

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Form N-Q

September 29, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-21269

Wells Fargo Advantage Income Opportunities Fund  
(Exact name of registrant as specified in charter)

525 Market Street, 12th Floor, San Francisco, CA 94105  
(Address of principal executive offices) (Zip code)

C. David Messman  
Wells Fargo Funds Management, LLC  
525 Market Street, 12th Floor, San Francisco, CA 94105  
(Name and address of agent for service)

Registrant's telephone number, including area code: 800-643-9691

Date of fiscal year end: April 30, 2010

Date of reporting period: July 31, 2010

ITEM 1. SCHEDULE OF INVESTMENTS

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME  
ADVANTAGE FUND)

PRINCIPAL	SECURITY NAME	INTEREST RATE	MATUR DAT
CORPORATE BONDS & NOTES: 114.93%			
CONSUMER DISCRETIONARY: 18.06%			
AUTO COMPONENTS: 1.93%			
\$ 4,455,000	COOPER TIRE & RUBBER COMPANY	7.63%	03/15/
1,137,000	GOODYEAR TIRE & RUBBER COMPANY	9.00	07/01/
6,830,000	GOODYEAR TIRE & RUBBER COMPANY	10.50	05/15/
DIVERSIFIED CONSUMER SERVICES: 3.06%			
4,055,000	CARRIAGE SERVICES INCORPORATED	7.88	01/15/
9,376,000	SERVICE CORPORATION INTERNATIONAL	7.50	04/01/
880,000	SERVICE CORPORATION INTERNATIONAL	8.00	11/15/
6,550,000	STONEMOR PARTNERS LP ++	10.25	12/01/

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

HOTELS, RESTAURANTS & LEISURE: 3.59%

1,900,000	AMERISTAR CASINOS INCORPORATED	9.25	06/01/
1,030,000	BOYD GAMING CORPORATION	7.75	12/15/
975,000	HARRAHS ENTERTAINMENT CORPORATION	10.00	12/15/
2,555,000	HARRAHS ENTERTAINMENT CORPORATION	11.25	06/01/
940,000	HARRAHS ENTERTAINMENT CORPORATION++	12.75	04/15/
1,685,000	INN OF THE MOUNTAIN GODS RESORT & CASINO####(i)	12.00	11/15/
920,000	MGM MIRAGE INCORPORATED	6.63	07/15/
1,645,000	MGM MIRAGE INCORPORATED	8.50	09/15/
4,335,000	MGM MIRAGE INCORPORATED++	11.38	03/01/
125,000	NCL CORPORATION LIMITED	11.75	11/15/
2,880,000	PINNACLE ENTERTAINMENT INCORPORATED	7.50	06/15/
645,000	POKAGON GAMING AUTHORITY++	10.38	06/15/
1,130,000	SCIENTIFIC GAMES CORPORATION++	9.25	06/15/
385,000	SENECA GAMING CORPORATION	7.25	05/01/
2,090,000	SHINGLE SPRINGS TRIBAL GAMING AUTHORITY++	9.38	06/15/
2,075,000	SPEEDWAY MOTORSPORTS INCORPORATED	8.75	06/01/

HOUSEHOLD DURABLES: 0.05%

125,000	LENNAR CORPORATION	12.25	06/01/
149,000	SEALY MATTRESS COMPANY++	10.88	04/15/

INTERNET & CATALOG RETAIL: 0.30%

990,000	QVC INCORPORATED++	7.50	10/01/
925,000	TICKETMASTER ENTERTAINMENT INCORPORATED	10.75	08/01/

MEDIA: 6.83%

2,975,000	CABLEVISION SYSTEM CORP++	8.63	09/15/
14,756,015	CCH II CAPITAL CORPORATION	13.50	11/30/
940,000	CCO HOLDINGS LLC++	8.13	04/30/
2,290,000	CHARTER COMMUNICATIONS INCORPORATED (o) (o) ++	8.00	04/30/
11,640,000	CHARTER COMMUNICATIONS INCORPORATED (o) (o) ++	10.88	09/15/
2,260,000	DISH DBS CORPORATION	7.88	09/01/
775,000	LIN TELEVISION CORP	8.38	04/15/
2,575,000	SALEM COMMUNICATIONS	9.63	12/15/

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

1

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL	SECURITY NAME	INTEREST RATE	MATUR DAT
-----	-----	-----	-----

# Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

## MEDIA (continued)

250,000	SIRIUS XM RADIO INCORPORATED++	9.75%	09/01/
1,070,000	SIRIUS XM RADIO INCORPORATED++	11.25	06/15/
815,000	SIRIUS XM RADIO INCORPORATED++	13.00	08/01/
3,619,000	YOUNG BROADCASTING INCORPORATED####	8.75	01/15/
2,325,000	YOUNG BROADCASTING INCORPORATED####	10.00	03/01/

