</i> | 8.65 | 5-14-2023 | 8,510 | 8,424 |
| | | | | 127,477 |

Information Technology: 0.33%**Internet Software & Services: 0.33%***Ancestry.com Incorporated (1 Month LIBOR*

+3.25%) ± 4.90 10-19-2023 377,369 378,973

Real Estate: 0.06%**Real Estate Management & Development: 0.06%***Capital Automotive LP (1 Month LIBOR*

+6.00%) ± 7.65 3-24-2025 64,449 65,469

Utilities: 0.04%**Independent Power & Renewable Electricity Producers: 0.04%***Vistra Energy Corporation (1 Month LIBOR*

+2.25%) ± 3.85 12-14-2023 49,500 49,741

Total Loans (Cost \$1,664,366)

1,683,548

Dividend yield**Shares****Preferred Stocks: 12.06%****Utilities: 12.06%****Electric Utilities: 7.81%***Alabama Power Company* 5.00 106,966 2,734,051*Georgia Power Company* 5.00 50,000 1,205,500*NSTAR Electric Company* 4.78 8,830 865,340*Southern Company* 7.00 111,000 2,659,560*The Connecticut Light & Power Company* 5.28 10,500 539,700*Union Electric Company* 6.13 10,000 970,000

8,974,151

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

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Portfolio of investments February 28, 2018 (unaudited)

Wells Fargo Utilities and High Income Fund 19

| Security name | Dividend yield | Shares | Value |
|---|----------------|---------|--------------|
| Multi-Utilities: 4.25% | | | |
| <i>DTE Energy Company</i> | 5.38% | 200,000 | \$ 4,876,000 |
| Total Preferred Stocks (Cost \$14,302,290) | | | 13,850,151 |

Expiration date

| | | | |
|---|------------|--------|--------|
| Rights: 0.01% | | | |
| Utilities: 0.01% | | | |
| Independent Power & Renewable Electricity Producers: 0.01% | | | |
| <i>Vistra Energy Corporation</i> | 12-31-2046 | 23,978 | 16,785 |
| Total Rights (Cost \$24,970) | | | 16,785 |

| | Interest rate | Maturity date | Principal | |
|--|---------------|---------------|------------|---------|
| Yankee Corporate Bonds and Notes: 3.06% | | | | |
| Energy: 0.94% | | | | |
| Energy Equipment & Services: 0.21% | | | | |
| <i>Ensco plc</i> | 5.75 | 10-1-2044 | \$ 355,000 | 245,394 |
| Oil, Gas & Consumable Fuels: 0.73% | | | | |
| <i>Baytex Energy Corporation 144A</i> | 5.13 | 6-1-2021 | 175,000 | 164,500 |
| <i>Baytex Energy Corporation 144A</i> | 5.63 | 6-1-2024 | 125,000 | 112,188 |
| <i>Griffin Coal Mining Company Limited 144A(a)</i> | 9.50 | 12-1-2016 | 61,991 | 0 |
| <i>Teekay Corporation</i> | 8.50 | 1-15-2020 | 535,000 | 557,738 |
| | | | | 834,426 |

Financials: 0.11%**Banks: 0.11%**

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| | | | | |
|--|------|-----------|---------|---------|
| <i>Nielsen Holding and Finance BV 144A</i> | 5.00 | 2-1-2025 | 100,000 | 99,844 |
| <i>Nielsen Holding and Finance BV 144A</i> | 5.50 | 10-1-2021 | 30,000 | 30,675 |
| | | | | 130,519 |

Health Care: 0.70%

Pharmaceuticals: 0.70%

| | | | | |
|--|------|------------|---------|---------|
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.50 | 3-1-2023 | 200,000 | 177,250 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.50 | 11-1-2025 | 50,000 | 49,469 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.88 | 5-15-2023 | 180,000 | 159,975 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.13 | 4-15-2025 | 200,000 | 175,375 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.50 | 3-15-2022 | 25,000 | 26,000 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 6.75 | 8-15-2021 | 25,000 | 24,375 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 7.00 | 3-15-2024 | 50,000 | 52,688 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 7.50 | 7-15-2021 | 94,000 | 94,470 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 9.00 | 12-15-2025 | 50,000 | 50,094 |
| | | | | 809,696 |

Industrials: 0.53%

Commercial Services & Supplies: 0.37%

| | | | | |
|---|------|-----------|---------|---------|
| <i>Ritchie Brothers Auctioneers Incorporated 144A</i> | 5.38 | 1-15-2025 | 425,000 | 429,803 |
|---|------|-----------|---------|---------|

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

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20 Wells Fargo Utilities and High Income Fund

Portfolio of investments February 28, 2018 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|-----------|------------------|
| Machinery: 0.09% | | | | |
| <i>Sensata Technologies BV 144A</i> | 5.00% | 10-1-2025 | \$ 20,000 | \$ 20,150 |
| <i>Sensata Technologies BV 144A</i> | 6.25 | 2-15-2026 | 74,000 | 78,440 |
| | | | | 98,590 |
| Professional Services: 0.07% | | | | |
| <i>IHS Markit Limited 144A</i> | 4.75 | 2-15-2025 | 75,000 | 76,688 |
| Materials: 0.27% | | | | |
| Containers & Packaging: 0.25% | | | | |
| <i>Ardagh Packaging Finance plc 144A</i> | 4.63 | 5-15-2023 | 100,000 | 99,875 |
| <i>Ardagh Packaging Finance plc 144A</i> | 6.00 | 2-15-2025 | 25,000 | 25,625 |
| <i>Ardagh Packaging Finance plc 144A</i> | 7.25 | 5-15-2024 | 100,000 | 107,125 |
| <i>OI European Group BV 144A</i> | 4.00 | 3-15-2023 | 50,000 | 48,375 |
| | | | | 281,000 |
| Metals & Mining: 0.02% | | | | |
| <i>ArcelorMittal SA</i> | 6.50 | 2-25-2022 | 25,000 | 27,188 |
| Telecommunication Services: 0.51% | | | | |
| Diversified Telecommunication Services: 0.12% | | | | |
| <i>Intelsat Luxembourg SA</i> | 7.75 | 6-1-2021 | 185,000 | 105,450 |
| <i>Virgin Media Finance plc 144A</i> | 6.38 | 4-15-2023 | 25,000 | 25,625 |
| | | | | 131,075 |
| Wireless Telecommunication Services: 0.39% | | | | |
| <i>Intelsat Jackson Holdings SA</i> | 5.50 | 8-1-2023 | 545,000 | 450,988 |
| Total Yankee Corporate Bonds and Notes (Cost \$3,683,729) | | | | 3,515,367 |

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| | Yield | Shares | |
|---|----------------|-----------|-----------------------|
| Short-Term Investments: 7.01% | | | |
| Investment Companies: 7.01% | | | |
| <i>Wells Fargo Government Money Market Fund</i> | | | |
| <i>Select Class (l)(u)##</i> | 1.29 | 8,058,488 | 8,058,488 |
| Total Short-Term Investments (Cost \$8,058,488) | | | 8,058,488 |
| | | | |
| Total investments in securities (Cost \$117,499,628) | 115.35% | | 132,528,855 |
| <i>Other assets and liabilities, net</i> | (15.35) | | (17,640,853) |
| Total net assets | 100.00% | | \$ 114,888,002 |

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

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| | | |
|--|--|----|
| Portfolio of investments February 28, 2018 (unaudited) | Wells Fargo Utilities and High Income Fund | 21 |
|--|--|----|

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.

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

¥ 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.

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

Security is valued using significant unobservable inputs.

Non-income-earning security

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

(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.

