

WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND

Form N-CSRS

July 01, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21331

Wells Fargo Advantage Multi-Sector Income Fund

(Exact name of registrant as specified in charter)

525 Market St., San Francisco, CA 94105

(Address of principal executive offices) (Zip code)

C. David Messman

Wells Fargo Funds Management, LLC

525 Market St., San Francisco, CA 94105

(Name and address of agent for service)

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

Date of fiscal year end: October 31

Date of reporting period: April 30, 2014

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ITEM 1. REPORT TO STOCKHOLDERS

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Wells Fargo Advantage

Multi-Sector Income Fund

Semi-Annual Report

April 30, 2014

This closed-end fund is no longer offered as an initial public offering and is only offered through broker/dealers on the secondary market. A closed-end fund is not required to buy its shares back from investors upon request.

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The views expressed and any forward-looking statements are as of April 30, 2014, unless otherwise noted, and are those of the Fund managers and/or Wells Fargo Funds Management, LLC. Discussions of individual securities, or the markets generally, or any Wells Fargo Advantage Fund are not intended as individual recommendations. Future events or results may vary significantly from those expressed in any forward-looking statements; the views expressed are subject to change at any time in response to changing circumstances in the market. Wells Fargo Funds Management, LLC and the Fund disclaim any obligation to publicly update or revise any views expressed or forward-looking statements.

NOT FDIC INSURED ; NO BANK GUARANTEE ; MAY LOSE VALUE

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2 Wells Fargo Advantage Multi-Sector Income Fund

Letter to shareholders (unaudited)

Karla M. Rabusch

President

Wells Fargo Advantage Funds

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

Dear Valued Shareholder:

We are pleased to offer you this semi-annual report for the *Wells Fargo Advantage Multi-Sector Income Fund* for the six-month period that ended April 30, 2014. Global bond markets broadly rallied during the period, as low growth and low inflation expectations appeared to drive yields lower and longer-term bond prices higher, particularly in the opening months of 2014. High-yield and emerging markets debt sectors performed best, while currency markets were mixed. The U.S. high-yield bond market (measured by the Barclays U.S. High Yield Corporate Bond Index¹) provided relatively strong fixed-income returns during the period, outpacing returns from the investment-grade corporate bond markets (Barclays U.S. Corporate Bond Index²) and U.S. Treasuries (Barclays U.S. Treasury Index³). U.S. mortgage-backed securities (MBS), commercial mortgage-backed securities (CMBS), and corporate bonds generated positive returns. On the whole, fixed-income markets across the globe notably rallied over the first four months of 2014, rebounding nicely from some challenging price corrections during 2013. In general, the corporate bond sector notably high-yield corporate bonds were best across all global markets, while sovereign debt issuances generally lagged behind.

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

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

MBS).

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

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

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

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

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

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

Seemingly much to the surprise of many everyday investors and seasoned investment professionals alike, U.S. fixed-income markets (measured by the Barclays U.S. Aggregate Bond Index⁴) largely outperformed U.S. equity markets (measured by the S&P 500 Index⁵) during the opening months of 2014. This helped support global bond markets, particularly global corporate bonds. Reassurances from the U.S. Federal Reserve (Fed) that a highly accommodative monetary policy would continue throughout 2014 inspired bond rallies across the globe.

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

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

Periods of investment uncertainty can present challenges, but experience has taught us that maintaining long-term investment goals can be an effective way to plan for the future. To help you create a sound strategy based on your personal goals and risk tolerance, *Wells Fargo Advantage Funds* offers more than 100 mutual funds spanning a wide range of asset classes and investment styles. Although diversification cannot guarantee an investment profit or prevent losses, we believe it can be an effective way to manage investment risk and potentially smooth out overall portfolio performance. We encourage investors to know their investments and to understand that appropriate levels of risk-taking may unlock opportunities.

Thank you for choosing to invest with *Wells Fargo Advantage Funds*. We appreciate your confidence in us and remain committed to helping you meet your financial needs. For current information about your fund investments, contact your investment professional, visit our website at wellsfargoadvantagefunds.com, or call us directly at **1-800-222-8222**. We are available 24 hours a day, 7 days a week.

Sincerely,

Karla M. Rabusch

President

Wells Fargo Advantage Funds

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

4. The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. You cannot invest directly in an index.

5. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index with each stock's weight in the index proportionate to its market value. You cannot invest directly in an index.

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4 Wells Fargo Advantage Multi-Sector Income Fund Performance highlights (unaudited)

Investment objective

The Fund seeks a high level of current income consistent with limiting its overall exposure to domestic interest-rate risk.

Adviser

Wells Fargo Funds Management, LLC

Subadvisers

First International Advisors, LLC

Wells Capital Management Incorporated

Portfolio managers

Michael Bray, CFA

Christopher Y. Kauffman, CFA

Michael Lee

Niklas Nordenfelt, CFA

Anthony Norris

Alex Perrin

Janet S. Rilling, CFA, CPA

Phillip Susser

Christopher Wightman

Peter Wilson

Average annual total returns¹ (%) as of April 30, 2014

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

Figures quoted represent past performance, which is no guarantee of future results, and do not reflect taxes that a shareholder may pay on fund distributions or the sales of fund shares. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted, which assumes the reinvestment of dividends and capital gains. Performance figures of the Fund do not reflect brokerage commissions that a shareholder would pay on the purchase and sale of shares. If taxes and such brokerage commissions had been reflected, performance would have been lower. To obtain performance information current to the most recent month-end, please call 1-800-222-8222.

The Fund's gross and net expense ratios for the six months ended April 30, 2014, were 1.23% and 1.23%, respectively, which includes 0.07% of interest expense.

Comparison of NAV vs. market value²

The Fund is leveraged through a secured debt borrowing facility and also may incur leverage by issuing preferred shares in the future. The use of leverage results in certain risks including, among others, the likelihood of greater volatility of net asset value and the market price of common shares. Foreign investments are especially volatile and can rise or fall dramatically due to differences in the political and economic conditions of the host country. These risks are generally intensified in emerging markets. Derivatives involve risks including interest-rate risk, credit risk, the risk of improper valuation, and the risk of non-correlation to the relevant instruments that they are designed to hedge or to closely track. Bond values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. In general, when interest rates rise, bond values fall and investors may lose principal value. High-yield securities have a greater risk of default and tend to be more volatile than higher-rated debt securities. This Fund is exposed to mortgage- and asset-backed securities risk.

1. Total returns based on market value are calculated assuming a purchase of common stock on the first day and sale on the last day of the period reported. Total returns based on NAV are calculated based on the NAV at the beginning of the period and end of the period. Dividends and distributions, if any, are assumed for the purposes of these calculations to be reinvested at prices obtained under the Fund's Automatic Dividend Reinvestment Plan.
2. This chart does not reflect any brokerage commissions on the purchase and sale of the Fund's common stock. Dividends and distributions have the effect of reducing the Fund's NAV.