## MULTILINE RETAIL: 0.20%

1,270,000	SAKS INCORPORATED	9.88	10/01/
-----------	-------------------	------	--------

## SPECIALTY RETAIL: 0.97%

6,550,000	AMERICAN ACHIEVEMENT CORPORATION	8.25	04/01/
-----------	----------------------------------	------	--------

## TEXTILES, APPAREL & LUXURY GOODS: 1.13%

3,850,000	OXFORD INDUSTRIAL INCORPORATED	11.38	07/15/
3,235,000	VISANT CORPORATION	7.63	10/01/

## CONSUMER STAPLES: 1.81%

### BEVERAGES: 0.04%

250,000	COTT BEVERAGES INCORPORATED++	8.38	11/15/
---------	-------------------------------	------	--------

## FOOD PRODUCTS: 1.77%

3,075,000	DOLE FOOD COMPANY INCORPORATED++	13.88	03/15/
3,035,000	SMITHFIELD FOODS INCORPORATED	7.00	08/01/
4,465,000	SMITHFIELD FOODS INCORPORATED++	10.00	07/15/

## ENERGY: 14.86%

### ENERGY EQUIPMENT & SERVICES: 4.69%

2,210,000	BRISTOW GROUP INCORPORATED	7.50	09/15/
4,850,000	FORBES ENERGY SERVICES LIMITED	11.00	02/15/
3,395,000	GULFMARK OFFSHORE INCORPORATED	7.75	07/15/
4,110,000	HERCULES OFFSHORE LLC++	10.50	10/15/
5,325,000	HORNBECK OFFSHORE SERVICES INCORPORATED SERIES B	6.13	12/01/
4,695,000	HORNBECK OFFSHORE SERVICES INCORPORATED SERIES B	8.00	09/01/
205,000	OFFSHORE LOGISTICS INCORPORATED	6.13	06/15/
860,000	PARKER DRILLING COMPANY++	9.13	04/01/
7,495,000	PHI INCORPORATED	7.13	04/15/
210,000	PRIDE INTERNATIONAL INCORPORATED	8.50	06/15/

## OIL, GAS & CONSUMABLE FUELS: 10.17%

1,185,000	ALON REFINING KROTZ SPRINGS INCORPORATED	13.50	10/15/
1,280,000	ATLAS ENERGY RESOURCES LLC	12.13	08/01/
5,085,000	CHESAPEAKE ENERGY CORPORATION	9.50	02/15/
2,665,000	CONSOL ENERGY INCORPORATED++	8.25	04/01/
955,000	EL PASO CORPORATION	12.00	12/12/
1,820,000	EL PASO CORPORATION	7.42	02/15/
1,115,000	FOREST OIL CORPORATION	8.50	02/15/
1,870,000	FOREST OIL CORPORATION	7.25	06/15/
4,265,000	HOLLY CORPORATION++	9.88	06/15/
1,770,000	MURRAY ENERGY CORPORATION++	10.25	10/15/

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

2

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL	SECURITY NAME	INTEREST RATE	MATUR DAT
OIL, GAS & CONSUMABLE FUELS (continued)			
1,185,000	NEWFIELD EXPLORATION COMPANY	6.88%	02/01/
8,705,000	PEABODY ENERGY CORPORATION	7.88	11/01/
215,000	PENN VIRGINIA CORPORATION	10.38	06/15/
1,065,000	PETROHAWK ENERGY CORPORATION	10.50	08/01/
2,045,000	PETROHAWK ENERGY CORPORATION	7.88	06/01/
3,170,000	PIONEER NATURAL RESOURCE COMPANY	7.50	01/15/
6,380,000	PLAINS EXPLORATION & PRODUCTION COMPANY	8.63	10/15/
4,940,000	SABINE PASS LNG LP	7.25	11/30/
5,870,000	SANDRIDGE ENERGY INCORPORATED++	8.75	01/15/
1,250,000	SOUTHWESTERN ENERGY COMPANY	7.50	02/01/
1,450,000	STALLION OILFIELD HOLDINGS INCORPORATED++	10.50	02/15/
950,000	STONE ENERGY CORPORATION	8.63	02/01/
2,235,000	TESORO CORPORATION	7.50	07/17/
1,390,000	TESORO CORPORATION	6.50	06/01/
2,185,000	TESORO CORPORATION	9.75	06/01/
FINANCIALS: 25.16%			
CAPITAL MARKETS: 2.11%			
1,845,000	E*TRADE FINANCIAL CORPORATION	7.38	09/15/
9,741,000	E*TRADE FINANCIAL CORPORATION &	12.50	11/30/
1,320,000	PENSON WORLDWIDE INCORPORATED	12.50	05/15/
COMMERCIAL BANKS: 3.65%			
4,375,000	CAPITALSOURCE INCORPORATED++	12.75	07/15/
17,134,313	CIT GROUP INCORPORATED	7.00	05/01/
2,350,000	CIT GROUP INCORPORATED	7.00	05/01/
CONSUMER FINANCE: 13.07%			
1,900,000	AMERICAN GENERAL FINANCE CORPORATION	6.90	12/15/
2,280,000	CLEARWIRE COMMUNICATIONS FINANCE CORPORATION++	12.00	12/01/
3,140,000	CLEARWIRE COMMUNICATIONS FINANCE CORPORATION++	12.00	12/01/
3,865,000	FORD MOTOR CREDIT COMPANY	9.88	08/10/
130,000	GMAC LLC	6.88	09/15/
2,344,000	GMAC LLC	6.75	12/01/
1,990,000	GMAC LLC	8.00	11/01/
1,495,000	GMAC LLC	8.00	11/01/
2,862,000	GMAC LLC	6.88	08/28/
6,855,000	GMAC LLC	7.50	12/31/
5,119,000	GMAC LLC	8.00	12/31/
2,970,000	GMAC LLC++	8.00	03/15/
3,026,161	HOMER CITY FUNDING LLC	8.73	10/01/