Investments in Affiliates

An affiliated investment is an investment in which the Fund owns at least 5% of the outstanding voting shares of the issuer or as a result of the Fund and the issuer having the same investment manager. Transactions with issuers that were either affiliates of the Fund at the beginning of the period or the end of the period were as follows:

| | Shares, beginning of period | Shares purchased | Shares sold | Shares, end of period | Net change in Income | | | Value, end of period | % of net assets |
|--|-----------------------------------|---------------------|----------------|-----------------------------|-------------------------------|---------------------------------|----------------------------------|----------------------------|-----------------------|
| | | | | | realized gains (losses) | unrealized gains (losses) | from affiliated securities | | |
| Short-Term Investments Investment Companies | | | | | | | | | |
| Wells Fargo Government Money Market Fund Select Class | 31,330,542 | 29,502,395 | 52,774,449 | 8,058,488 | \$ 0 | \$ 0 | \$ 39,121 | \$ 8,058,488 | 7.01% |

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

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22 Wells Fargo Utilities and High Income Fund Statement of assets and liabilities February 28, 2018
(unaudited)

Assets

| | |
|---|-----------------|
| Investments in unaffiliated securities, at value (cost \$109,441,140) | \$ 124,470,367 |
| Investments in affiliated securities, at value (cost \$8,058,488) | 8,058,488 |
| Foreign currency, at value (cost \$3,591,310) | 3,731,693 |
| Receivable for investments sold | 871,624 |
| Receivable for dividends and interest | 1,171,642 |
| Prepaid expenses and other assets | 101,864 |
| Total assets | 138,405,678 |

Liabilities

| | |
|--|----------------|
| Secured borrowing payable | 22,000,000 |
| Dividends payable | 693,879 |
| Payable for investments purchased | 672,558 |
| Advisory fee payable | 63,313 |
| Trustees fees and expenses payable | 1,280 |
| Administration fees payable | 5,276 |
| Accrued expenses and other liabilities | 81,370 |
| Total liabilities | 23,517,676 |

Total net assets **\$ 114,888,002**

NET ASSETS CONSIST OF

| | |
|--|----------------|
| Paid-in capital | \$ 134,113,626 |
| Overdistributed net investment income | (1,806,586) |
| Accumulated net realized losses on investments | (32,593,098) |
| Net unrealized gains on investments | 15,174,060 |

Total net assets **\$ 114,888,002**

NET ASSET VALUE PER SHARE

Based on \$114,888,002 divided by 9,251,699 shares issued and outstanding (unlimited number of shares authorized) \$12.42

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

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Statement of operations six months ended February 28, 2018 (unaudited) Wells Fargo Utilities and High Income Fund 23

Investment income

| | |
|--|--------------|
| Dividends (net of foreign withholding taxes of \$38,807) | \$ 1,980,787 |
| Interest | 1,247,904 |
| Income from affiliated securities | 39,121 |
| Total investment income | 3,267,812 |

Expenses

| | |
|-----------------------------|---------|
| Advisory fee | 428,383 |
| Administration fee | 35,699 |
| Custody and accounting fees | 12,770 |
| Professional fees | 61,500 |
| Shareholder report expenses | 715 |
| Trustees fees and expenses | 23,456 |
| Transfer agent fees | 2,699 |
| Interest expense | 230,566 |
| Other fees and expenses | 2,194 |
| Total expenses | 797,982 |

| | |
|-----------------------|-----------|
| Net investment income | 2,469,830 |
|-----------------------|-----------|

REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS

| | |
|---|-----------------------|
| Net realized losses on investments | (1,830,356) |
| Net change in unrealized gains (losses) on investments | (6,297,896) |
| Net realized and unrealized gains (losses) on investments | (8,128,252) |
| Net decrease in net assets resulting from operations | \$ (5,658,422) |

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

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24 Wells Fargo Utilities and High Income Fund

| | Statement of changes in net assets | |
|--|---|-------------------------------|
| | Six months ended February 28, 2018 (unaudited) | Year ended August 31, 2017 |
| Operations | | |
| Net investment income | \$ 2,469,830 | \$ 8,121,542 |
| Net realized gains (losses) on investments | (1,830,356) | 3,910,826 |
| Net change in unrealized gains (losses) on investments | (6,297,896) | 3,064,651 |
| Net increase (decrease) in net assets resulting from operations | (5,658,422) | 15,097,019 |
| Distributions to shareholders from | | |
| Net investment income | (4,162,886) | (8,320,654) |
| Capital share transactions | | |
| Net asset value of common shares issued under the Automatic Dividend Reinvestment Plan | 16,538 | 116,165 |
| Total increase (decrease) in net assets | (9,804,770) | 6,892,530 |
| Net assets | | |
| Beginning of period | 124,692,772 | 117,800,242 |
| End of period | \$ 114,888,002 | \$ 124,692,772 |
| Undistributed (overdistributed) net investment income | \$ (1,806,586) | \$ 69,019 |

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

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Statement of cash flows six months ended February 28, 2018 (unaudited) Wells Fargo Utilities and High Income Fund 25

Cash flows from operating activities:

Net decrease in net assets resulting from operations \$ (5,658,422)

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

| | |
|--|--------------|
| Purchase of long-term securities | (40,198,419) |
| Proceeds from the sales of long-term securities | 35,416,424 |
| Amortization | (39,632) |
| Proceeds from sales of short-term securities, net | 23,272,054 |
| Decrease in receivable for investments sold | 16,562,596 |
| Decrease in receivable for interest | 4,304 |
| Increase in prepaid expenses and other assets | (28,879) |
| Decrease in payable for investments purchased | (15,372,159) |
| Decrease in amount due to custodian bank | (14,245,326) |
| Decrease in advisory fee payable | (11,123) |
| Decrease in administration fee payable | (927) |
| Decrease in Trustees' fees and expenses payable | (34,831) |
| Increase in accrued expenses and other liabilities | 84,033 |
| Net realized losses on investments | 1,830,356 |
| Net change in unrealized gains (losses) on investments | 6,297,896 |

Net cash provided by operating activities 7,877,945

Cash flows from financing activities:

Cash distributions paid (4,146,252)

Net cash used in financing activities (4,146,252)

Net increase in cash 3,731,693

Cash (including foreign currency):

Beginning of period \$ 0

End of period \$ 3,731,693

Supplemental cash disclosure

Cash paid for interest \$ 228,644

Supplemental non-cash financing disclosure

Reinvestment of dividends \$ 16,538

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

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26 Wells Fargo Utilities and High Income Fund
(For a share outstanding throughout each period)

Financial highlights

| | Six months ended | Year ended August 31 | | | | |
|---|----------------------|----------------------|----------------|----------------|-------------------|-------------------|
| | February 28, 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | (unaudited) | | | | | |
| Net asset value, beginning of period | \$13.48 | \$12.75 | \$12.44 | \$13.83 | \$12.24 | \$11.74 |
| Net investment income | 0.25 | 0.88 | 0.86 | 0.91 | 0.97 ¹ | 0.87 ¹ |
| Net realized and unrealized gains (losses) on investments | (0.86) | 0.75 | 0.35 | (1.40) | 1.52 | 0.53 |
| Total from investment operations | (0.61) | 1.63 | 1.21 | (0.49) | 2.49 | 1.40 |
| Distributions to shareholders from | | | | | | |
| Net investment income | (0.45) | (0.90) | (0.90) | (0.90) | (0.90) | (0.90) |
| Net asset value, end of period | \$12.42 | \$13.48 | \$12.75 | \$12.44 | \$13.83 | \$12.24 |
| Market value, end of period | \$12.19 | \$13.34 | \$12.93 | \$10.89 | \$12.87 | \$12.04 |
| Total return based on market value² | (5.37)% | 10.80% | 27.83% | (9.11)% | 14.89% | 8.93% |
| Ratios to average net assets (annualized) | | | | | | |
| Net expenses ³ | 1.32% | 1.24% | 1.19% | 1.19% | 1.11% | 1.25% |
| Net investment income | 4.08% | 6.91% | 6.83% | 6.88% | 7.38% | 7.11% |
| Supplemental data | | | | | | |
| Portfolio turnover rate | 26% | 73% | 85% | 61% | 29% | 65% |
| | \$114,888 | \$124,693 | \$117,800 | \$114,848 | \$127,678 | \$113,001 |