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Performance highlights (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 5

MANAGERS DISCUSSION

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

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

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

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

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

Ten largest holdings³ (%) as of April 30, 2014

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

Contributors to performance

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

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

Detractors from performance

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

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|--|------------------------------------|
| 6 Wells Fargo Advantage Multi-Sector Income Fund | Performance highlights (unaudited) |
| Credit quality ⁴ as of April 30, 2014 | |

Management outlook

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

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

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

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

Effective maturity distribution⁵ as of April 30, 2014**Country allocation⁵ as of April 30, 2014**

3. The ten largest holdings are calculated based on the value of the securities divided by total net assets of the Fund. Holdings are subject to change and may have changed since the date specified.

4. The credit quality of portfolio holdings reflected in the chart is based on ratings from Standard & Poor's, Moody's Investors Service, and/or Fitch Ratings Ltd. Credit quality ratings apply to the underlying holdings of the Fund and not to the Fund itself. The percentages of the Fund's portfolio with the ratings depicted in the chart are calculated based on the total market value of fixed income securities held by the Fund. If a security was rated by all three rating agencies, the middle rating was utilized. If rated by two of three rating agencies, the lower rating was utilized, and if rated by one of the rating agencies, that rating was utilized. Standard & Poor's rates the creditworthiness of bonds, on a scale of AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Standard & Poor's rates the creditworthiness of short-term notes on a scale SP-1 (highest) to SP-3 (lowest). Moody's rates the creditworthiness of bond on a scale of Aaa (highest) to C (lowest). Ratings Aa to B may be modified by the addition of a number 1 (highest) to 3 (lowest) to show relative standing within the ratings categories. Moody's rates the creditworthiness of short-term U.S. tax-exempt municipal securities from MIG 1/VMIG 1 (highest) to SG (lowest). Fitch rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Credit quality, and credit quality ratings, are subject to change.
5. Percentages are subject to change and are calculated based on the total long-term investments of the Fund.

Table of ContentsSummary portfolio of investments April 30, 2014
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 7

The Summary Portfolio of Investments shows the 50 largest portfolio holdings in unaffiliated issuers and any holdings exceeding 1% of the total net assets as of the report date. The remaining securities held are grouped as Other securities in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by accessing the following website:

<http://a584.g.akamai.net/f/584/1326/1d/www.wellsfargoadvantagefunds.com/pdf/semi/holdings/multisectorincome.pdf>
or by calling *Wells Fargo Advantage Funds* at **1-800-222-8222**. This complete schedule, filed on the Form N-CSRS, is also available on the SEC's website at sec.gov.

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|---|---------------|------------------------|---------------|---------------|-----------------------|
| Agency Securities: 2.31% | | | | | |
| <i>FHLMC</i> | 0.55-8.50% | 4-25-2020 to 7-25-2048 | \$ 21,039,385 | \$ 13,885,830 | 2.01% |
| <i>Other securities</i> | | | | 2,087,250 | 0.30 |
| Total Agency Securities (Cost \$15,017,782) | | | | 15,973,080 | 2.31 |
| Asset-Backed Securities: 0.10% | | | | | |
| <i>Other securities</i> | | | | 694,893 | 0.10 |
| Total Asset-Backed Securities (Cost \$681,487) | | | | 694,893 | 0.10 |
| Common Stocks: 0.14% | | | | | |
| Consumer Discretionary: 0.00% | | | | | |
| Hotels, Restaurants & Leisure: 0.00% | | | | | |
| <i>Other securities</i> | | | | 0 | 0.00 |

Telecommunication Services: 0.14%

Diversified Telecommunication Services: 0.14%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 960,829 | 0.14 |
|-------------------------|--|--|--|---------|------|

| | | | | | |
|---|--|--|--|---------|------|
| Total Common Stocks (Cost \$1,617,838) | | | | 960,829 | 0.14 |
|---|--|--|--|---------|------|

Corporate Bonds and Notes: 66.17%

Consumer Discretionary: 12.18%

Auto Components: 1.08%

| | | | | | |
|---|------|-----------|-----------|-----------|------|
| <i>Allison Transmission Incorporated 144A</i> | 7.13 | 5-15-2019 | 3,790,000 | 4,093,200 | 0.59 |
|---|------|-----------|-----------|-----------|------|

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 3,355,220 | 0.49 |
|-------------------------|--|--|--|-----------|------|

| | | | | | |
|--|--|--|--|-----------|------|
| | | | | 7,448,420 | 1.08 |
|--|--|--|--|-----------|------|

Distributors: 0.11%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 768,000 | 0.11 |
|-------------------------|--|--|--|---------|------|

Diversified Consumer Services: 1.11%

| | | | | | |
|--|-----------|----------------------|-----------|-----------|------|
| <i>Service Corporation International</i> | 6.75-8.00 | 4-1-2016 to 4-1-2027 | 6,683,000 | 7,328,877 | 1.06 |
|--|-----------|----------------------|-----------|-----------|------|

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 363,300 | 0.05 |
|-------------------------|--|--|--|---------|------|

| | | | | | |
|--|--|--|--|-----------|------|
| | | | | 7,692,177 | 1.11 |
|--|--|--|--|-----------|------|

Hotels, Restaurants & Leisure: 3.65%

| | | | | | |
|-------------------------------------|------|----------|-----------|-----------|------|
| <i>CCM Merger Incorporated 144A</i> | 9.13 | 5-1-2019 | 6,270,000 | 6,724,575 | 0.97 |
|-------------------------------------|------|----------|-----------|-----------|------|

| | | | | | |
|------------------------------------|------|-----------|-----------|-----------|------|
| <i>Greektown Holdings LLC 144A</i> | 8.88 | 3-15-2019 | 6,500,000 | 6,695,000 | 0.97 |
|------------------------------------|------|-----------|-----------|-----------|------|

| | | | | | |
|-------------------------|--|--|--|------------|------|
| <i>Other securities</i> | | | | 11,813,970 | 1.71 |
|-------------------------|--|--|--|------------|------|

| | | | | | |
|--|--|--|--|------------|------|
| | | | | 25,233,545 | 3.65 |
|--|--|--|--|------------|------|

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

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8 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments April 30, 2014
(unaudited)

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

Tobacco: 0.11%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 767,449 | 0.11 |
|-------------------------|--|--|--|---------|------|

Energy: 13.55%**Energy Equipment &****Services: 4.47%**

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

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

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

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

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

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

Table of ContentsSummary portfolio of investments April 30, 2014
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 9

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

Health Care: 5.01%

Biotechnology: 0.11%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 771,645 | 0.11 |
|-------------------------|--|--|--|---------|------|

Health Care Equipment & Supplies: 0.36%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 2,486,872 | 0.36 |
|-------------------------|--|--|--|-----------|------|

Health Care Providers & Services: 3.33%

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

Health Care Technology: 0.26%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 1,801,800 | 0.26 |
|-------------------------|--|--|--|-----------|------|

Life Sciences Tools & Services: 0.13%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 870,041 | 0.13 |
|-------------------------|--|--|--|---------|------|

