

WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND

Form N-CSRS

July 05, 2013

[Table of Contents](#)

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, 2013

Table of Contents

ITEM 1. REPORT TO STOCKHOLDERS

Table of Contents

Wells Fargo Advantage

Multi-Sector Income Fund

Semi-Annual Report

April 30, 2013

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.

Table of Contents

Reduce clutter. Save trees.

Sign up for electronic delivery of prospectuses and shareholder reports at wellsfargo.com/advantagedelivery

Contents

<u>Letter to shareholders</u>	2
<u>Performance highlights</u>	4
<u>Summary portfolio of investments</u>	7
<u>Financial statements</u>	
<u>Statement of assets and liabilities</u>	16
<u>Statement of operations</u>	17
<u>Statement of changes in net assets</u>	18
<u>Statement of cash flows</u>	19
<u>Financial highlights</u>	20
<u>Notes to financial statements</u>	21
<u>Other information</u>	27
<u>Automatic dividend reinvestment plan</u>	33
<u>List of abbreviations</u>	34

The views expressed and any forward-looking statements are as of April 30, 2013, 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, disclaims any obligation to publicly update or revise any views expressed or forward-looking statements.

NOT FDIC INSURED ; NO BANK GUARANTEE ; MAY LOSE VALUE

Table of Contents

2 Wells Fargo Advantage Multi-Sector Income Fund

Letter to shareholders (unaudited)

Karla M. Rabusch

President

Wells Fargo Advantage Funds

During the period, global fixed-income markets trended toward higher bond prices and lower yields but fluctuated between periods of risk aversion, shifting yields, and corresponding recoveries in investor confidence.

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, 2013. During the period, global fixed-income markets trended toward higher bond prices and lower yields but fluctuated between periods of risk aversion, shifting yields, and corresponding recoveries in investor confidence. On the whole, global bond markets generated positive returns during the period, benefiting from deepening rallies in high yield and emerging markets debt and steady returns from corporate bonds and securitized products. The lower-rated credit tiers and longer-maturity segments of the fixed-income markets outperformed the higher-quality and shortest-maturity segments during the period, overcoming spates of risk aversion that flared up intermittently.

Global credit markets rallied after European Central Bank (ECB) actions.

The six-month period started after the watershed announcements of the ECB in late summer 2012, which largely declared that the euro was irreversible and that every measure would be taken to fortify the European credit markets. These actions bolstered the global credit markets and inspired an ongoing rally in high-yield corporate debt and emerging markets debt over the final two months of 2012 and into 2013. Global bond markets had been enthralled by central bank policies in Europe—decisive policymaking would bolster markets, while reescalating crises in Greece and Spain would undercut confidence and damage security pricing. But the ECB's actions proved effective—despite continued economic woes across Europe, the announced central bank policies revitalized global credit markets. While no measure could serve as a panacea, coordinated policymaking certainly offered much-needed tonic to Europe and provided a foundation of confidence for the riskier areas of the global credit markets to rally.

Improving economic trends strengthened in the U.S. while Europe's recession persisted.

Despite problems in Europe during the period this time in the form of Italian politics and a bank debt crisis in Cyprus higher-yielding global debt securities continued to perform well. Investors continued to shun most higher-quality sovereign markets in preference for higher-yielding corporate debt. In November and December 2012, high yield and emerging markets debt outperformed higher-rated sovereign debt. These trends largely carried over in the first four months of 2013, as investors rallied to the higher-yielding, lower-rated areas of the global bond markets on increasing confidence in the intentions of the ECB to support credit and a distaste for low yields from the higher-rated sovereign debt sectors.

Despite global credit markets performing well, economic conditions across the globe continued to be mixed and, at times, volatile. In the U.S., growth remained relatively healthy compared with developed Europe and Japan, but employment levels remained disappointing. U.S. Treasury yields remained near historic lows, with negative real yields not a good outlook for the U.S. dollar or long-term investment in U.S. Treasuries. U.S. investment-grade structured products generated modest positive returns during the quarter. U.S. mortgage-backed securities generally experienced spread widening, which eroded some value. Nonetheless, yield compensation was adequate enough to generate positive returns but not nearly as compelling as the returns from lower-rated segments of the securitized sectors, most notably in commercial mortgage-backed securities (CMBS).

The eurozone was certainly more problematic, remaining firmly in recession. Fortunately, there appeared to be the political will to do whatever is necessary to preserve the single euro currency. The pain suffered in the periphery regions outside of core Europe during the period led to cheaper labor costs and lower

Table of Contents

Letter to shareholders (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 3

Social Security and welfare costs. This internal devaluation within the European monetary union marketplace allowed the periphery markets to better compete in the European Union, which strengthened economic optimism during the period. It appeared to many investors that growth in the periphery may well hit bottom in 2013 and start to pick up from what is admittedly a low base, thus providing an investing foundation that strengthened security valuations during the period.