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| | | | | | | |
|--|----------|----------|----------|----------|----------|----------|
| Net assets, end of period (000s omitted) | | | | | | |
| Borrowings outstanding, end of period (000s omitted) | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 |
| Asset coverage per \$1,000 of borrowing, end of period | \$5,158 | \$6,668 | \$6,355 | \$6,220 | \$6,804 | \$6,136 |

¹ Calculated based upon average shares outstanding

² Total return is calculated assuming a purchase of common stock on the first day and a 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:

| | |
|--|-------|
| Six months ended February 28, 2018 (unaudited) | 0.38% |
| Year ended August 31, 2017 | 0.29% |
| Year ended August 31, 2016 | 0.21% |
| Year ended August 31, 2015 | 0.16% |
| Year ended August 31, 2014 | 0.19% |
| Year ended August 31, 2013 | 0.21% |

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

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Notes to financial statements (unaudited)

Wells Fargo Utilities and High Income Fund 27

1. ORGANIZATION

Wells Fargo Utilities and High Income Fund (the Fund) was organized as a statutory trust under the laws of the state of Delaware on February 4, 2004. Originally classified as non-diversified, the Fund now is classified as a diversified closed-end management investment company and is registered 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 Accounting Standards Codification (ASC) 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.

Equity securities and options 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.

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

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 Wells Fargo Asset Management Pricing Committee at Wells Fargo Funds Management, LLC (Funds Management).

Many securities markets and exchanges outside the U.S. close prior to the close of the New York Stock Exchange and therefore may not fully reflect trading or events that occur after the close of the principal exchange in which the foreign securities are traded, but before the close of the New York Stock Exchange. If such trading or events are expected to materially affect the value of such securities, then fair value pricing procedures approved by the Board of Trustees of the Fund are applied. These procedures take into account multiple factors including movements in U.S. securities markets after foreign exchanges close. Foreign securities that are fair valued under these procedures are categorized as Level 2 and the application of these procedures may result in transfers between Level 1 and Level 2. Depending on market activity, such fair valuations may be frequent. Such fair value pricing may result in net asset values that are higher or lower than net asset values based on the last reported sales price or latest quoted bid price. On February 28, 2018, such fair value pricing was used in pricing certain foreign securities.

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.

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. 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 Wells Fargo Asset Management Pricing Committee. 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 Wells Fargo Asset Management Pricing Committee 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

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28 Wells Fargo Utilities and High Income Fund Notes to financial statements (unaudited)
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 Wells Fargo Asset Management Pricing Committee. 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 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 of securities 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.

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.

Options

The Fund is subject to equity price risk in the normal course of pursuing its investment objectives. The Fund may write covered call options or secured put options on individual securities and/or indexes. When the Fund writes an

option, an amount equal to the premium received is recorded as a liability and is subsequently adjusted to the current market value of the written option. Premiums received from written options that expire unexercised are recognized as realized gains on the expiration date. For exercised options, the difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is treated as a realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in calculating the realized gain or loss on the sale. If a put option is exercised, the premium reduces the cost of the security purchased. The Fund, as a writer of an option, bears the market risk of an unfavorable change in the price of the security and/or index underlying the written option.

The Fund may also purchase call or put options. Premiums paid are included in the Statement of Assets and Liabilities as investments, the values of which are subsequently adjusted based on the current market values of the options. Premiums paid for purchased options that expire are recognized as realized losses on the expiration date. Premiums paid for purchased options that are exercised or closed are added to the amount paid or offset against the proceeds received for the underlying security to determine the realized gain or loss. The risk of loss associated with purchased options is limited to the premium paid.

Options traded on an exchange are regulated and terms of the options are standardized. Purchased options traded over-the-counter expose the Fund to counterparty risk in the event the counterparty does not perform. This risk can be mitigated by having a master netting arrangement between the Fund and the counterparty and by having the counterparty post collateral to cover the Fund's exposure to the counterparty.

Table of Contents**Notes to financial statements (unaudited)
Security transactions and income recognition**

Wells Fargo Utilities and High Income Fund 29

Securities transactions are recorded on a trade date basis. Realized gains or losses are recorded on the basis of identified cost.

Dividend income is recognized on the ex-dividend date, except for certain dividends from foreign securities, which are recorded as soon as the custodian verifies the ex-dividend date. Dividend income from foreign securities is recorded net of foreign taxes withheld where recovery of such taxes is not assured.

Interest income is accrued daily and bond discounts are accreted and premiums are amortized daily. 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 been determined to be doubtful based on consistently applied procedures and the fair value has decreased. 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.

Distributions to shareholders

Distributions to shareholders are recorded on the ex-dividend date and paid from net investment income monthly and any net realized gains are paid at least annually. Such distributions are determined in accordance with income tax regulations and may differ from U.S. generally accepted accounting principles. Dividend sources are estimated at the time of declaration. The tax character of distributions is determined as of the Fund's fiscal year end. Therefore, a portion of the Fund's distributions made prior to the Fund's fiscal year end may be categorized as a tax return of capital at year end.

Federal and other taxes

The Fund intends to continue to qualify as a regulated investment company by distributing substantially all of its investment company taxable income and any net realized capital gains (after reduction for capital loss carryforwards) sufficient to relieve it from all, or substantially all, federal income taxes. Accordingly, no provision for federal income taxes was required.

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

As of February 28, 2018, the aggregate cost of all investments for federal income tax purposes was \$96,185,311 and the unrealized gains (losses) consisted of:

| | |
|-------------------------|---------------|
| Gross unrealized gains | \$ 40,579,758 |
| Gross unrealized losses | (4,236,214) |
| Net realized gains | \$ 36,343,544 |

As of August 31, 2017, the Fund had capital loss carryforwards available to offset future net realized capital gains in the amount of \$27,435,579 expiring in 2018.

As of August 31, 2017, the Fund had current year net deferred post-October capital losses consisting of \$3,186,390 in short-term losses which was recognized on the first day of the current fiscal year.

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 unobservable inputs (Level 3). The Fund's investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The inputs are summarized into three broad levels as follows:

Level 1 quoted prices in active markets for identical securities

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

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

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30 Wells Fargo Utilities and High Income Fund

Notes to financial statements (unaudited)

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

The following is a summary of the inputs used in valuing the Fund's assets and liabilities as of February 28, 2018:

| | Quoted prices (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|---|----------------------------|--|---|-----------------------|
| Assets | | | | |
| Investments in: | | | | |
| Common stocks | | | | |
| <i>Consumer discretionary</i> | \$ 0 | \$ 5,450,400 | \$ 0 | \$ 5,450,400 |
| <i>Telecommunication services</i> | 4,923,232 | 0 | 0 | 4,923,232 |
| <i>Utilities</i> | 53,721,621 | 6,952,548 | 0 | 60,674,169 |
| Corporate bonds and notes | 0 | 34,356,715 | 0 | 34,356,715 |
| Loans | 0 | 916,127 | 767,421 | 1,683,548 |
| Preferred stocks | | | | |
| <i>Utilities</i> | 11,475,111 | 2,375,040 | 0 | 13,850,151 |
| Rights | | | | |
| <i>Utilities</i> | 0 | 16,785 | 0 | 16,785 |
| Yankee corporate bonds and notes | 0 | 3,515,367 | 0 | 3,515,367 |
| Short-term investments | | | | |
| <i>Investment companies</i> | 8,058,488 | 0 | 0 | 8,058,488 |
| Total assets | \$ 78,178,452 | \$ 53,582,982 | \$ 767,421 | \$ 132,528,855 |

The Fund recognizes transfers between levels within the fair value hierarchy at the end of the reporting period. At February 28, 2018, fair value pricing was used in pricing certain foreign securities and common stocks valued at \$6,952,548 were transferred from Level 1 to Level 2 within the fair value hierarchy. The Fund had no material transfers between Level 2 and Level 3.