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

2,875,000	INTERNATIONAL LEASE FINANCE CORPORATION	4.75	01/13/
4,170,000	INTERNATIONAL LEASE FINANCE CORPORATION	5.30	05/01/
865,000	INTERNATIONAL LEASE FINANCE CORPORATION	6.38	03/25/
1,700,000	INTERNATIONAL LEASE FINANCE CORPORATION++	8.63	09/15/
2,050,000	INTERNATIONAL LEASE FINANCE CORPORATION SERIES MTN	5.75	06/15/
8,465,000	JBS USA FINANCE INCORPORATED	11.63	05/01/
1,700,000	LBI ESCROW CORPORATION++	8.00	11/01/
4,555,000	LEVEL 3 FINANCING INCORPORATED++	10.00	02/01/
105,000	NIELSEN FINANCE LLC SENIOR DISCOUNT NOTE #	0.00	08/01/
1,290,000	PINNACLE FOODS LLC CORPORATION++	9.25	04/01/
10,900,000	SPRINT CAPITAL CORPORATION	6.88	11/15/

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

3

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL	SECURITY NAME	INTEREST RATE	MATUR DATE
CONSUMER FINANCE (continued)			
4,725,000	SPRINT CAPITAL CORPORATION	6.90%	05/01/
6,133,000	SPRINT CAPITAL CORPORATION	8.38	03/15/
DIVERSIFIED FINANCIAL SERVICES: 3.04%			
385,000	AAC GROUP HOLDING CORPORATION	10.25	10/01/
8,820,000	ALLY FINANCIAL INCORPORATED	8.30	02/12/
7,815,000	LEUCADIA NATIONAL CORPORATION	8.13	09/15/
2,450,000	SHIP FINANCE INTERNATIONAL LIMITED	8.50	12/15/
REAL ESTATE INVESTMENT TRUSTS: 2.68%			
11,580,000	DUPONT FABROS TECHNOLOGY INCORPORATED++	8.50	12/15/
490,000	HOST MARRIOTT CORPORATION++	9.00	05/15/
3,260,000	OMEGA HEALTHCARE INVESTORS INCORPORATED	7.00	04/01/
1,560,000	VENTAS INCORPORATED	9.00	05/01/
THRIFTS & MORTGAGE FINANCE: 0.61%			
4,020,000	PROVIDENT FUNDING ASSOCIATES, LP++	10.25	04/15/
HEALTH CARE: 3.95%			
BIOTECHNOLOGY: 0.18%			
1,125,000	TALECRIS BIOTHERAPEUTICS HOLDINGS COMPANY++	7.75	11/15/
HEALTH CARE EQUIPMENT & SUPPLIES: 0.47%			
1,215,000	BIOMET INCORPORATED &	10.38	10/15/

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

1,585,000	BIOMET INCORPORATED	11.63	10/15/
HEALTH CARE PROVIDERS & SERVICES: 2.89%			
2,440,000	APRIA HEALTHCARE GROUP++	11.25	11/01/
6,745,000	HCA INCORPORATED	9.25	11/15/
3,732,000	HCA INCORPORATED &	9.63	11/15/
1,830,000	HCA INCORPORATED	7.88	02/01/
250,000	HCA INCORPORATED++	8.50	04/15/
1,750,000	OMNICARE INCORPORATED	6.88	12/15/
1,295,000	PROSPECT MEDICAL HOLDING	12.75	07/15/
LIFE SCIENCES TOOLS & SERVICES: 0.30%			
1,855,000	BIO-RAD LABORATORIES INCORPORATED	8.00	09/15/
PHARMACEUTICALS: 0.11%			
650,000	MYLAN INCORPORATED	7.63	07/15/
INDUSTRIALS: 10.57%			
AEROSPACE & DEFENSE: 3.95%			
4,470,000	ALLIANT TECHSYSTEMS INCORPORATED	6.75	04/01/
800,000	DIGITALGLOBE INCORPORATED++	10.50	05/01/

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL	SECURITY NAME	INTEREST RATE	MATUR DAT
-----	-----	-----	-----
AEROSPACE & DEFENSE (continued)			
1,030,000	GENCORP INCORPORATED	9.50%	08/15/
1,140,000	GEOEYE INCORPORATED++	9.63	10/01/
3,265,000	HEXCEL CORPORATION	6.75	02/01/
2,570,000	KRATOS DEFENSE & SECURITY SOLUTIONS INCORPORATED	10.00	06/01/
5,506,000	L-3 COMMUNICATIONS HOLDINGS INCORPORATED	6.38	10/15/
5,585,000	L-3 COMMUNICATIONS HOLDINGS INCORPORATED	5.88	01/15/
1,445,000	WYLE SERVICES CORPORATION++	10.50	04/01/
AIRLINES: 0.03%			
175,000	DELTA AIR LINES INCORPORATED++	12.25	03/15/
COMMERCIAL SERVICES & SUPPLIES: 2.69%			
4,385,000	CASELLA WASTE SYSTEMS INCORPORATED++	11.00	07/15/