Japan's newly elected government took little time to deploy a new political mandate, announcing significant quantitative easing policies to deliberately weaken the currency. The Bank of Japan's new mandate to target 2% inflation and to intervene in foreign exchange markets while buying foreign bonds may have the political weight to deal with Japan's problems once and for all. Although this policy direction may help finally break the vicious cycle that is the Japanese economy, the circumstances indicated an unattractive market for bond investments and further currency depreciation to come. Consequently, the Japanese yen deteriorated precipitously throughout the period.

China also had new leaders in place, and investors looked for signs that political stability may resume with the new cabinet entering. Optimism that a shift from an export-led economy to a consumer-led economy appeared to develop in the early months of 2013. With the continued expansion of the offshore renminbi-based markets, bond yields of 3.5%, and a firming currency, China increasingly demonstrated signs of being a high-quality candidate for investment, thus generally improving security valuations during the period.

Nonetheless, the longer-term picture around the globe remained largely consistent throughout the period. Currencies of smaller, more dynamic economies with trade surpluses, healthier growth, and higher interest rates demonstrated the best characteristics for investment, particularly in Asian and South American economies, while the largest economies with languid growth and high deficits underperformed. Optimism across the global markets continued to produce rallies in lower-rated securities while also pricing in some caution for intermittent periods of volatility that may persist in 2013, as markets attempt to balance uncertain growth prospects with deficit control and credit-risk contagion. Despite ongoing concerns across Europe, the six-month period largely produced positive performance across the global fixed-income markets, with strong returns most notably in high-yield corporate bonds and emerging markets debt.

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

Periods of uncertainty can present challenges, but experience has taught us that maintaining a long-term investment strategy based on individual goals and risk tolerance can be an effective way to plan for the future. Although diversification¹ 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.

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

Despite ongoing concerns across Europe, the six-month period largely produced positive performance across the global fixed-income markets, with strong returns most notably in high-yield corporate bonds and emerging markets debt.

1. Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

Table of Contents

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, 2013

	1 Year	5 Year	Since inception 6-25-2003
Based on market value	17.34	12.32	7.97
Based on net asset value (NAV) per share	14.65	10.25	8.95

Figures quoted represent past performance, which is no guarantee of future results and do not reflect the deduction of taxes that a shareholder may pay on fund distributions or the sale 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. If 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 annualized expense ratio for the six months ended April 30, 2013, is 1.21%, which includes 0.08% of interest expense.

Comparison of NAV vs. market value since inception²

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 additional risks including interest rate risk, credit risk, the risk of improper valuation, and the risk of non-correlation to the relevant instruments 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. Total returns do not reflect brokerage commissions or sales charges. If these charges were included, the returns would be lower.
2. This chart does not reflect any brokerage commissions or sales charges.

Table of Contents

Performance highlights (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 5

MANAGER'S DISCUSSION

The Fund returned 17.34% during the 12 months ended April 30, 2013, based on market value. During the same period, the Fund's return based on NAV was 14.65%.

Overview

The eurozone remains firmly in recession, but there does appear to be the political will to do whatever is necessary to preserve the single euro currency. Growth in the European-periphery countries may well hit bottom in 2013 and start to pick up from what is admittedly a low base. The euro has benefited from the new stability, and this strength has not as yet hindered German exports. The sovereign bond yields of the core European economies remain at historic lows in both nominal and real terms and do not encourage investment, while there remains compelling income and some potential for further narrowing of spreads in the periphery, particularly in Spain and Italy. In general, riskier securities across the globe performed strongly, benefiting from continued policy interventions by the European Central Bank and the U.S. Federal Reserve Board. During the six-month period, the international/emerging markets fixed-income portion of the Fund focused on income-oriented securities, specifically finding value in local developed and emerging markets with higher relative yields, yet healthy fundamental sources of cash flow.

Performance across the high-yield market was strong and relatively consistent throughout much of the year, with the major high-yield indexes producing positive returns in every month except May 2012. This was driven by gradual improvement in the U.S. economy, with slowly falling unemployment and a rebounding housing market. Relative containment of sovereign debt-driven market fears in Europe also helped strengthen confidence in U.S. credit markets despite a continued decline in southern Europe's economy. Without the fears of a disruptive European debt crisis, cascading bank failures, and sovereign debt defaults, the U.S. high-yield market was able to focus on the improving U.S. economy benefiting from the steadfast backdrop of Federal Reserve-induced low interest rates. In light of this, the most risky, highest-yielding issuers, on average, performed the best.