4. TRANSACTIONS WITH AFFILIATES AND OTHER EXPENSES**Advisory fee**

Funds Management, an indirect wholly owned subsidiary of Wells Fargo & Company (Wells Fargo) is the adviser to the Fund and is entitled to receive a fee at an annual rate of 0.60% 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 investment 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) and Crow Point Partners, LLC (which is not an affiliate of Funds Management) are each investment subadvisers to the Fund and are each entitled to receive a fee from Funds Management at an annual rate of 0.20% 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.

Interfund transactions

The Fund may purchase or sell investment securities to other Wells Fargo affiliates pursuant to Rule 17a-7 of the 1940 Act and under procedures adopted by the Board of Trustees. The procedures have been designed to ensure that these interfund transactions, which do not incur broker commissions, are effected at current market prices. Pursuant to these procedures, the Fund had \$1,330,037 in interfund purchases during the six months ended February 28, 2018.

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Notes to financial statements (unaudited)

Wells Fargo Utilities and High Income Fund 31

5. CAPITAL SHARE TRANSACTIONS

The Fund has authorized an unlimited number of shares with no par value. For the six months ended February 28, 2018 and the year ended August 31, 2017, the Fund issued 1,266 and 9,051 shares, respectively. During the six months ended February 28, 2018, the Fund did not repurchase any of its shares under the open-market share repurchase program.

6. BORROWINGS

The Fund has borrowed \$22 million through a revolving credit facility administered by a major financial institution (the Facility). The Facility has a commitment amount of \$25 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. The financial institution holds a security interest in all the assets of the Fund as collateral for the borrowing.

At February 28, 2018, the Fund had borrowings outstanding in the amount of \$22,035,370 (including accrued interest payable). During the six months ended February 28, 2018, an effective interest rate of 2.11% was incurred on the borrowings and the Fund incurred interest expense in the amount of \$230,566, representing 0.38% 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 six months ended February 28, 2018 were \$39,366,382 and \$33,767,005, respectively.

8. CONCENTRATION RISK

The Fund invests a substantial portion of its assets in utilities companies and, therefore, would be more affected by changes in that industry than would be a fund whose investments are not heavily weighted in the industry.

9. 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.

10. SUBSEQUENT DISTRIBUTIONS

The Fund declared the following distributions to common shareholders:

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| Declaration date | Record date | Payable date | Per share amount |
|-------------------|----------------|---------------|------------------|
| February 28, 2018 | March 14, 2018 | April 2, 2018 | \$0.075 |
| March 29, 2018 | April 16, 2018 | May 1, 2018 | 0.075 |
| April 27, 2018 | May 15, 2018 | June 1, 2018 | 0.075 |

These distributions are not reflected in the accompanying financial statements.

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PROXY VOTING INFORMATION**

Other information (unaudited)

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**.

SPECIAL MEETING OF SHAREHOLDERS

On December 4, 2017, a Special Meeting of Shareholders for the Fund was held to consider the following proposal. The results of the proposal are indicated below.

Proposal 1 Election of Trustees:

| | | |
|--------------------------|--------------------|----------------|
| Net assets voted For | Isaiah Harris, Jr. | \$ 106,118,106 |
| Net assets voted Against | | \$ 4,114,098 |
| Net assets voted For | David F. Larcker | \$ 105,598,718 |
| Net assets voted Against | | \$ 4,633,486 |
| Net assets voted For | Olivia S. Mitchell | \$ 105,322,848 |
| Net assets voted Against | | \$ 4,909,356 |

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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Other information (unaudited)

Wells Fargo Utilities and High Income Fund 33

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 153 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 directorships |
|---|-------------------------------------|--|--|
| Class I - Non-Interested Trustees to serve until 2020 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 |

| | | | |
|--|--|--|------------------------|
| Olivia S. Mitchell* (Born 1953) | Trustee, since 2010, Governance Committee Chairman, since 2018 | 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 led 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. Board member of the Forté Foundation (non-profit organization) and the Vincent Memorial Hospital Endowment (non-profit organization), where he serves on the Investment Committee and as Chair of the Audit Committee. Mr. Ebsworth is a CFA® charterholder. | Asset Allocation Trust |

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| 34 Wells Fargo Utilities and High Income Fund | | | Other information (unaudited) |
|---|---|---|--|
| 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 |
| Jane A. Freeman** (Born 1953) | Trustee, since 2015; Chair Liaison, since 2018 | 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 the Glimmerglass Festival. She is also an inactive Chartered Financial Analyst. | Asset Allocation Trust |
| Judith M. Johnson (Born 1949) | Trustee, since 2010; Audit Committee Chairman, since 2010 | Retired. Prior thereto, Chief Executive Officer and Chief Investment Officer of Minneapolis Employees Retirement Fund from 1996 to 2008. Ms. Johnson is an attorney, certified public accountant and a certified managerial accountant. | Asset Allocation Trust |
| Class III - Non-Interested Trustees to serve until 2019 Annual Meeting of Shareholders | | | |
| Timothy J. Penny*** (Born 1951) | Trustee, since 2010; Chairman, since 2018; Vice Chairman, from 2017 to 2018 | President and Chief Executive Officer of Southern Minnesota Initiative Foundation, a non-profit organization, since 2007. Member of the Board of Trustees of NorthStar Education Finance, Inc., a non-profit organization, since 2007. | Asset Allocation Trust |
| James G. Polisson**** (Born 1959) | Trustee, since 2018; Advisory Board Member, from 2017 to 2018 | Retired. Chief Marketing Officer, Source (ETF) UK Services, Ltd, from 2015 to 2017. From 2012 to 2015, Principal of The Polisson Group, LLC, a management consulting, corporate advisory and principal investing company. Chief Executive Officer and Managing Director at Russell Investments, Global Exchange Traded Funds from 2010 to 2012. Managing Director of Barclays Global Investors from 1998 to 2010 and Global Chief Marketing Officer for iShares and Barclays Global Investors from 2000 to 2010. Trustee of the San Francisco Mechanics Institute, a non-profit organization, from 2013 to 2015. Board member of the Russell Exchange Traded Fund Trust from | Asset Allocation Trust |

| | | | |
|--|----------------------------|---|-------------------------------|
| <p>Michael S. Scofield (Born 1943)</p> | <p>Trustee, since 2004</p> | <p>2011 to 2012. Director of Barclays Global Investors Holdings Deutschland GmbH from 2006 to 2009. Mr. Polisson is an attorney and has a retired status with the Massachusetts and District of Columbia Bar Associations. 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. Trustee of the Evergreen Fund complex (and its predecessors) from 1984 to 2010. Chairman of the Evergreen Funds from 2000-2010. Former Trustee of the Mentor Funds. Retired Attorney, Law Offices of Michael S. Scofield.</p> | <p>Asset Allocation Trust</p> |
|--|----------------------------|---|-------------------------------|