Pharmaceuticals: 0.82%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 5,709,482 | 0.82 |
|-------------------------|--|--|--|-----------|------|

Industrials: 4.82%

Aerospace & Defense: 0.18%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 1,273,450 | 0.18 |
|-------------------------|--|--|--|-----------|------|

Airlines: 0.44%

| | | | | | |
|-------------------------|--|--|--|-----------|------|
| <i>Other securities</i> | | | | 3,029,182 | 0.44 |
|-------------------------|--|--|--|-----------|------|

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

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10 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments April 30, 2014
(unaudited)

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

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

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

Table of ContentsSummary portfolio of investments April 30, 2014
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 11

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

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

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

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12 Wells Fargo Advantage Multi-Sector Income Fund Summary portfolio of investments April 30, 2014
(unaudited)

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|---------------|-----------|--------------|-----------------------|
| Media: 0.21% <i>Other securities</i> | | | | \$ 1,433,414 | 0.21% |
| Consumer Staples: 0.36% | | | | | |
| Beverages: 0.08% <i>Other securities</i> | | | | 567,090 | 0.08 |
| Food & Staples Retailing: 0.12% <i>Other securities</i> | | | | 806,985 | 0.12 |
| Food Products: 0.16% <i>Other securities</i> | | | | 1,124,050 | 0.16 |
| Energy: 0.20% | | | | | |
| Oil, Gas & Consumable Fuels: 0.20% <i>Other securities</i> | | | | 1,376,844 | 0.20 |
| Financials: 2.17% | | | | | |
| Banks: 2.08% <i>European Investment Bank (AUD)</i> | 6.50% | 8-7-2019 | 4,880,000 | 5,075,984 | 0.74 |
| <i>Other securities</i> | | | | 9,316,140 | 1.34 |
| | | | | 14,392,124 | 2.08 |
| Consumer Finance: 0.09% <i>Other securities</i> | | | | 630,744 | 0.09 |

Industrials: 0.44%

Building Products: 0.09%

| | | |
|-------------------------|---------|------|
| <i>Other securities</i> | 588,305 | 0.09 |
|-------------------------|---------|------|

Commercial Services & Supplies:

0.05%

| | | |
|-------------------------|---------|------|
| <i>Other securities</i> | 349,872 | 0.05 |
|-------------------------|---------|------|

Construction & Engineering:

0.04%

| | | |
|-------------------------|---------|------|
| <i>Other securities</i> | 278,857 | 0.04 |
|-------------------------|---------|------|

Trading Companies &

Distributors: 0.04%

| | | |
|-------------------------|---------|------|
| <i>Other securities</i> | 296,554 | 0.04 |
|-------------------------|---------|------|

Transportation Infrastructure:

0.22%

| | | |
|-------------------------|-----------|------|
| <i>Other securities</i> | 1,499,279 | 0.22 |
|-------------------------|-----------|------|

Information Technology: 0.08%

IT Services: 0.04%

| | | |
|-------------------------|---------|------|
| <i>Other securities</i> | 296,338 | 0.04 |
|-------------------------|---------|------|

Software: 0.04%

| | | |
|-------------------------|---------|------|
| <i>Other securities</i> | 293,480 | 0.04 |
|-------------------------|---------|------|

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

Table of ContentsSummary portfolio of investments April 30, 2014
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 13

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

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

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

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14 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments April 30, 2014
(unaudited)

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

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

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

Table of ContentsSummary portfolio of investments April 30, 2014
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 15

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

Services: 2.04%

**Diversified
Telecommunication**

Services: 1.82%

Intelsat Jackson Holdings

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

**Wireless
Telecommunication**

Services: 0.22%

Other securities

1,557,719 0.22

Utilities: 0.10%

Electric Utilities: 0.10%*Other securities*

681,688 0.10

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

45,206,609 6.53

Yield

Shares

**Short-Term Investments:
4.78%****Investment Companies:
4.78%***Wells Fargo Advantage
Cash Investment Money
Market Fund, Select Class
(l)(u)*

0.07

33,045,178 33,045,178 4.78

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

33,045,178 4.78

**Total investments in
securities****(Cost \$899,804,551) ****Other assets and liabilities,
net*921,291,713 133.17
(229,470,627) (33.17)**Total net assets****\$ 691,821,086 100.00%**

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

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| | |
|---|--|
| 16 Wells Fargo Advantage Multi-Sector Income Fund | Summary portfolio of investments April 30, 2014 (unaudited) |
|---|--|

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

144A Security that may be resold to qualified institutional buyers under Rule 144A or security offered pursuant to Section 4(2) of the Securities Act of 1933, as amended

@ Foreign bond principal is denominated in local currency.

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

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

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

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

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

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

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

Assets

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

Liabilities

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

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

NET ASSETS CONSIST OF

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

NET ASSET VALUE PER SHARE

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

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

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

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18 Wells Fargo Advantage Multi-Sector Income Fund Statement of operations six months ended April 30, 2014
(unaudited)

Investment income

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

Expenses

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

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

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

Net change in unrealized gains (losses) on:

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

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

\$50,796

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

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Statement of changes in net assets

Wells Fargo Advantage Multi-Sector Income Fund 19

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

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

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20 Wells Fargo Advantage Multi-Sector Income Fund Statement of cash flows six months ended April 30, 2014
(unaudited)

Cash flows from operating activities:

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

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

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

Net cash provided by operating activities 25,372,910

Cash flows from financing activities:

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

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

Net increase in cash 128,480

Cash (including foreign currency):

Beginning of period \$ 2,513,955

End of period \$ 2,642,435

Supplemental cash disclosure

Cash paid for interest \$ 240,931

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

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Financial highlights

Wells Fargo Advantage Multi-Sector Income Fund 21

(For a share outstanding throughout each period)

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

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| | | | | | | | |
|---|-----------|-----------|-----------|-----------|--------------------|--------------------|--|
| Total distributions to common shareholders | | | | | | | |
| Net asset value, end of period | \$ 16.45 | \$ 16.40 | \$ 17.01 | \$ 16.16 | \$ 16.67 | \$ 15.61 | |
| Market value, end of period | \$ 14.77 | \$ 14.47 | \$ 16.54 | \$ 14.97 | \$ 16.18 | \$ 13.73 | |
| Total return based on market value ² | 6.42% | (5.44)% | 19.33% | 0.33% | 28.44% | 44.93% | |
| Ratios to average net assets (annualized) | | | | | | | |
| Gross expenses ³ | 1.23% | 1.24% | 1.24% | 1.14% | 1.58% | 3.07% | |
| Net expenses ³ | 1.23% | 1.24% | 1.24% | 1.14% | 1.18% | 1.62% | |
| Net investment income | 7.10% | 7.04% | 7.13% | 6.75% | 7.63% ⁴ | 9.65% ⁴ | |
| Supplemental data | | | | | | | |
| Portfolio turnover rate | 16% | 40% | 78% | 35% | 70% | 93% | |
| Net assets of common shareholders, end of period (000s omitted) | \$691,821 | \$689,573 | \$715,368 | \$679,497 | \$701,110 | \$656,404 | |
| Borrowings outstanding, end of period (000s omitted) | \$230,000 | \$230,000 | \$230,000 | \$230,000 | \$230,000 | \$230,000 | |
| Asset coverage per \$1,000 of borrowing, end of period | \$4,008 | \$3,998 | \$4,110 | \$3,954 | \$4,048 | \$3,854 | |
| Liquidation value of Preferred Shares, end of period (000s omitted) | N/A | N/A | N/A | N/A | N/A | \$80,035 | |
| Asset coverage ratio | N/A | N/A | N/A | N/A | N/A | 385% | |