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

1,840,000	CORRECTIONS CORPORATION OF AMERICA	6.25	03/15/
1,410,000	CORRECTIONS CORPORATION OF AMERICA	7.75	06/01/
2,205,000	GEO GROUP INCORPORATED++	7.75	10/15/
550,000	INTERFACE INCORPORATED	11.38	11/01/
3,520,000	IRON MOUNTAIN INCORPORATED	8.38	08/15/
3,050,000	SGS INTERNATIONAL INCORPORATED	12.00	12/15/
INDUSTRIAL CONGLOMERATES: 0.62%			
3,985,000	OTTER TAIL CORPORATION	9.00	12/15/
MACHINERY: 1.03%			
1,440,000	CLEAVER-BROOKS INCORPORATED++	12.25	05/01/
4,589,823	COMMERCIAL VEHICLE GROUP INCORPORATED&++	13.00	02/15/
940,000	COMMERCIAL VEHICLE GROUP INCORPORATED	8.00	07/01/
PROFESSIONAL SERVICES: 0.04%			
230,000	AFFINIA GROUP INCORPORATED++	10.75	08/15/
ROAD & RAIL: 2.03%			
860,000	AMSTED INDUSTRIES INCORPORATED++	8.13	03/15/
1,184,000	KANSAS CITY SOUTHERN	13.00	12/15/
8,285,000	KANSAS CITY SOUTHERN	8.00	06/01/
1,600,000	RAILAMERICA INCORPORATED	9.25	07/01/
205,000	SWIFT TRANSPORTATION COMPANY INCORPORATED++	8.19	05/15/
490,000	SWIFT TRANSPORTATION COMPANY INCORPORATED++	12.50	05/15/
TRANSPORTATION INFRASTRUCTURE: 0.18%			
1,190,000	UNITED MARITIME GROUP++	11.75	06/15/
INFORMATION TECHNOLOGY: 9.79%			
COMMUNICATIONS EQUIPMENT: 1.99%			
585,000	ECHOSTAR DBS CORPORATION	7.13	02/01/
3,100,000	LUCENT TECHNOLOGIES INCORPORATED	6.45	03/15/
11,732,499	LUCENT TECHNOLOGIES INCORPORATED	1.00	03/08/

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

5

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL	SECURITY NAME	INTEREST RATE	MATUR DAT
-----	-----	-----	-----

COMMUNICATIONS EQUIPMENT (continued)

## Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

3,225,000	LUCENT TECHNOLOGIES INCORPORATED SERIES B	2.88%	06/15/
COMPUTERS & PERIPHERALS: 0.06%			
470,000	STRATUS TECHNOLOGIES INCORPORATED	12.00	03/29/
ELECTRONIC EQUIPMENT & INSTRUMENTS: 4.45%			
5,620,000	DA-LITE SCREEN COMPANY INCORPORATED++	12.50	04/01/
2,820,000	INTCOMEX INCORPORATED++	13.25	12/15/
13,532,000	JABIL CIRCUIT INCORPORATED	8.25	03/15/
3,380,000	KEMET CORPORATION++	10.50	05/01/
2,530,000	VIASYSTEM GROUP INCORPORATED++	12.00	01/15/
INTERNET SOFTWARE & SERVICES: 0.91%			
2,125,000	EQUINIX INCORPORATED	8.13	03/01/
3,395,000	TERREMARK WORLDWIDE INCORPORATED++	12.00	06/15/
IT SERVICES: 2.07%			
2,345,000	FIRST DATA CORPORATION	9.88	09/24/
6,475,080	FIRST DATA CORPORATION&	10.55	09/24/
2,835,000	IPAYMENT INCORPORATED	9.75	05/15/
1,600,000	UNISYS CORPORATION++	12.75	10/15/
1,155,000	UNISYS CORPORATION++	14.25	09/15/
1,065,000	UNISYS CORPORATION	12.50	01/15/
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT: 0.31%			
2,025,000	ADVANCED MICRO DEVICES INCORPORATED	5.75	08/15/
MATERIALS: 6.64%			
CHEMICALS: 1.22%			
2,855,000	HUNTSMAN INTERNATIONAL LLC++	5.50	06/30/
4,807,125	LYONDELL CHEMICAL COMPANY	11.00	05/01/
300,000	NOVA CHEMICALS CORPORATION++	8.38	11/01/
CONSTRUCTION MATERIALS: 2.18%			
1,480,000	CPG INTERNATIONAL INCORPORATED+/-	7.50	07/01/
3,415,000	CPG INTERNATIONAL INCORPORATED	10.50	07/01/
3,025,000	CPG INTERNATIONAL INCORPORATED	10.63	09/01/
3,725,000	HEADWATERS INCORPORATION	11.38	11/01/
2,565,000	TEXAS INDUSTRIES INCORPORATED	7.25	07/15/
CONTAINERS & PACKAGING: 0.94%			
5,780,000	EXOPACK HOLDING CORPORATION	11.25	02/01/
350,000	GRAHAM PACKAGING COMPANY INCORPORATED++	8.25	01/01/

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.



# Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL	SECURITY NAME	INTEREST RATE	MATURE DATE
METALS & MINING: 1.42%			
2,055,000	CALIFORNIA STEEL INDUSTRIES INCORPORATED	6.13%	03/15/11
1,185,000	EDGEN MURRAY CORPORATION++	12.25	01/15/11
5,725,000	FREEPORT-MCMORAN COPPER & GOLD INCORPORATED	8.38	04/01/11
5,985,000	INDALEX HOLDINGS CORPORATION####	11.50	02/01/11
PAPER & FOREST PRODUCTS: 0.88%			
1,175,000	CLEARWATER PAPER CORPORATION++	10.63	06/15/11
2,430,000	GEORGIA-PACIFIC CORPORATION	8.88	05/15/11
1,775,000	GEORGIA-PACIFIC CORPORATION++	7.00	01/15/11
TELECOMMUNICATION SERVICES: 13.39%			
DIVERSIFIED TELECOMMUNICATION SERVICES: 9.10%			
3,660,000	CINCINNATI BELL INCORPORATED	8.25	10/15/11
9,580,000	CITIZENS COMMUNICATIONS COMPANY	7.88	01/15/11
5,280,000	FRONTIER COMMUNICATIONS	8.13	10/01/11
345,000	GLOBAL CROSSING LIMITED++	12.00	09/15/11
4,455,000	NEW COMMUNICATIONS HOLDINGS++	8.25	04/15/11
4,400,000	NEW COMMUNICATIONS HOLDINGS++	8.50	04/15/11
6,770,000	NEW COMMUNICATIONS HOLDINGS++	8.75	04/15/11
3,260,000	QWEST CORPORATION	7.50	06/15/11
7,340,000	QWEST CORPORATION	8.88	03/15/11
440,000	QWEST CORPORATION	7.63	08/03/11
576,000	QWEST CORPORATION	6.88	07/15/11
485,000	SBA TELECOMMUNICATIONS INCORPORATED++	8.25	08/15/11
1,090,000	SBA TELECOMMUNICATIONS INCORPORATED++	8.00	08/15/11
2,755,000	U.S. WEST COMMUNICATIONS INCORPORATED	7.25	09/15/11
2,015,000	U.S. WEST COMMUNICATIONS INCORPORATED	7.13	11/15/11
1,055,000	WEST CORPORATION	9.50	10/15/11
5,380,000	WINDSTREAM CORPORATION	7.88	11/01/11
WIRELESS TELECOMMUNICATION SERVICES: 4.29%			
1,785,000	CRICKET COMMUNICATIONS INCORPORATED	9.38	11/01/11
805,000	CRICKET COMMUNICATIONS INCORPORATED	7.75	05/15/11
165,000	CROWN CASTLE INTERNATIONAL CORPORATION	7.13	11/01/11
4,155,000	INTELSAT LIMITED	8.50	01/15/11
465,000	INTELSAT LIMITED	11.25	06/15/11
2,607,559	IPCS INCORPORATED&+/-	3.59	05/01/11
3,330,000	METROPCS WIRELESS INCORPORATED	9.25	11/01/11
7,935,000	NEXTEL COMMUNICATIONS INCORPORATED SERIES D	7.38	08/01/11
7,465,000	NEXTEL COMMUNICATIONS SERIES F	5.95	03/15/11
UTILITIES: 10.70%			
ELECTRIC UTILITIES: 5.90%			
14,996,000	AQUILA INCORPORATED (o) (o)	11.88	07/01/11

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

140,000	EDISON MISSION ENERGY	7.00	05/15/
2,935,000	EDISON MISSION ENERGY	7.20	05/15/
8,201,002	ENERGY FUTURE HOLDINGS CORPORATION&+/-	11.25	11/01/
\$ 250,000	MIRANT AMERICAS GENERATION LLC	8.50	10/01/
7,560,525	MIRANT MID-ATLANTIC LLC SERIES C	10.06	12/30/
5,280,000	MIRANT NORTH AMERICA LLC	7.38	12/31/