Table of ContentsOther information (unaudited) Wells Fargo Utilities and High Income Fund 35

| 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 |
|--|---|--|---|
| Pamela Wheelock**** (Born 1959) | Trustee, since 2018; Advisory Board Member, from 2017 to 2018 | Chief Operating Officer, Twin Cities Habitat for Humanity, since January, 2017. Vice President of University Services, University of Minnesota from 2012 to 2017. Prior thereto, Interim President and Chief Executive Officer of Blue Cross Blue Shield of Minnesota from 2010 to 2011, Chairman of the Board from 2009 to 2011 and Board Director from 2003 to 2015. Vice President, Leadership and Community Engagement, Bush Foundation, Saint Paul, Minnesota (a private foundation) from 2009 to 2011. Executive Vice President and Chief Financial Officer, Minnesota Sports and Entertainment from 2004 to 2009 and Senior Vice President from 2002 to 2004. Commissioner of Finance, State of Minnesota, from 1999 to 2002. Currently on the Board of Directors, Governance Committee and Finance Committee, for the Minnesota Philanthropy Partners (Saint Paul Foundation) since 2012 and Board Chair of the Minnesota Wild Foundation since 2010. | Asset Allocation Trust |

* Olivia Mitchell became Chairman of the Governance Committee effective January 1, 2018.

** Jane Freeman became Chair Liaison effective January 1, 2018.

*** Timothy Penny became Chairman effective January 1, 2018.

**** James Polisson and Pamela Wheelock each became a Trustee effective January 1, 2018.

Officers

| Name and year of birth | Position held and length of service | Principal occupations during past five years or longer |
|---------------------------|--|--|
| Andrew Owen | | |

| | | |
|--|--|---|
| (Born 1960) | President, since 2017 | Executive Vice President of Wells Fargo & Company and Head of Affiliated Managers, Wells Fargo Asset Management, since 2014. In addition, Mr. Owen is currently President, Chief Executive Officer and Director of Wells Fargo Funds Management, LLC since 2017. Prior thereto, Executive Vice President responsible for marketing, investments and product development for Wells Fargo Funds Management, LLC, from 2009 to 2014. |
| Nancy Wisner ¹ (Born 1967) | Treasurer, since 2012 | Executive Vice President of Wells Fargo Funds Management, LLC since 2011. Chief Operating Officer and Chief Compliance Officer at LightBox Capital Management LLC, from 2008 to 2011. |
| Alexander Kymn* (Born 1973) | Secretary, since 2018; Chief Legal Officer, since 2018 | Senior Company Counsel of Wells Fargo Bank, N.A. since 2018 (previously Senior Counsel from 2007 to 2018). Vice President of Wells Fargo Funds Management, LLC from 2008 to 2014. |
| 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 H. Whitaker (Born 1967) | Chief Compliance Officer, since 2016 | Senior Vice President and Chief Compliance Officer since 2016. Senior Vice President and Chief Compliance Officer for 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. |
| Jeremy DePalma ¹ (Born 1974) | Assistant Treasurer, since 2005 | 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. |

¹ Nancy Wisner acts as Treasurer of 77 funds in the Fund Complex. Jeremy DePalma acts as Treasurer of 76 funds and Assistant Treasurer of 77 funds in the Fund Complex.

* Alexander Kymn became the Secretary and Chief Legal Officer effective April 17, 2018.

** David Messman was the Secretary and Chief Legal Officer until April 16, 2018.

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AUTOMATIC DIVIDEND REINVESTMENT PLAN**

Automatic dividend reinvestment plan

All common shareholders are eligible to participate in the Automatic Dividend Reinvestment Plan (the Plan). Pursuant to the Plan, unless a common shareholder is ineligible or elects otherwise, all cash dividends and capital gains distributions are automatically reinvested by Computershare Trust Company, N.A., as agent for shareholders in administering the Plan (Plan Agent), in additional common shares of the Fund. Whenever the Fund declares an ordinary income dividend or a capital gain dividend (collectively referred to as dividends) payable either in shares or in cash, nonparticipants in the Plan will receive cash, and participants in the Plan will receive the equivalent in common shares. The shares are acquired by the Plan Agent for the participant s account, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized common shares from the Fund (newly issued common shares) or (ii) by purchase of outstanding common shares on the open-market (open-market purchases) on the NYSE Amex or elsewhere. If, on the payment date for any dividend or distribution, the net asset value per share of the common shares is equal to or less than the market price per common share plus estimated brokerage commissions (market premium), the Plan Agent will invest the amount of such dividend or distribution in newly issued shares on behalf of the participant. The number of newly issued common shares to be credited to the participant s account will be determined by dividing the dollar amount of the dividend by the net asset value per share on the date the shares are issued, provided that the maximum discount from the then current market price per share on the date of issuance may not exceed 5%. If on the dividend payment date the net asset value per share is greater than the market value (market discount), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participant in open-market purchases. There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or capital gains distributions payable either in shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent s open-market purchases in connection with the reinvestment of dividends. The automatic reinvestment of dividends and distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. All correspondence concerning the Plan should be directed to the Plan Agent at P.O. Box 505000, Louisville, Kentucky 40233 or by calling 1-800-730-6001.

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List of abbreviations Wells Fargo Utilities and High Income Fund 37
 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 |
| CLO | Collateralized loan obligation |
| CLP | Chilean peso |
| COP | Colombian 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 |
| INR | Indian rupee |
| 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 |
| PJSC | Public Joint Stock Company |
| 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 Agency |
| 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 |
| SIFMA | Securities Industry and Financial Markets Association |
| SPA | Standby purchase agreement |
| SPDR | Standard & Poor's Depository 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 505000

Louisville, Kentucky 40233

1-800-730-6001

Website: wellsfargofunds.com

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ITEM 2. CODE OF ETHICS

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

Not applicable.

ITEM 6. INVESTMENTS

A Portfolio of Investments for Wells Fargo Utilities and High Income Fund is included as part of the report to shareholders filed under Item 1 of this Form.

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

PROXY VOTING POLICIES AND PROCEDURES

REVISED AS OF AUGUST 13, 2014

1. **Scope of Policies and Procedures.** These Policies and Procedures (Procedures) are used to determine how to vote proxies relating to portfolio securities held by the series of Wells Fargo Funds Trust, Wells Fargo Master Trust, Wells Fargo Variable Trust, Asset Allocation Trust, Wells Fargo Advantage Global Dividend Opportunity Fund, Wells Fargo Advantage Income Opportunities Fund, Wells Fargo Advantage Multi-Sector Income Fund, and Wells Fargo Advantage Utilities & High Income Fund (the Trusts) except for those series that exclusively hold non-voting securities (hereafter, all such series, and all such Trusts not having separate series, holding voting securities are referred to as the Funds).
2. **Voting Philosophy.** The Funds and Wells Fargo Funds Management, LLC (Funds Management) have adopted these Procedures to ensure that proxies are voted in the best interests of Fund shareholders, without regard to any relationship that any affiliated person of the Fund (or an affiliated person of such affiliated person) may have with the issuer. Funds Management exercises its voting responsibility, as a fiduciary, with the goal of maximizing value to shareholders consistent with governing laws and the investment policies of each Fund. While securities are not purchased to exercise control or to seek to effect corporate change through share ownership, the Funds support sound corporate governance practices within companies in which they invest.