for Preferred
Shares, end of
period

1. Calculated based upon average shares outstanding.

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

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

| | |
|---|-------|
| Six months ended April 30, 2014 (unaudited) | 0.07% |
| Year ended October 31, 2013 | 0.07% |
| Year ended October 31, 2012 | 0.11% |
| Year ended October 31, 2011 | 0.09% |
| Year ended October 31, 2010 | 0.08% |
| Year ended October 31, 2009 | 0.47% |

4. The net investment income ratio reflects distributions paid to preferred shareholders.

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

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22 Wells Fargo Advantage Multi-Sector Income Fund

Notes to financial statements (unaudited)

1. ORGANIZATION

The *Wells Fargo Advantage Multi-Sector Income Fund* (the Fund) was organized as a statutory trust under the laws of the state of Delaware on April 10, 2003 and is registered as a diversified closed-end management investment company under the Investment Company Act of 1940, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies, which are consistently followed in the preparation of the financial statements of the Fund, are in conformity with U.S. generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Securities valuation

All investments are valued each business day as of the close of regular trading on the New York Stock Exchange (generally 4 p.m. Eastern Time).

Fixed income securities acquired with maturities exceeding 60 days are valued based on evaluated bid prices provided by an independent pricing service which may utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data. If prices are not available from the independent pricing service or prices received are deemed not representative of market value, values will be obtained from an independent broker-dealer.

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

Short-term securities, with maturities of 60 days or less at time of purchase, generally are valued at amortized cost which approximates fair value. The amortized cost method involves valuing a security at its cost, plus accretion of discount or minus amortization of premium over the period until maturity.

The values of securities denominated in foreign currencies are translated into U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Management Valuation Team of Wells Fargo Funds Management, LLC (Funds Management).

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

Investments which are not valued using any of the methods discussed above are valued at their fair value, as determined in good faith by the Board of Trustees of the Fund. The Board of Trustees has established a Valuation Committee comprised of the Trustees and has delegated to it the authority to take any actions regarding the valuation of portfolio securities that the Valuation Committee deems necessary or appropriate, including determining the fair value of portfolio securities, unless the determination has been delegated to the Management Valuation Team. The Board of Trustees retains the authority to make or ratify any valuation decisions or approve any changes to the

Valuation Procedures as it deems appropriate. On a quarterly basis, the Board of Trustees receives reports on any valuation actions taken by the Valuation Committee or the Management Valuation Team which may include items for ratification.

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

Foreign currency translation

The accounting records of the Fund are maintained in U.S. dollars. The values of other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates provided by an independent foreign currency pricing source a time each business day specified by the Management Valuation Team. Purchases and sales of securities, and income and expenses are converted at the rate of exchange on the respective dates of such transactions.

Net realized foreign

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

exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting from changes in exchange rates. The changes in net assets arising from changes in exchange rates and the changes in net assets resulting from changes in market prices of securities are not separately presented. Such changes are included in net realized and unrealized gains or losses from investments.

Forward foreign currency contracts

The Fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. A forward foreign currency contract is an agreement between two parties to purchase or sell a specific currency for an agreed-upon price at a future date. The Fund enters into forward foreign currency contracts to facilitate transactions in foreign-denominated securities and to attempt to minimize the risk to the Fund from adverse changes in the relationship between currencies. Forward foreign currency contracts are recorded at the forward rate and marked-to-market daily. When the contracts are closed, realized gains and losses arising from such transactions are recorded as realized gains or losses on forward foreign currency contract transactions. The Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts or if the value of the foreign currency changes unfavorably. The Fund's maximum risk of loss from counterparty credit risk is the unrealized gains or losses on the contracts. This risk may be mitigated if there is a master netting arrangement between the Fund and the counterparty.

When-issued transactions

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

Term loans

The Fund may invest in term loans. The Fund begins earning interest when the loans are funded. The loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. The Fund assumes the credit risk of the borrower and there could be potential loss to the Fund in the event of default by the borrower.

Security transactions and income recognition

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

Interest income is accrued daily and bond discounts are accreted and premiums are amortized daily based on the effective interest method. To the extent debt obligations are placed on non-accrual status, any related interest income may be reduced by writing off interest receivables when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. If the issuer subsequently resumes interest payments or when the

collectability of interest is reasonably assured, the debt obligation is removed from non-accrual status.

Dividend income is recognized on the ex-dividend date, except for certain dividends from foreign securities, which are recorded as soon as the Fund is informed of the ex-dividend date.

Income from foreign securities is recorded net of foreign taxes withheld where recovery of such taxes is not assured.

Distributions to shareholders

Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-dividend date. Such distributions are determined in conformity with federal income tax regulations, which may differ in amount or character from net investment income and realized gains recognized for purposes of U.S. generally accepted accounting principles.

Federal and other taxes

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

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

As of October 31, 2013, the Fund had capital loss carryforwards available to offset future net realized capital gains in the amount of \$87,159,274 expiring in 2017.

3. FAIR VALUATION MEASUREMENTS

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

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

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

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

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

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

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

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

* Amount represents the net unrealized losses.

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

4. TRANSACTIONS WITH AFFILIATES AND OTHER EXPENSES

Advisory fee

Funds Management, an indirect wholly owned subsidiary of Wells Fargo & Company (Wells Fargo) is the adviser to the Fund and is entitled to receive a fee at an annual rate of 0.55% of the Fund's average daily total assets. Total assets consist of net assets of the Fund plus borrowings or other leverage for investment purposes to the extent excluded in calculating net assets.

Funds Management has retained the services of certain subadvisers to provide daily portfolio management to the Fund. The fees for subadvisory services are borne by Funds Management. Wells Capital Management Incorporated, an affiliate of Funds Management and an indirect wholly owned subsidiary of Wells Fargo, is a subadviser to the Fund and is entitled to receive a fee from Funds Management at an annual rate of 0.30% of the Fund's average daily total assets. First International Advisors, LLC, an affiliate of Funds Management and an indirect wholly owned subsidiary of Wells Fargo, is also a subadviser to the Fund and is entitled to receive a fee from Funds Management at an annual rate of 0.10% of the Fund's average daily total assets.

Administration fee

Funds Management also serves as the administrator to the Fund, providing the Fund with a wide range of administrative services necessary to the operation of the Fund. Funds Management is entitled to receive an annual administration fee of 0.05% of the Fund's average daily total assets.