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

7

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL	SECURITY NAME	INTEREST RATE	MATUR DAT
ELECTRIC UTILITIES (continued)			
715,000	PUBLIC SERVICE COMPANY OF NEW MEXICO	7.95%	05/15/
INDEPENDENT POWER PRODUCERS & ENERGY TRADERS: 4.78%			
2,045,000	AES CORPORATION	8.88	02/15/
4,500,000	CALPINE CORPORATION	7.25	10/15/
4,850,000	DYNEGY HOLDING INCORPORATED	7.63	10/15/
2,135,000	DYNEGY HOLDINGS INCORPORATED	6.88	04/01/
1,140,000	NRG ENERGY INCORPORATED	7.25	02/01/
1,750,000	NRG ENERGY INCORPORATED	7.38	01/15/
3,675,000	NRG ENERGY INCORPORATED	8.50	06/15/
2,617,955	RELIANT ENERGY INCORPORATED	9.24	07/02/
780,000	RELIANT ENERGY INCORPORATED	9.68	07/02/
1,020,000	RRI ENERGY INCORPORATED	7.63	06/15/
8,390,000	RRI ENERGY INCORPORATED	6.75	12/15/
75,000	RRI ENERGY INCORPORATED	7.88	06/15/
MULTI-UTILITIES: 0.02%			
135,000	CMS ENERGY CORPORATION	8.75	06/15/
TOTAL CORPORATE BONDS & NOTES (COST \$739,217,476)			
YANKEE OBLIGATIONS: 4.58%			
CONSUMER DISCRETIONARY: 0.02%			
DIVERSIFIED CONSUMER SERVICES: 0.02%			
155,000	DESARROLLADORA HOMEX SAB DE CV++	9.50	12/11/
ENERGY: 1.61%			
OIL, GAS & CONSUMABLE FUELS: 1.61%			
1,610,000	CONNACHER OIL & GAS LIMITED++	10.25	12/15/
360,000	CONNACHER OIL & GAS LIMITED++	11.75	07/15/

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

1,000,000	GRIFFIN COAL MINING COMPANY LIMITED++++###	9.50	12/01/
7,306,000	GRIFFIN COAL MINING COMPANY LIMITED####	9.50	12/31/
1,115,000	OPTI CANADA INCORPORATED	7.88	12/15/
1,065,000	OPTI CANADA INCORPORATED	8.25	12/15/
915,000	P2021 RIG COMPANY++	13.50	12/15/
905,000	RDS ULTRA-DEEPWATER LIMITED++	11.88	03/15/

FINANCIALS: 0.71%

CONSUMER FINANCE: 0.35%

2,205,000	WIND ACQUISITION FINANCE SA++	11.75	07/15/
-----------	-------------------------------	-------	--------

DIVERSIFIED FINANCIAL SERVICES: 0.36%

2,074,500	FMG FINANCE PROPERTY LIMITED++	10.63	09/01/
-----------	--------------------------------	-------	--------

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

8

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL	SECURITY NAME	INTEREST RATE	MATUR DAT
DIVERSIFIED FINANCIAL SERVICES(continued)			
1,540,000	PREFERRED TERM SECURITIES XII LIMITED+/-#### (I)	0.00%	12/24/
INDUSTRIALS: 1.14%			
ROAD & RAIL: 1.14%			
6,389,000	KANSAS CITY SOUTHERN DE MEXICO	7.38	06/01/
500,000	KANSAS CITY SOUTHERN DE MEXICO++	8.00	02/01/
373,000	KANSAS CITY SOUTHERN DE MEXICO	12.50	04/01/
MATERIALS: 0.83%			
CHEMICALS: 0.06%			
375,000	NOVA CHEMICALS CORPORATION++	8.63	11/01/
METALS & MINING: 0.18%			
630,000	NOVELIS INCORPORATED	7.25	02/15/
500,000	VEDANTA RESOURCES PLC	9.50	07/18/
PAPER & FOREST PRODUCTS: 0.59%			
715,000	PE PAPER ESCROW GMBH++	12.00	08/01/
1,265,000	SAPPI LIMITED++	6.75	06/15/
2,355,000	SAPPI LIMITED++	7.50	06/15/

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

TELECOMMUNICATION SERVICES: 0.27%  
 WIRELESS TELECOMMUNICATION SERVICES: 0.27%  
     870,000 DIGICEL GROUP LIMITED++ 12.00 04/01/  
     690,000 TELESAT CANADA INCORPORATED 11.00 11/01/

TOTAL YANKEE OBLIGATIONS (COST \$28,436,215)

SHARES  
 -----

COMMON STOCKS: 0.28%  
 MATERIALS: 0.28%  
 CHEMICALS: 0.28%  
     54,080 LYONDELLBASELL CLASS A+  
     49,566 LYONDELLBASELL CLASS B+  
 TOTAL COMMON STOCKS (COST \$1,783,897)

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL -----	INTEREST RATE -----	MATUR -----
CONVERTIBLE DEBENTURE: 0.19% INFORMATION TECHNOLOGY: 0.19% \$ 1,290,000 NXP FUNDING LLC TOTAL CONVERTIBLE DEBENTURE (COST \$1,180,220)	9.50%	10/15/

SHARES  
 -----

YIELD  
 -----

PREFERRED STOCKS: 0.22%  
 FINANCIALS: 0.22%

# Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

CONSUMER FINANCE: 0.22%

1,800 ALLY FINANCIAL INCORPORATED

8.30

TOTAL PREFERRED STOCKS (COST \$1,435,638)

CLOSED END MUTUAL FUNDS: 0.69%

233,732 DREYFUS HIGH YIELD STRATEGIES FUND INCORPORATED

99,227 EATON VANCE LIMITED DURATION INCOME TRUST

30,704 LMP CORPORATE LOAN FUND INCORPORATED

170,560 NEW AMERICA HIGH INCOME FUND INCORPORATED

TOTAL CLOSED END MUTUAL FUNDS (COST \$2,481,655)