In the U.S. investment-grade markets, corporate bonds and structured products generally continued to outperform U.S. Treasuries during the period, as spreads narrowed during late 2012 before stalling in early 2013. U.S. Treasury yields and investment-grade spreads rose in January and February 2013, in response to strengthening economic indicators. Lower-rated areas of the bond markets continued to outperform during the yield increases. Commercial mortgage-backed securities (CMBS) and corporate bonds, particularly in the A-rated and BBB-rated tiers, offered some of the best returns in the investment-grade space. The mortgage/corporate sleeve of the Fund continued to invest in mortgage-backed securities (MBS), CMBS, asset-backed securities, adjustable-rate mortgages, and corporate bonds. In general, the lower-rated segments of these sectors were the best contributors to performance during the period.

Ten largest holdings³ (%) as of April 30, 2013

Russia, 7.00%, 1-25-2023	2.64
Brazil, 10.00%, 1-1-2017	2.25
Texas Competitive Electric Holdings LLC, 3.73%, 10-10-2014	2.05
Mexico, 7.25%, 12-15-2016	2.02
Sprint Capital Corporation, 6.88%, 11-15-2028	1.67

Turkey, 6.30%, 2-14-2018	1.59
Turkey, 9.00%, 3-8-2017	1.52
Hungary, 6.75%, 11-24-2017	1.51
Indonesia, 7.38%, 9-15-2016	1.26
Republic of South Africa, 2.60%, 3-31-2028	1.24

Contributors to performance

The international/emerging markets bond allocation benefited from positioning in the higher-yielding bond markets of Australia, Brazil, Colombia, Hungary, Indonesia, Mexico, New Zealand, Poland, Russia, Turkey, and South Africa. The Fund's exposure to the high-yield and emerging markets sectors were significant contributors to performance. In currency positioning, allocation to the Brazilian real, euro, Mexican peso, Malaysian ringgit, and Thai baht also added value.

The U.S. high-yield bond portion of the Fund benefited

from positive forces pushing high-yield bond prices higher and yields lower. Individual credit selection in certain securities helped performance of the Fund during the period.

The mortgage/corporate credit sleeve's focus on A-rated and BBB-rated credits added value, as lower-rated credits outperformed 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 during the first two months and offered compelling incremental yield during the remainder of the period. Financial credits contributed to performance.

Detractors from performance

The international/emerging markets exposure to the Australian dollar, Korean won, and Polish zloty detracted from performance during the period.

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.

Table of Contents

6 Wells Fargo Advantage Multi-Sector Income Fund	Performance highlights (unaudited)
Credit quality ⁴ as of April 30, 2013	

Effective maturity distribution⁵ as of April 30, 2013

Country allocation⁵ as of April 30, 2013

The U.S. high-yield bond portion of the Fund maintained a relatively conservative positioning compared with the broader U.S. high-yield market, in recognition of challenging economic conditions. This positioning restrained performance, as riskier bonds with either lower quality or longer maturities generally outperformed their higher-quality counterparts and certain individual securities detracted.

The mortgage/corporate credit sleeve's holdings in some residential MBS modestly detracted from performance during the quarter, as returns in the sector were mixed.

Management outlook

Global market conditions continue to be characterized by high levels of both consumer and government debt in the old, developed economies, which continues to restrict growth. Thus, the international/emerging markets team's strategy continues (as it has for the past four years) to underweight the old, industrialized, lower-yielding economies with structural problems and overweight those economies that not only have higher yields but also have healthier, more sustainable growth, lower deficits (in some cases, surpluses), and central banks that have the ability to maneuver freely. In particular, the Fund remains underweight in Japan, the United Kingdom, the U.S., Germany, France, the Netherlands, and Denmark, and the Fund is overweight in Australia, Brazil, Hungary, Italy, Korea, Malaysia, Mexico, Norway, Poland, Russia, Spain, Sweden, Thailand, and South Africa.

The high-yield team believes that the current economic backdrop is highly supportive of high yield. While credit fundamentals have now begun to look less compelling as firms continue to take on more debt and earnings growth seems to have plateaued, we believe that most corporate balance sheets are still relatively healthy, particularly given the cheap access to capital financing. Additional debt has been cheap for issuers, so interest coverage levels are higher than average. The economy is strong enough for

companies to maintain their cash flow and pay back their debt, but it is weak enough (especially as it concerns employment) to encourage ultra-loose monetary policy. Despite absolute yields persisting at record lows therefore, giving us cause for concern reasonable spreads relative to near-term default risk make high yield a reasonable, fixed-income alternative given that many other fixed-income assets are also at or near all-time low yields.