5. CAPITAL SHARE TRANSACTIONS

The Fund has authorized capital of 100,000,000 shares with no par value. For the six months ended April 30, 2014 and the year ended October 31, 2013, the Fund did not issue any shares.

6. BORROWINGS

The Fund has borrowed approximately \$230 million through a secured debt financing agreement administered by a major financial institution (the Facility). The Facility has a commitment amount of \$230 million which expires on February 23, 2015, at which point it may be renegotiated and potentially renewed for another one-year term. At April 30, 2014, the Fund had secured borrowings outstanding in the amount of \$230,188,529 (including accrued interest and usage and commitment fees payable).

The Fund's borrowing under the Facility are generally charged interest at a rate based on the rates of the commercial paper notes issued to fund the Fund's borrowings or at the London Interbank Offered Rate (LIBOR) plus 1.0%. During the six months ended April 30, 2014 an effective interest rate of 0.20% was incurred on the borrowings. Interest expense of \$230,813, representing 0.07% of the Fund's average daily net assets, was incurred during the six months ended April 30, 2014.

The Fund has pledged all of its assets to secure the borrowings and currently pays, on a monthly basis, a usage fee at an annual rate of 0.40% of the daily average outstanding principal amount of borrowings and a commitment fee at an annual rate of 0.40% of the daily average outstanding principal amount of borrowings. Prior to February 25, 2014, the Fund paid a commitment fee at an annual rate of 0.40% of the product of (i) the daily average outstanding principal amount of borrowings and (ii) 1.02. Effective February 25, 2014, the Fund no longer incurs any structuring fees. The secured borrowing fees on the Statement of Operations of \$991,820 represents the usage fee, commitment fee and structuring fees. For the six months ended April 30, 2014, the Fund paid structuring fees in the amount of \$62,414.

7. INVESTMENT PORTFOLIO TRANSACTIONS

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

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

8. DERIVATIVE TRANSACTIONS

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

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26 Wells Fargo Advantage Multi-Sector Income Fund Notes to financial statements (unaudited)
At April 30, 2014, the Fund had forward foreign currency contracts outstanding as follows:

Forward foreign currency contracts to buy:

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

Forward foreign currency contracts to sell:

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

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

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

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

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

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

* Amount represents net unrealized gains.

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

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

** Amount represents net unrealized losses.

9. INDEMNIFICATION

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

10. SUBSEQUENT DISTRIBUTIONS

The Fund declared the following distributions to common shareholders:

| Declaration date | Record date | Payable date | Per share amount |
|------------------|---------------|--------------|------------------|
| April 25, 2014 | May 14, 2014 | June 2, 2014 | \$0.10 |
| May 16, 2014 | June 16, 2014 | July 1, 2014 | \$0.10 |

These distributions are not reflected in the accompanying financial statements. The final determination of the source of all distributions is subject to change and made after the Fund's tax year-end.

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28 Wells Fargo Advantage Multi-Sector Income Fund

Other information (unaudited)

PROXY VOTING INFORMATION

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling **1-800-222-8222**, visiting our website at **wellsfargoadvantagefunds.com**, or visiting the SEC website at sec.gov. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge on the Fund's website at **wellsfargoadvantagefunds.com** or by visiting the SEC website at sec.gov.

ANNUAL MEETING OF SHAREHOLDERS

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

Proposal 1 Election of Trustees:

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

PORTFOLIO HOLDINGS INFORMATION

The complete portfolio holdings for the Fund are publicly available on the Fund's website (**wellsfargoadvantagefunds.com**) on a monthly, 30-day or more delayed basis. The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, which is available without charge by visiting the SEC website at sec.gov. In addition, the Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and at regional offices in New York City, at 233 Broadway, and in Chicago, at 175 West Jackson Boulevard, Suite 900. Information about the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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Other information (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 29

BOARD OF TRUSTEES AND OFFICERS

The following table provides basic information about the Board of Trustees (the Trustees) and Officers of the Fund. Each of the Trustees and Officers¹ listed below acts in identical capacities for each fund in the Wells Fargo Advantage family of funds, which consists of 132 mutual funds comprising the Wells Fargo Funds Trust, Wells Fargo Variable Trust, Wells Fargo Master Trust, and four closed-end funds, including the Fund (collectively the Fund Complex). All of the Trustees are also Members of the Audit and Governance Committees of each Trust in the Fund Complex. The mailing address of each Trustee and Officer is 525 Market Street, 12th Floor, San Francisco, CA 94105. The Board of Trustees is classified into three classes of which one is elected annually. Each Trustee serves a three-year term concurrent with the class from which the Trustee is elected. Each Officer serves an indefinite term.

Independent Trustees

| Name and year of birth | Position held and length of service | Principal occupations during past five years | Other directorships during past five years |
|-----------------------------------|--|--|--|
| Peter G. Gordon (Born 1942) | Trustee, since 2010; Chairman, since 2010 | Co-Founder, Retired Chairman, President and CEO of Crystal Geysler Water Company. Trustee Emeritus, Colby College. | Asset Allocation Trust |
| Isaiah Harris, Jr. (Born 1952) | Trustee, since 2010 | Retired. Prior thereto, President and CEO of BellSouth Advertising and Publishing Corp. from 2005 to 2007, President and CEO of BellSouth Enterprises from 2004 to 2005 and President of BellSouth Consumer Services from 2000 to 2003. Emeritus member of the Iowa State University Foundation Board of Governors. Emeritus Member of the Advisory Board of Iowa State University School of Business. Advisory Board Member, Palm Harbor Academy (charter school). Mr. Harris is a certified public accountant. | CIGNA Corporation; Deluxe Corporation; Asset Allocation Trust |
| Judith M. Johnson (Born 1949) | Trustee, since 2010; Audit Committee Chairman, since 2010 | Retired. Prior thereto, Chief Executive Officer and Chief Investment Officer of Minneapolis Employees Retirement Fund from 1996 to 2008. Ms. Johnson is an attorney, certified public accountant and a certified managerial accountant. | Asset Allocation Trust |
| Leroy Keith, Jr. (Born 1939) | Trustee, since 2003 | Chairman, Bloc Global Services (development and construction). Trustee of the Evergreen Funds from 1983 to 2010. Former Managing Director, Almanac Capital Management (commodities firm), former Partner, Stonington Partners, Inc. (private equity fund), former Director, Obagi Medical Products Co. and former Director, Lincoln Educational Services. | Trustee, Virtus Fund Complex (consisting of 50 portfolios as of 12/16/2013); Asset Allocation Trust |
| | Trustee, since 2010 | | |

| | | | |
|-----------------------------------|---------------------|--|------------------------|
| David F. Larcker (Born 1950) | | James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, Morgan Stanley Director of the Center for Leadership Development and Research and Senior Faculty of The Rock Center for Corporate Governance since 2006. From 2005 to 2008, Professor of Accounting at the Graduate School of Business, Stanford University. Prior thereto, Ernst & Young Professor of Accounting at The Wharton School, University of Pennsylvania from 1985 to 2005. | Asset Allocation Trust |
| Olivia S. Mitchell (Born 1953) | Trustee, since 2010 | International Foundation of Employee Benefit Plans Professor, Wharton School of the University of Pennsylvania since 1993. Director of Wharton's Pension Research Council and Boettner Center on Pensions & Retirement Research, and Research Associate at the National Bureau of Economic Research. Previously, Cornell University Professor from 1978 to 1993. | Asset Allocation Trust |
| Timothy J. Penny (Born 1951) | Trustee, since 2010 | President and CEO of Southern Minnesota Initiative Foundation, a non-profit organization, since 2007 and Senior Fellow at the Humphrey Institute Policy Forum at the University of Minnesota since 1995. Member of the Board of Trustees of NorthStar Education Finance, Inc., a non-profit organization, since 2007. | Asset Allocation Trust |