PRINCIPAL		INTEREST RATE	
-----		-----	
TERM LOANS: 7.40%			
CONSUMER DISCRETIONARY: 2.97%			
\$ 1,875,000	CAPITAL AUTOMOTIVE##	NA	12/14/
8,625,000	METALDYNE CORPORATION+/-	13.00	04/09/
955,445	TOWER AUTOMOTIVE HOLDINGS##	NA	07/31/
2,375,000	SUGARHOUSE HSP GAMING PROPERTIES LP+/-	11.25	09/11/
5,920,000	NEWSDAY LLC+/-	10.50	07/15/
CONSUMER STAPLES: 0.81%			
5,743,407	MERISANT COMPANY+/-	7.75	01/08/
ENERGY: 1.28%			
8,606,069	SEMGROUP ENERGY PARTNERS+/-	9.50	07/20/
FINANCIALS: 1.20%			
2,621,825	BLACKSTONE UTP CAPITAL LLC+/-	7.75	10/29/
2,413,916	REALOGY CORPORATION+/-	3.35	09/01/
649,900	REALOGY CORPORATION+/-	3.38	09/01/
INDUSTRIALS: 1.13%			
6,622,200	SWIFT TRANSPORTATION COMPANY INCORPORATED+/-	8.25	06/05/
1,152,250	NEFF CORPORATION+/-	4.04	05/31/

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

# Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

PORTFOLIO OF INVESTMENTS - JULY 31, 2010 (UNAUDITED)

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND (FORMERLY, EVERGREEN INCOME ADVANTAGE FUND)

PRINCIPAL -----	INTEREST RATE -----	MATUR -----
TELECOMMUNICATION SERVICES: 0.19%		
1,275,000 FAIRPOINT COMMUNICATIONS INCORPORATED##	NA	04/01/
UTILITIES: 0.22%		
1,925,000 TXU ENERGY COMPANY LLC##	NA	10/10/
TOTAL TERM LOANS (COST \$47,454,804)		
SHARES -----	YIELD -----	
SHORT-TERM INVESTMENTS: 5.71%		
INVESTMENT COMPANIES: 5.71%		
37,995,752 WELLS FARGO ADVANTAGE MONEY MARKET TRUST**(1) (u)	0.31%	
TOTAL SHORT-TERM INVESTMENTS (COST \$37,995,752)		
TOTAL INVESTMENTS IN SECURITIES (COST \$859,985,657) *	134.00%	
OTHER ASSETS AND LIABILITIES, NET	(34.00)	
TOTAL NET ASSETS	100.00%	

# SECURITY INITIALLY ISSUED IN ZERO COUPON FORM WHICH CONVERTS TO COUPON FORM AT A SPECIFIED RATE AND DATE. AN EFFECTIVE INTEREST RATE IS APPLIED TO RECOGNIZE INTEREST INCOME DAILY FOR THE BOND. THIS RATE IS BASED ON TOTAL EXPECTED INTEREST TO BE EARNED OVER THE LIFE OF THE BOND WHICH CONSISTS OF THE AGGREGATE COUPON-INTEREST PAYMENTS AND DISCOUNT AT ACQUISITION. THE RATE SHOWN IS THE STATED RATE AT THE CURRENT PERIOD END.

\*\* ALL OR A PORTION OF THIS SECURITY HAS BEEN SEGREGATED FOR WHEN-ISSUED, DELAYED DELIVERY SECURITIES AND/OR UNFUNDED LOANS.

## ALL OR A PORTION OF THE POSITION REPRESENTS AN UNFUNDED LOAN COMMITMENT.

(o) (o) THE RATE SHOWN IS THE STATED RATE AT THE CURRENT PERIOD END.

& PAYMENT-IN-KIND (PIK) SECURITIES ARE SECURITIES IN WHICH THE ISSUER MAY MAKE INTEREST OR DIVIDEND PAYMENTS IN CASH OR ADDITIONAL SECURITIES. THESE ADDITIONAL SECURITIES GENERALLY HAVE THE SAME TERMS AS THE ORIGINAL HOLDINGS.

(1) INVESTMENT IN AN AFFILIATE.

+ NON-INCOME EARNING SECURITIES.

## Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

- ++ SECURITIES THAT MAY BE RESOLD TO "QUALIFIED INSTITUTIONAL BUYERS" UNDER RULE 144A OR SECURITIES OFFERED PURSUANT TO SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED.
- +/- VARIABLE RATE INVESTMENTS.
- #### THIS SECURITY IS CURRENTLY IN DEFAULT WITH REGARDS TO SCHEDULED INTEREST AND/OR PRINCIPAL PAYMENTS. THE FUND HAS STOPPED ACCRUING INTEREST ON THIS SECURITY.
- (i) ILLIQUID SECURITY.
- (u) RATE SHOWN IS THE 7-DAY ANNUALIZED YIELD AT PERIOD END.
- \* COST FOR FEDERAL INCOME TAX PURPOSES IS \$865,344,350 AND NET UNREALIZED APPRECIATION (DEPRECIATION) CONSISTS OF:

GROSS UNREALIZED APPRECIATION	\$ 46,970,987
GROSS UNREALIZED DEPRECIATION	(20,304,391)
	-----
NET UNREALIZED APPRECIATION	\$ 26,666,596

THE PORTFOLIO OF INVESTMENTS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THE FUND'S AUDITED ANNUAL REPORT OR SEMI-ANNUAL REPORT. THESE REPORTS INCLUDE ADDITIONAL INFORMATION ABOUT THE FUND'S SECURITY VALUATION POLICIES AND ABOUT CERTAIN SECURITY TYPES INVESTED IN BY THE FUND.