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3. Responsibilities

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

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(b) Funds Management Proxy Committee

- (i) Responsibilities. The Funds Management Proxy Voting Committee (the Proxy Committee) shall be responsible for overseeing the proxy voting process to ensure its implementation in conformance with these Procedures. The Proxy Committee shall monitor Institutional Shareholder Services (ISS), the proxy voting agent for Funds Management, to determine that ISS is accurately applying the Procedures as set forth herein. The Proxy Committee shall review the continuing appropriateness of the Procedures set forth herein, recommend revisions to the Board as necessary and provide an annual update to the Board on the proxy voting process.
- (ii) Voting Guidelines. Appendix A hereto sets forth guidelines regarding how proxies will be voted on the issues specified. ISS will vote proxies for or against as directed by the guidelines. Where the guidelines specify a case by case determination for a particular issue, ISS will forward the proxy to the Proxy Committee for a vote determination by the Proxy Committee. Finally, with respect to issues for which a vote for or against is specified by the Procedures, the Proxy Committee shall have the authority to direct ISS to forward the proxy to the Proxy Committee for a discretionary vote by the Proxy Committee if the Proxy Committee determines that a case-by-case review of such matter is warranted. The Proxy Committee may also consult Fund sub-advisers on certain proxy voting issues on a case-by-case basis as the Proxy Committee deems appropriate or to the extent that a sub-adviser of a Fund makes a recommendation regarding a proxy voting issue. As a general matter, however, proxies are voted consistently on the same matter when securities of an issuer are held by multiple Funds.
- (iii) Proxy Committee. In all cases, the Proxy Committee will exercise its voting discretion in accordance with the voting philosophy of the Funds. In cases where a proxy is forwarded by ISS to the Proxy Committee, the Proxy Committee may be assisted in its voting decision through receipt of:
- (i) independent research and voting recommendations provided by ISS or other independent sources; (ii) input from the investment sub-adviser responsible for purchasing the security; and (iii) information provided by company management and shareholder groups.

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

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

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- (v) Practical Limitations to Proxy Voting. While Funds Management uses its best efforts to vote proxies, in certain circumstances it may be impractical or impossible for Funds Management to vote proxies (e.g., limited value or unjustifiable costs). For example, in accordance with local law or business practices, many foreign companies prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting (share blocking). Due to these restrictions, Funds Management must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. As a result, Funds Management will generally not vote those proxies in the absence of an unusual, significant vote or compelling economic importance. Additionally, Funds Management may not be able to vote proxies for certain foreign securities if Funds Management does not receive the proxy statement in time to vote the proxies due to custodial processing delays.
- (vi) Conflicts of Interest. Funds Management may have a conflict of interest regarding a proxy to be voted upon if, for example, Funds Management or its affiliates have other relationships with the issuer of the proxy. In most instances, conflicts of interest are avoided through a strict and objective application of the voting guidelines attached hereto. However, when the Proxy Committee is aware of a material conflict of interest regarding a matter that would otherwise require a vote by the Proxy Committee, the Proxy Committee shall address the material conflict by using any of the following methods: (1) instructing ISS to vote in accordance with the recommendation ISS makes to its clients; (2) disclosing the conflict to the Board and obtaining their consent before voting; (3) submitting the matter to the Board to exercise its authority to vote on such matter; (4) engaging an independent fiduciary who will direct the Proxy Committee on voting instructions for the proxy; (5) consulting with outside legal counsel for guidance on resolution of the conflict of interest; (6) erecting information barriers around the person or persons making voting decisions; (7) voting in proportion to other shareholders (mirror voting); or (8) voting in other ways that are consistent with each Fund 's obligation to vote in the best interests of its shareholders. Additionally, the Proxy Committee will not permit its votes to be influenced by any conflict of interest that exists for any other affiliated person of the Fund (such as a sub-adviser or principal underwriter) or any affiliated persons of such affiliated persons and the Proxy Committee will vote all such matters without regard to the conflict.

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

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

(viii) Membership. The voting members of the Proxy Committee shall be Tom Biwer, Travis Keshemberg, 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.

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

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

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

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

The name of the issuer of the portfolio security;

The exchange ticker symbol of the portfolio security;

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

The shareholder meeting date;

A brief identification of the matter voted on;

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

Whether the Fund cast its vote on the matter;

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

Whether the Fund cast its vote for or against management.

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

Funds Management will vote proxies relating to portfolio securities held by the Trusts in accordance with the following proxy voting guidelines. To the extent the specific guidelines below do not address a proxy voting proposal, Funds Management will vote pursuant to ISS' current U.S. and International proxy voting guidelines. Proxies related to issues not addressed by the specific guidelines below or by ISS' current U.S. and International proxy voting guidelines will be forwarded to the Proxy Committee for a vote determination by the Proxy Committee.

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Uncontested Election of Directors or Trustees

THE FUNDS will generally vote for all uncontested director or trustee nominees. The Nominating Committee is in the best position to select nominees who are available and capable of working well together to oversee management of the company. THE FUNDS will not require a performance test for directors. FOR

THE FUNDS will generally vote for reasonably crafted shareholder proposals calling for directors to be elected with an affirmative majority of votes cast and/or the elimination of the plurality standard for electing directors, unless the company has adopted formal corporate governance principles that present a meaningful alternative to the majority voting standard. FOR

THE FUNDS will withhold votes for a director if the nominee fails to attend at least 75% of the board and committee meetings without a valid excuse. WITHHOLD

THE FUNDS will vote against routine election of directors if any of the following apply: company fails to disclose adequate information in a timely manner, serious issues with the finances, questionable transactions, conflicts of interest, record of abuses against minority shareholder interests, bundling of director elections, and/or egregious governance practices. AGAINST

THE FUNDS will withhold votes from the entire board (except for new nominees) where the director(s) receive more than 50% withhold votes out of those cast and the issue that was the underlying cause of the high level of withhold votes has not been addressed. WITHHOLD

THE FUNDS will withhold votes from members of the Audit Committee and/or the full board if poor accounting practices, which rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures, are identified. WITHHOLD

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THE FUNDS will withhold votes from members of the Audit Committee if the company receives an adverse opinion on the company's financial statements from its auditor. WITHHOLD

THE FUNDS will withhold votes from members of the Audit Committee if there is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm. WITHHOLD

THE FUNDS will withhold votes from all directors (except for new nominees) if the company has adopted or renewed a poison pill without shareholder approval since the company's last annual meeting, does not put the pill to a vote at the current annual meeting, and does not have a requirement or does not commit to put the pill to shareholder vote within 12 months. In addition, THE FUNDS will withhold votes on all directors at any company that responds to the majority of the shareholders voting by putting the poison pill to a shareholder vote with a recommendation other than to eliminate the pill. WITHHOLD

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

Limitation on Number of Boards a Director May Sit On

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

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

Ratification of Auditors

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

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

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

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

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

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

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

Company Name Change/Purpose

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

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

In addition, THE FUNDS will generally vote for proposals to amend the purpose of the company. Management is in the best position to know whether the description of what the company does is accurate, or whether it needs to be updated by deleting, adding or revising language. FOR

Employee Stock Purchase Plans/401(k) Employee Benefit Plans

THE FUNDS will vote for proposals to adopt, amend or increase authorized shares for employee stock purchase plans and 401(k) plans for employees as properly structured plans enable employees to purchase common stock at a slight discount and thus own a beneficial interest in the company, provided that the total cost of the company's plan is not above the allowable cap for the company. FOR

Similarly, THE FUNDS will generally vote for proposals to adopt or amend thrift and savings plans, retirement plans, pension plans and profit plans. FOR

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Anti-Hedging/Pledging/Speculative Investments Policy