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| 30 Wells Fargo Advantage Multi-Sector Income Fund | | | Other information (unaudited) |
|---|-------------------------------------|--|--|
| Name and year of birth | Position held and length of service | Principal occupations during past five years | Other directorships during past five years |
| Michael S. Scofield (Born 1943) | Trustee, since 2003 | Served on the Investment Company Institute's Board of Governors and Executive Committee from 2008-2011 as well as the Governing Council of the Independent Directors Council from 2006-2011 and the Independent Directors Council Executive Committee from 2008-2011. Chairman of the IDC from 2008-2010. Institutional Investor (Fund Directions) Trustee of Year in 2007. Trustee of the Evergreen Funds (and its predecessors) from 1984 to 2010. Chairman of the Evergreen Funds from 2000-2010. Former Trustee of the Mentor Funds. Retired Attorney, Law Offices of Michael S. Scofield. | Asset Allocation Trust |
| Donald C. Willeke (Born 1940) | Trustee, since 2010 | Principal of the law firm of Willeke & Daniels. General Counsel of the Minneapolis Employees Retirement Fund from 1984 until its consolidation into the Minnesota Public Employees Retirement Association on June 30, 2010. Director and Vice Chair of The Tree Trust (non-profit corporation). Director of the American Chestnut Foundation (non-profit corporation). | Asset Allocation Trust |

Officers

| Name and year of birth | Position held and length of service | Principal occupations during past five years |
|--|--|--|
| Karla M. Rabusch (Born 1959) | President, since 2010 | Executive Vice President of Wells Fargo Bank, N.A. and President of Wells Fargo Funds Management, LLC since 2003. |
| Jeremy DePalma ¹ (Born 1974) | Treasurer, since 2012 | Senior Vice President of Wells Fargo Funds Management, LLC since 2009. Senior Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Vice President, Evergreen Investment Services, Inc. from 2004 to 2007. Head of the Fund Reporting and Control Team within Fund Administration from 2005 to 2010. |
| C. David Messman (Born 1960) | Secretary, since 2010; Chief Legal Officer, since 2010 | Senior Vice President and Secretary of Wells Fargo Funds Management, LLC since 2001. Vice President and Managing Counsel of Wells Fargo Bank, N.A. since 1996. |
| Debra Ann Early (Born 1964) | Chief Compliance | Chief Compliance Officer of Wells Fargo Funds Management, LLC since 2007. Chief Compliance Officer of |

| | | |
|--------------------------------------|--|--|
| <p>David Berardi (Born 1975)</p> | <p>Officer, since 2010 Assistant Treasurer, since 2009</p> | <p>Parnassus Investments from 2005 to 2007. Chief Financial Officer of Parnassus Investments from 2004 to 2007. Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Assistant Vice President of Evergreen Investment Services, Inc. from 2004 to 2008. Manager of Fund Reporting and Control for Evergreen Investment Management Company, LLC from 2004 to 2010.</p> |
|--------------------------------------|--|--|

1. Jeremy DePalma acts as Treasurer of 59 funds and Assistant Treasurer of 73 funds in the Fund Complex.

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

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

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

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

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

Nature, extent and quality of services

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

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

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

Fund performance and expenses

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

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

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

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

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

Investment advisory and sub-advisory fee rates

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

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

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

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

services covered by the Advisory Agreements.

Profitability

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

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

Economies of scale

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

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

Other benefits to Funds Management and the Sub-Advisers

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

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

Conclusion

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

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34 Wells Fargo Advantage Multi-Sector Income Fund

Automatic dividend reinvestment plan

AUTOMATIC DIVIDEND REINVESTMENT PLAN

All common shareholders are eligible to participate in the Automatic Dividend Reinvestment Plan (the Plan). Pursuant to the Plan, unless a common shareholder is ineligible or elects otherwise, all cash dividends and capital gains distributions are automatically reinvested by Computershare Trust Company, N.A., as agent for shareholders in administering the Plan (Plan Agent), in additional common shares of the Fund. Whenever the Fund declares an ordinary income dividend or a capital gain dividend (collectively referred to as dividends) payable either in shares or in cash, nonparticipants in the Plan will receive cash, and participants in the Plan will receive the equivalent in common shares. The shares are acquired by the Plan Agent for the participant s account, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized common shares from the Fund (newly issued common shares) or (ii) by purchase of outstanding common shares on the open-market (open-market purchases) on the NYSE Amex or elsewhere. If, on the payment date for any dividend or distribution, the net asset value per share of the common shares is equal to or less than the market price per common share plus estimated brokerage commissions (market premium), the Plan Agent will invest the amount of such dividend or distribution in newly issued shares on behalf of the participant. The number of newly issued common shares to be credited to the participant s account will be determined by dividing the dollar amount of the dividend by the net asset value per share on the date the shares are issued, provided that the maximum discount from the then current market price per share on the date of issuance may not exceed 5%. If on the dividend payment date the net asset value per share is greater than the market value (market discount), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participant in open-market purchases. There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or capital gains distributions payable either in shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent s open-market purchases in connection with the reinvestment of dividends. The automatic reinvestment of dividends and distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. All correspondence concerning the Plan should be directed to the Plan Agent at P.O. Box 30170, College Station, Texas 77842-3170 or by calling 1-800-730-6001.