11

### WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

#### NOTES TO PORTFOLIOS OF INVESTMENTS (unaudited)

The Fund's portfolio of investments as of the date on the cover of this report has not been audited. This report is provided for the general information of the Fund's shareholders. For more information regarding the Fund and its holdings, please see the Fund's most recent prospectus and annual report.

#### SECURITIES VALUATION

Certain fixed income securities with maturities exceeding 60 days are valued by using a pricing service approved by the Trust's Board of Trustees. This service uses market prices as quoted by an independent pricing service or by dealers in these securities when, in the service's judgment, these prices are readily available and are representative of the securities' fair values. For some securities, such prices are not readily available. These securities will generally be fair valued using methods which may include consideration of yields or prices of securities of comparable quality, coupon rate, maturity and type of issue, indications as to values from dealers in securities, trading characteristics and general market conditions.

Investments in securities are valued each business day as of the close of regular trading on the New York Stock Exchange, which is usually 4:00 p.m. (Eastern Time). Securities which are traded on a national or foreign securities exchange are valued at the last reported sales price. Securities listed on The NASDAQ Stock Market, Inc. ("NASDAQ") are valued at the NASDAQ Official Closing

## Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

Price ("NOCP"), and if no NOCP is available, then at the last reported sales price. If no sales price is shown on the NASDAQ, the bid price will be used. In the absence of any sale of securities listed on the NASDAQ, and in the case of other securities, including U.S. Government obligations, but excluding debt securities maturing in 60 days or less, the price will be deemed "stale" and the valuations will be determined in accordance with the Funds' Fair Valuation Procedures..

Investments in open-end mutual funds 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 by procedures established in good faith and approved by the Board of Trustees.

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

### WHEN-ISSUED TRANSACTIONS

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

### TERM LOANS

Each Fund may invest in term loans. A Fund records an investment when the borrower withdraws money and records interest as earned. These loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. The Fund assumes the credit risk of the borrower. There could be potential loss to the Fund in the event of default by the borrower.

### FAIR VALUATION MEASUREMENTS

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

Level 1 - quoted prices in active markets for identical securities

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

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

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



## Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

As of July 31, 2010, the inputs used in valuing the Fund's assets, which are carried at fair value, were as follows:

INVESTMENTS IN SECURITIES	QUOTED PRICES (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
EQUITY SECURITIES				
COMMON STOCKS	\$ 1,865,628	\$ 0	\$ 0	\$ 1,865,628
PREFERRED STOCKS	0	1,478,194	0	1,478,194
CLOSED END-MUTUAL FUND SHARES	4,624,301	0	0	4,624,301
CORPORATE BOND AND NOTES	0	765,044,468	0	765,044,468
CONVERTIBLE DEBENTURES	0	1,264,200	0	1,264,200
LOANS	0	34,802,855	14,424,305	49,227,160
YANKEE BONDS	0	30,511,243	0	30,511,243
INVESTMENT COMPANIES	37,995,752	0	0	37,995,752
	44,485,681	833,100,960	14,424,305	892,010,946

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

	CORPORATE BONDS AND NOTES	LOANS	TOTAL
Balance as of April 30, 2010	\$ 817,002	\$13,198,721	\$14,015,723
Realized gains or losses	(962,719)	0	(962,719)
Change in unrealized gains or losses	1,025,056	19,628	1,044,684
Amortization	157	0	157
Net purchases (sales)	(879,496)	1,205,956	326,460
Transfers in and/or out of Level 3	0	0	0
Balance as of July 31, 2010	0	14,424,305	14,424,305
Change in unrealized gains or losses included in earnings relating to securities still held at July 31, 2010	\$ 0	\$ (69,193)	\$ (69,193)

### DERIVATIVE TRANSACTIONS

During the three months ended July 31, 2010, the Fund entered into credit default contracts for speculative purposes.

As of July 31, 2010 the Fund did not have any open credit default swaps but had an average notional balance of \$1,494,396 during the three months ended July 31, 2010.

Edgar Filing: WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND - Form N-Q

ITEM 2. CONTROLS AND PROCEDURES

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

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

SIGNATURES

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

Wells Fargo Advantage Income  
Opportunities Fund

By: /s/ Karla M. Rabusch

-----  
Karla M. Rabusch  
President

Date: September 28, 2010

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

Wells Fargo Advantage Income  
Opportunities Fund

By: /s/ Karla M. Rabusch

-----  
Karla M. Rabusch  
President

Date: September 28, 2010

By: /s/ Kasey Phillips

-----  
Kasey Phillips  
Treasurer

Date: September 28, 2010