THE FUNDS will consider proposals prohibiting named executive officers from engaging in derivative or speculative transactions involving company stock, including hedging, holding stock in a margin account, or pledging stock as collateral for a loan on a case-by-case basis. The company's existing policies regarding responsible use of company stock will be considered. CASE-BY-CASE

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Approve Other Business

THE FUNDS will generally vote for proposals to approve other business. This transfer of authority allows the corporation to take certain ministerial steps that may arise at the annual or special meeting. FOR

However, THE FUNDS retains the discretion to vote against such proposals if adequate information is not provided in the proxy statement, or the measures are significant and no further approval from shareholders is sought. AGAINST

Independent Board of Directors/Board Committees

THE FUNDS will vote for proposals requiring that two-thirds of the board be independent directors. An independent board faces fewer conflicts and is best prepared to protect stockholders' interests. FOR

THE FUNDS will withhold votes from insiders and affiliated outsiders on boards that are not at least majority independent. WITHHOLD

THE FUNDS will withhold votes from compensation committee members where there is a pay-for-performance disconnect (for Russell 3000 companies). WITHHOLD

THE FUNDS will vote for proposals requesting that the board audit, compensation and/or nominating committees be composed of independent directors, only. Committees should be composed entirely of independent directors in order to avoid conflicts of interest. FOR

THE FUNDS will withhold votes from any insiders or affiliated outsiders on audit, compensation or nominating committees. THE FUNDS will withhold votes from any insiders or affiliated outsiders on the board if any of these key committees has not been established. WITHHOLD

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

Director Fees

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

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Minimum Stock Requirements by Directors

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

Indemnification and Liability Provisions for Directors and Officers

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

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

Nominee Statement in the Proxy

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

Director Tenure/Retirement Age

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

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

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Board Powers/Procedures/Qualifications

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

Adjourn Meeting to Solicit Additional Votes

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

THE FUNDS will vote for this item when:

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

Reimbursement of Solicitation Expenses

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

Board Structure: Staggered vs. Annual Elections

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

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Removal of Directors

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

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

Board Vacancies

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

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

Cumulative Voting

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

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

Board Size

THE FUNDS will vote for proposals that seek to fix the size of the board, as the ability for management to increase or decrease the size of the board in the face of a proxy contest may be used as a takeover defense. FOR

However, if the company has cumulative voting, downsizing the board may decrease a minority shareholder's chances of electing a director.

By increasing the size of the board, management can make it more difficult for dissidents to gain control of the board. Fixing the size of the board also prevents a reduction in the board size as a means to oust independent directors or those who cause friction within an otherwise homogenous board.

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Shareholder Rights Plan (Poison Pills)

THE FUNDS will generally vote for proposals that request a company to submit its poison pill for shareholder ratification. FOR CASE-BY-CASE

Alternatively, THE FUNDS will analyze proposals to redeem a company's poison pill, or requesting the ratification of a poison pill on a case-by-case basis.

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Poison pills are one of the most potent anti-takeover measures and are generally adopted by boards without shareholder approval. These plans harm shareholder value and entrench management by deterring stock acquisition offers that are not favored by the board.

Fair Price Provisions

THE FUNDS will consider fair price provisions on a case-by-case basis, evaluating factors such as the vote required to approve the proposed mechanism, the vote required to approve the proposed acquisition, the vote required to repeal the fair price provision, and the mechanism for determining the fair price. CASE-BY-CASE

THE FUNDS will vote against fair price provisions with shareholder vote requirements of 75% or more of disinterested shares. AGAINST

Greenmail

THE FUNDS will generally vote in favor of proposals limiting the corporation's authority to purchase shares of common stock (or other outstanding securities) from a holder of a stated interest (5% or more) at a premium unless the same offer is made to all shareholders. These are known as anti-greenmail provisions. Greenmail discriminates against rank-and-file shareholders and may have an adverse effect on corporate image. FOR

If the proposal is bundled with other charter or bylaw amendments, THE FUNDS will analyze such proposals on a case-by-case basis. In addition, THE FUNDS will analyze restructurings that involve the payment of pale greenmail on a case-by-case basis. CASE-BY-CASE

Voting Rights

THE FUNDS will vote for proposals that seek to maintain or convert to a one-share, one-vote capital structure as such a principle ensures that management is accountable to all the company's owners. FOR

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

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Dual Class/Multiple-Voting Stock

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

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

Confidential Voting

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

Vote Tabulations

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

Equal Access to the Proxy

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

Disclosure of Information

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

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Annual Meetings

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

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

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

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Shareholder Advisory Committees/Independent Inspectors

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

Technical Amendments to the Charter of Bylaws

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

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

Bundled Proposals

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

Dividends

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

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

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

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

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Reduce the Par Value of the Common Stock

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

Preferred Stock Authorization

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

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

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

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

Preemptive Rights

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

Share Repurchase Plans

THE FUNDS will vote for share repurchase plans, unless: FOR AGAINST
 there is clear evidence of past abuse of the authority; or AGAINST
 the plan contains no safeguards against selective buy-backs.

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

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Executive and Director Compensation Plans

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

CASE-BY-CASE

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| <p>THE FUNDS will review the potential cost and dilutive effect of the plan. After determining how much the plan will cost, ISS evaluates whether the cost is reasonable by comparing the cost to an allowable cap. The allowable cap is industry-specific, market cap-base, and pegged to the average amount paid by companies performing in the top quartile of their peer groups. If the proposed cost is below the allowable cap, THE FUNDS will vote for the plan. ISS will also apply a pay for performance overlay in assessing equity-based compensation plans for Russell 3000 companies.</p> | <p>FOR</p> |
| <p>If the proposed cost is above the allowable cap, THE FUNDS will vote against the plan.</p> | <p>AGAINST</p> |
| <p>Among the plan features that may result in a vote against the plan are: plan administrators are given the authority to reprice or replace underwater options; repricing guidelines will conform to changes in the NYSE and NASDAQ listing rules.</p> | <p>AGAINST</p> |
| <p>THE FUNDS will vote against equity plans that have high average three- year burn rate. (The burn rate is calculated as the total number of stock awards and stock options granted any given year divided by the number of common shares outstanding.) THE FUNDS will define a high average three-year burn rate as the following: The company s most recent three-year burn rate exceeds one standard deviation of its four-digit GICS peer group segmented by Russell 3000 index and non-Russell 3000 index; and the company s most recent three-year burn rate exceeds 2% of common shares outstanding. For companies that grant both full value awards and stock options to their employees, THE FUNDS shall apply a premium on full value awards for the past three fiscal years.</p> | <p>AGAINST</p> |
| <p>Even if the equity plan fails the above burn rate, THE FUNDS will vote for the plan if the company commits in a public filing to a three-year average burn rate equal to its GICS group burn rate mean plus one standard deviation. If the company fails to fulfill its burn rate commitment, THE FUNDS will consider withholding from the members of the compensation committee.</p> | <p>FOR</p> |
| <p>THE FUNDS will calculate a higher award value for awards that have Dividend Equivalent Rights (DER s) associated with them.</p> | <p>CASE-BY-CASE</p> |
| <p>THE FUNDS will generally vote for shareholder proposals requiring performance-based stock options unless the proposal is overly restrictive or the company demonstrates that it is using a substantial portion of performance-based awards for its top executives.</p> | <p>FOR</p> |