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List of abbreviations

Wells Fargo Advantage Multi-Sector Income Fund 35

The following is a list of common abbreviations for terms and entities that may have appeared in this report.

| | |
|--------|---|
| ACA | ACA Financial Guaranty Corporation |
| ADR | American depositary receipt |
| ADS | American depositary shares |
| AGC | Assured Guaranty Corporation |
| AGM | Assured Guaranty Municipal |
| Ambac | Ambac Financial Group Incorporated |
| AMT | Alternative minimum tax |
| AUD | Australian dollar |
| BAN | Bond anticipation notes |
| BHAC | Berkshire Hathaway Assurance Corporation |
| BRL | Brazilian real |
| CAB | Capital appreciation bond |
| CAD | Canadian dollar |
| CCAB | Convertible capital appreciation bond |
| CDA | Community Development Authority |
| CDO | Collateralized debt obligation |
| CHF | Swiss franc |
| COP | Columbian Peso |
| CLP | Chilean peso |
| DKK | Danish krone |
| DRIVER | Derivative inverse tax-exempt receipts |
| DW&P | Department of Water & Power |
| DWR | Department of Water Resources |
| ECFA | Educational & Cultural Facilities Authority |
| EDA | Economic Development Authority |
| EDFA | Economic Development Finance Authority |
| ETF | Exchange-traded fund |
| EUR | Euro |
| FDIC | Federal Deposit Insurance Corporation |
| FFCB | Federal Farm Credit Banks |
| FGIC | Financial Guaranty Insurance Corporation |
| FHA | Federal Housing Administration |
| FHLB | Federal Home Loan Bank |
| FHLMC | Federal Home Loan Mortgage Corporation |
| FICO | The Financing Corporation |
| FNMA | Federal National Mortgage Association |
| FSA | Farm Service Agency |
| GBP | Great British pound |
| GDR | Global depositary receipt |
| GNMA | Government National Mortgage Association |
| GO | General obligation |

| | |
|----------|---|
| HCFR | Healthcare facilities revenue |
| HEFA | Health & Educational Facilities Authority |
| HEFAR | Higher education facilities authority revenue |
| HFA | Housing Finance Authority |
| HFFA | Health Facilities Financing Authority |
| HKD | Hong Kong dollar |
| HUD | Department of Housing and Urban Development |
| HUF | Hungarian forint |
| IDA | Industrial Development Authority |
| IDAG | Industrial Development Agency |
| IDR | Indonesian rupiah |
| IEP | Irish pound |
| JPY | Japanese yen |
| KRW | Republic of Korea won |
| LIBOR | London Interbank Offered Rate |
| LIQ | Liquidity agreement |
| LLC | Limited liability company |
| LLLP | Limited liability limited partnership |
| LLP | Limited liability partnership |
| LOC | Letter of credit |
| LP | Limited partnership |
| MBIA | Municipal Bond Insurance Association |
| MFHR | Multifamily housing revenue |
| MSTR | Municipal securities trust receipts |
| MTN | Medium-term note |
| MUD | Municipal Utility District |
| MXN | Mexican peso |
| MYR | Malaysian ringgit |
| National | National Public Finance Guarantee Corporation |
| NGN | Nigerian naira |
| NOK | Norwegian krone |
| NZD | New Zealand dollar |
| PCFA | Pollution Control Financing Authority |
| PCL | Public Company Limited |
| PCR | Pollution control revenue |
| PFA | Public Finance Authority |
| PFFA | Public Facilities Financing Authority |
| PFOTER | Puttable floating option tax-exempt receipts |
| plc | Public limited company |
| PLN | Polish zloty |
| PUTTER | Puttable tax-exempt receipts |
| R&D | Research & development |
| Radian | Radian Asset Assurance |
| RAN | Revenue anticipation notes |
| RDA | Redevelopment Authority |
| RDFA | Redevelopment Finance Authority |
| REIT | Real estate investment trust |
| ROC | Reset option certificates |
| RON | Romanian lei |
| RUB | Russian ruble |
| SAVRS | Select auction variable rate securities |

| | |
|--------|--|
| SBA | Small Business Authority |
| SEK | Swedish krona |
| SFHR | Single-family housing revenue |
| SFMR | Single-family mortgage revenue |
| SGD | Singapore dollar |
| SKK | Slovakian koruna |
| SPA | Standby purchase agreement |
| SPDR | Standard & Poor's Depository Receipts |
| STRIPS | Separate trading of registered interest and principal securities |
| TAN | Tax anticipation notes |
| TBA | To be announced |
| THB | Thai baht |
| TIPS | Treasury inflation-protected securities |
| TRAN | Tax revenue anticipation notes |
| TRY | Turkish lira |
| TTFA | Transportation Trust Fund Authority |
| TVA | Tennessee Valley Authority |
| ZAR | South African rand |

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Transfer Agent, Registrar, Shareholder Servicing

Agent & Dividend Disbursing Agent

Computershare Trust Company, N.A.

P.O. Box 30170

College Station, TX 77842-3170

1-800-730-6001

Website: wellsfargoadvantagefunds.com

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ITEM 2. CODE OF ETHICS

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

Not applicable.

ITEM 6. INVESTMENTS

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

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 1

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

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

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2 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

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

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

Distributors: 0.11%

| | | | | |
|------------------------|------|-----------|---------|---------|
| <i>LKQ Corporation</i> | 4.75 | 5-15-2023 | 800,000 | 768,000 |
|------------------------|------|-----------|---------|---------|

Diversified Consumer Services: 1.11%

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

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 3

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

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| | | | | |
|--|------|-----------|-----------|-----------|
| <i>Cinemark USA Incorporated</i> | 7.38 | 6-15-2021 | 775,000 | 860,250 |
| <i>CSC Holdings LLC</i> | 7.63 | 7-15-2018 | 625,000 | 722,656 |
| <i>CSC Holdings LLC</i> | 7.88 | 2-15-2018 | 1,100,000 | 1,273,250 |
| <i>CSC Holdings LLC</i> | 8.63 | 2-15-2019 | 383,000 | 456,728 |
| <i>DIRECTV Holdings LLC</i> | 3.80 | 3-15-2022 | 750,000 | 750,319 |
| <i>DISH DBS Corporation</i> | 7.88 | 9-1-2019 | 480,000 | 569,400 |
| <i>DreamWorks Animation SKG Incorporated</i> | | | | |
| <i>144A</i> | 6.88 | 8-15-2020 | 2,350,000 | 2,549,750 |
| <i>EchoStar DBS Corporation</i> | 7.13 | 2-1-2016 | 125,000 | 136,563 |
| <i>EchoStar DBS Corporation</i> | 7.75 | 5-31-2015 | 350,000 | 373,625 |
| <i>Gray Television Incorporated</i> | 7.50 | 10-1-2020 | 5,235,000 | 5,627,625 |
| <i>Interpublic Group of Companies</i> | 4.00 | 3-15-2022 | 750,000 | 760,942 |
| <i>Lamar Media Corporation</i> | 5.88 | 2-1-2022 | 690,000 | 736,575 |
| <i>LIN Television Corporation</i> | 6.38 | 1-15-2021 | 275,000 | 289,438 |
| <i>LIN Television Corporation</i> | 8.38 | 4-15-2018 | 1,625,000 | 1,714,375 |
| <i>Live Nation Entertainment Incorporated 144A</i> | 7.00 | 9-1-2020 | 200,000 | 218,500 |
| <i>Lynx II Corporation 144A</i> | 6.38 | 4-15-2023 | 365,000 | 383,250 |
| <i>National CineMedia LLC</i> | 6.00 | 4-15-2022 | 1,860,000 | 1,953,000 |
| <i>National CineMedia LLC</i> | 7.88 | 7-15-2021 | 650,000 | 716,625 |