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| THE FUNDS will vote for shareholder proposals asking the company to expense stock options, as a result of the FASB final rule on expensing stock options. | FOR |
| THE FUNDS will generally vote for shareholder proposals to exclude pension fund income in the calculation of earnings used in determining executive bonuses/compensation. | FOR |
| THE FUNDS will generally vote for TSO awards within a new equity plan if the total cost of the equity plan is less than the company's allowable cap. | FOR AGAINST |
| THE FUNDS will generally vote against shareholder proposals to ban future stock option grants to executives. This may be supportable in extreme cases where a company is a serial repricer, has a huge overhang, or has highly dilutive, broad-based (non-approved) plans and is not acting to correct the situation. | CASE-BY-CASE |
| THE FUNDS will evaluate shareholder proposals asking companies to adopt holding periods for their executives on a case-by-case basis taking into consideration the company's current holding period or officer share ownership requirements, as well as actual officer stock ownership in the company. | |
| For certain OBRA-related proposals, THE FUNDS will vote for plan provisions that (a) place a cap on annual grants or amend administrative features, and (b) add performance criteria to existing compensation plans to comply with the provisions of Section 162(m) of the Internal Revenue Code. | FOR |
| In addition, director compensation plans may also include stock plans that provide directors with the option of taking all or a portion of their cash compensation in the form of stock. THE FUNDS will consider these plans based on their voting power dilution. | CASE-BY-CASE |
| THE FUNDS will generally vote for retirement plans for directors. | |
| THE FUNDS will evaluate compensation proposals (Tax Havens) requesting share option schemes or amending an existing share option scheme on a case-by-case basis. | FOR CASE-BY-CASE |
| Stock options align management interests with those of shareholders by motivating executives to maintain stock price appreciation. Stock options, however, may harm shareholders by diluting each owner's interest. In addition, exercising options can shift the balance of voting power by increasing executive ownership. | |

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Bonus Plans

THE FUNDS will vote for proposals to adopt annual or long-term cash or cash-and-stock bonus plans on a case-by-case basis. These plans enable companies qualify for a tax deduction under the provisions of Section 162(m) of the IRC. Payouts under these plans may either be in cash or stock and are usually tied to the attainment of certain financial or other performance goals. THE FUNDS will consider whether the plan is comparable to plans adopted by companies of similar size in the company's industry and whether it is justified by the company's performance. CASE-BY-CASE

Deferred Compensation Plans

THE FUNDS will generally vote for proposals to adopt or amend deferred compensation plans as they allow the compensation committee to tailor the plan to the needs of the executives or board of directors, unless FOR

the proposal is embedded in an executive or director compensation plan that is contrary to guidelines AGAINST

Disclosure on Executive or Director Compensation Cap or Restrict Executive or Director Compensation

THE FUNDS will generally vote for shareholder proposals requiring companies to report on their executive retirement benefits (deferred compensation, split-dollar life insurance, SERPs, and pension benefits). FOR

THE FUNDS will generally vote for shareholder proposals requesting to put extraordinary benefits contained in SERP agreements to a shareholder vote, unless the company's executive pension plans do not contain excessive benefits beyond what is offered under employee-wide plans. FOR

THE FUNDS will generally vote against proposals seek to limit executive and director pay. AGAINST

Tax-Gross-Up Payments

THE FUNDS will examine on a case-by-case basis proposals calling for companies to adopt a policy of not providing tax gross-up payments to executives. CASE-BY-CASE

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Relocation Benefits

The FUNDS will not consider relocation benefits as a problematic pay practice in connection with management say-on-pay proposals.

Exchange Offers/Re-Pricing

The FUNDS will not vote against option exchange programs made available to executives and directors that are otherwise found acceptable.

Golden and Tin Parachutes

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

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

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

guarantees of benefits if a key employee voluntarily terminates;

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

indemnification of liability for excise taxes.

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

Stakeholder Laws

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

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

factor they deem relevant in discharging their duties.

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Mergers/Acquisitions and Corporate Restructurings

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

CASE-BY-CASE

anticipated financial and operating benefits;

offer price (cost versus premium);

prospects for the combined companies;

how the deal was negotiated;

changes in corporate governance and their impact on shareholder rights.

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

CASE-BY-CASE

On all other business transactions, i.e. corporate restructuring, spin-offs, asset sales, liquidations, and restructurings, THE FUNDS will analyze such proposals on a case-by-case basis and utilize the majority of the above factors in determining what is in the best interests of shareholders.

CASE-BY-CASE

Specifically, for liquidations, the cost versus premium factor may not be applicable, but THE FUNDS may also review the compensation plan for executives managing the liquidation.

Appraisal Rights

THE FUNDS will vote for proposals to restore, or provide shareholders with rights of appraisal.

FOR

Rights of appraisal provide shareholders who are not satisfied with the terms of certain corporate transactions (such as mergers) the right to demand a judicial review in order to determine the fair value of their shares.

Mutual Fund Proxies

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

CASE-BY-CASE

eliminating the need for annual meetings of mutual fund shareholders;

entering into or extending investment advisory agreements and management contracts;

permitting securities lending and participation in repurchase agreements;

changing fees and expenses; and

changing investment policies.

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

Members of Funds Management Proxy Voting Committee

Thomas C. Biwer, CFA

Mr. Biwer has over 38 years of investment industry experience. 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 22 years of investment industry experience. He has served as an investment analyst and portfolio manager. He received undergraduate degrees in Finance and Philosophy from the University of San Francisco and has earned the right to use the CFA designation.

Travis L. Keshemberg, CFA

Mr. Keshemberg has over 17 years of investment industry experience. He has served as an overlay portfolio manager and investment consultant. He holds a Master's Degree from the University of Wisconsin - Milwaukee and Bachelor's 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 Fixed Income Analyst with responsibilities including portfolio manager selection and performance. He earned his bachelor's degree in business administration with an emphasis in economics from Santa Clara University. He has earned the right to use the CFA designation and is a member of the CFA Institute and the CFA society of San Francisco.

Melissa Duller, CIMA, CFA

Ms. Duller has over 16 years of experience in the investment industry. She has served as an investment analyst, provides oversight for domestic equity strategies and assists with investment communications for core equity mutual funds, sector specific mutual funds, and closed-end funds. She has also provided research and communications for growth equity and international equity strategies as well as short-term and tax advantaged fixed income products. In addition, she has served as a regional investment manager for high net worth individuals, personal trusts, and charitable foundations.

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

Not applicable.

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

| 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 |
|-------------------------|--|---|---|--|
| 9/1/2017 to 9/30/2017 | 0 | 0.00 | 0 | 924,281 |
| 10/1/2017 to 10/31/2017 | 0 | 0.00 | 0 | 924,281 |
| 11/1/2017 to 11/30/2017 | 0 | 0.00 | 0 | 924,281 |
| 12/1/2017 to 12/31/2017 | 0 | 0.00 | 0 | 924,281 |
| 1/1/2018 to 1/31/2018 | 0 | 0.00 | 0 | 925,044 |
| 2/1/2018 to 2/28/2018 | 0 | 0.00 | 0 | 925,044 |
| Total | 0 | 0.00 | 0 | 925,044 |

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

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Trustees that have been implemented since the registrant's last provided disclosure in response to the requirements of this Item.

ITEM 11. CONTROLS AND PROCEDURES

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

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

ITEM 12. EXHIBITS

(a)(1) Not applicable

(a)(2) Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.

(a)(3) Not applicable.

(b) Certification pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 (17 CFR 270.30a-2(b)) is filed and attached hereto as Exhibit 99.906CERT.

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SIGNATURES

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

Wells Fargo Utilities and High Income Fund

By: /s/ Andrew Owen

Andrew Owen
President

Date: April 28, 2018

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 Utilities and High Income Fund

By: /s/ Andrew Owen

Andrew Owen
President

Date: April 28, 2018

By: /s/ Nancy Wiser

Nancy Wiser
Treasurer

Date: April 28, 2018