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4 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

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

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 5

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

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

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6 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

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

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 7

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

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

17,454,346

Health Care: 5.01%

Biotechnology: 0.11%

| | | | | |
|---------------------------|------|-----------|---------|---------|
| <i>Amgen Incorporated</i> | 3.63 | 5-15-2022 | 750,000 | 771,645 |
|---------------------------|------|-----------|---------|---------|

Health Care Equipment & Supplies: 0.36%

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

2,486,872

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8 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

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

Industrials: 4.82%

Aerospace & Defense: 0.18%

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

Airlines: 0.44%

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

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 9

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

| | | | | |
|---------------------------------|------|----------|---------|---------|
| <i>Watco Companies LLC 144A</i> | 6.38 | 4-1-2023 | 835,000 | 845,438 |
|---------------------------------|------|----------|---------|---------|

Information Technology: 4.58%**Communications Equipment: 0.42%**

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

Electronic Equipment, Instruments & Components: 1.04%

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

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10 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

Technology Hardware, Storage & Peripherals: 0.57%

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

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

| | | | | |
|-----------------------------|------|------------|---------|---------|
| <i>Dow Chemical Company</i> | 4.13 | 11-15-2021 | 750,000 | 792,090 |
|-----------------------------|------|------------|---------|---------|

Containers & Packaging: 0.68%

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

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 11

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

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

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12 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

Multi-Utilities: 0.21%

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

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

457,779,994

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

| | | | | |
|--|------|-----------|---------|---------|
| <i>Gestamp Funding Luxembourg SA (EUR)</i> | 5.88 | 5-31-2020 | 135,000 | 200,028 |
|--|------|-----------|---------|---------|

Automobiles: 0.10%

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

Media: 0.21%

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

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

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

Consumer Finance: 0.09%

| | | | | |
|----------------------------------|------|----------|---------|---------|
| <i>Fiat Industrial SpA (EUR)</i> | 6.25 | 3-9-2018 | 400,000 | 630,744 |
|----------------------------------|------|----------|---------|---------|

Industrials: 0.44%**Building Products: 0.09%**

| | | | | |
|----------------------------------|------|------------|---------|---------|
| <i>Heidelbergcement AG (EUR)</i> | 8.50 | 10-31-2019 | 330,000 | 588,305 |
|----------------------------------|------|------------|---------|---------|

Commercial Services & Supplies: 0.05%

| | | | | |
|---|------|------------|---------|---------|
| <i>Iron Mountain Incorporated (EUR)</i> | 6.75 | 10-15-2018 | 250,000 | 349,872 |
|---|------|------------|---------|---------|

Construction & Engineering: 0.04%

| | | | | |
|--|------|-----------|---------|---------|
| <i>Grupo Isolux Corsan Finance BV 144A (EUR)</i> | 6.63 | 4-15-2021 | 200,000 | 278,857 |
|--|------|-----------|---------|---------|

Trading Companies & Distributors: 0.04%

| | | | | |
|-----------------------|------|-----------|---------|---------|
| <i>Rexel SA (EUR)</i> | 5.13 | 6-15-2020 | 200,000 | 296,554 |
|-----------------------|------|-----------|---------|---------|

Transportation Infrastructure: 0.22%

| | | | | |
|---|------|-----------|---------|---------|
| <i>Autoroutes Du Sud de la France (EUR)</i> | 2.95 | 1-17-2024 | 500,000 | 718,903 |
|---|------|-----------|---------|---------|

| | | | | |
|---------------------------------------|------|-----------|---------|---------|
| <i>Heathrow Funding Limited (EUR)</i> | 4.60 | 2-15-2020 | 500,000 | 780,376 |
|---------------------------------------|------|-----------|---------|---------|

1,499,279

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14 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

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

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

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

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

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

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16 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

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

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

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 17

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

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

1,220,556

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

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18 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

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

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

Consumer Discretionary: 0.54%

Diversified Consumer Services: 0.11%

| | | | | |
|--|------|-----------|---------|---------|
| <i>Anglo American Capital Company 144A</i> | 4.13 | 9-27-2022 | 750,000 | 733,598 |
|--|------|-----------|---------|---------|

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Portfolio of investments April 30, 2014 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 19

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

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

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

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20 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2014 (unaudited)

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

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

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

| Security name | Interest rate | Maturity date | Principal | Value |
|---|----------------|---------------|---------------|-----------------------|
| Wireless Telecommunication Services: | | | | |
| 0.22% | | | | |
| <i>Globo Comunicacoes Participacoes SA 144A</i> | 4.88% | 4-11-2022 | \$ 750,000 | \$ 756,563 |
| <i>Telesat Canada 144A</i> | 6.00 | 5-15-2017 | 775,000 | 801,156 |
| | | | | 1,557,719 |
| Utilities: 0.10% | | | | |
| Electric Utilities: 0.10% | | | | |
| <i>Comision Federal de Electricidad 144A</i> | 4.88 | 5-26-2021 | 650,000 | 681,688 |
| Total Yankee Corporate Bonds and Notes (Cost \$43,768,081) | | | | 45,206,609 |
| | Yield | | Shares | |
| Short-Term Investments: 4.78% | | | | |
| Investment Companies: 4.78% | | | | |
| <i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)##</i> | 0.07 | | 33,045,178 | 33,045,178 |
| Total Short-Term Investments (Cost \$33,045,178) | | | | 33,045,178 |
| Total investments in securities (Cost \$899,804,551) * | | | | |
| | 133.17% | | | 921,291,713 |
| <i>Other assets and liabilities, net</i> | (33.17) | | | (229,470,627) |
| Total net assets | 100.00% | | | \$ 691,821,086 |

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

144A Security that may be resold to qualified institutional buyers under Rule 144A or security offered pursuant to Section 4(2) of the Securities Act of 1933, as amended

(c) Interest-only securities entitle holders to receive only the interest payments on the underlying mortgages. The principal amount shown is the notional amount of the underlying mortgages. Interest rate disclosed represents the coupon rate.

Non-income-earning security

(a) Security is fair valued by the Management Valuation Team, and in certain instances by the Board of Trustees, in accordance with procedures approved by the Board of Trustees.

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

%% Security issued on a when-issued basis

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

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

(i) Illiquid security

@ Foreign bond principal is denominated in local currency.

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

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

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

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

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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

ITEM 11. CONTROLS AND PROCEDURES

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

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

ITEM 12. EXHIBITS

(a)(1) Not applicable

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

(a)(3) Not applicable.

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

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SIGNATURES

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

Wells Fargo Advantage Multi-Sector Income
Fund

By: /s/ Karla M. Rabusch
Karla M. Rabusch
President

Date: June 26, 2014

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

Wells Fargo Advantage Multi-Sector Income
Fund

By: /s/ Karla M. Rabusch
Karla M. Rabusch
President

Date: June 26, 2014

By: /s/ Jeremy DePalma
Jeremy DePalma
Treasurer

Date: June 26, 2014