Within U.S. mortgages and investment-grade corporate bonds, the team believes that stable interest-rate policy should continue to preserve a comfortable environment for income payments to offer relatively generous compensation from corporate bonds and securitized debt. We continue to focus on the medium-quality credit tiers of A-rated and BBB-rated securities as compelling sources of yield. Approximately 50% of the mortgage/corporate sleeve's exposure is in corporate credit, and around 42% is in fixed-rate and floating-rate mortgage securities. Our credit exposure remains centered on industrials and financials, particularly in banks. We believe that continued highly accommodative

monetary policy should continue to benefit the credit and securitized sectors in the upcoming six-month period.

4. The ratings indicated are from Standard & Poor's, Moody's Investors Service, and/or Fitch Ratings Ltd. Credit Quality Ratings: Credit quality ratings apply to underlying holdings of the Fund and not the Fund itself. Standard & Poor's rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Standard & Poor's rates the creditworthiness of short-term notes from SP-1 (highest) to SP-3 (lowest). Moody's rates the creditworthiness of bonds, ranging from Aaa (highest) to C (lowest). Ratings Aa to B may be modified by the addition of a number 1 (highest) to 3 (lowest) to show relative standing within the ratings categories. Moody's rates the creditworthiness of short-term U.S. tax-exempt municipal securities from MIG 1/VMIG 1 (highest) to SG (lowest). Moody's rates the creditworthiness of short-term securities from P-1 (highest) to P-3 (lowest). Fitch rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). 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 agencies that rating was utilized. Credit quality is subject to change and is calculated based on the total investments of the Fund. We generally define higher-quality (investment grade) bonds as bonds having a rating above BBB/Baa and lower-quality bonds as bonds having a rating below BBB/Baa.

5. Percentages are subject to change and are calculated based on the total long-term investments of the Fund.

Table of Contents

Summary portfolio of investments April 30, 2013
(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-CSR, 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: 2.66%					
<i>FHLMC</i>	0.60-8.50%	4-25-2020 to 7-25-2048	\$ 29,471,146	\$ 14,474,067	1.98%
<i>Other securities</i>				5,033,993	0.68
Total Agency Securities (Cost \$17,969,702)				19,508,060	2.66
Asset-Backed Securities: 0.12%					
<i>Other securities</i>				916,846	0.12
Total Asset-Backed Securities (Cost \$872,036)				916,846	0.12
Common Stocks: 0.08%					

Consumer Discretionary:
0.00%

Hotels, Restaurants & Leisure: 0.00%

<i>Other securities</i>				1,161	0.00
-------------------------	--	--	--	-------	------

Telecommunication Services: 0.08%

Diversified Telecommunication Services: 0.08%

<i>Other securities</i>				573,398	0.08
-------------------------	--	--	--	---------	------

Total Common Stocks (Cost \$1,617,838)

				574,559	0.08
--	--	--	--	---------	------

Corporate Bonds and Notes: 60.43%

Consumer Discretionary: 12.85%

Auto Components: 1.35%

<i>Other securities</i>				9,921,962	1.35
-------------------------	--	--	--	-----------	------

Diversified Consumer Services: 1.27%

Service Corporation

<i>International</i>	6.75-8.00	4-1-2016 to 4-1-2027	6,683,000	7,628,084	1.04
----------------------	-----------	----------------------	-----------	-----------	------

<i>Other securities</i>				1,709,856	0.23
-------------------------	--	--	--	-----------	------

				9,337,940	1.27
--	--	--	--	-----------	------

Hotels, Restaurants & Leisure: 3.84%

CCM Merger Incorporated 144A

9.13	5-1-2019	6,270,000	6,599,175	0.90
------	----------	-----------	-----------	------

<i>DineEquity Incorporated</i>	9.50	10-30-2018	3,475,000	3,961,500	0.54
--------------------------------	------	------------	-----------	-----------	------

<i>Greektown Superholdings Incorporated Series A</i>	13.00	7-1-2015	4,125,000	4,429,219	0.60
--	-------	----------	-----------	-----------	------

<i>Other securities</i>				13,199,798	1.80
-------------------------	--	--	--	------------	------

				28,189,692	3.84
--	--	--	--	------------	------

Household Durables: 0.09%

<i>Other securities</i>				699,188	0.09
-------------------------	--	--	--	---------	------

Internet & Catalog

Retail: 0.11%

Other securities

840,408

0.11

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

Table of Contents

8 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments April 30, 2013
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Media: 4.83%					
Local TV Finance LLC 144A ¥	9.25%	6-15-2015	\$ 4,775,000	\$ 4,786,938	0.65%
Other securities				30,684,426	4.18
				35,471,364	4.83
Multiline Retail: 0.09%					
Other securities				642,491	0.09
Specialty Retail: 1.27%					
Other securities				9,327,843	1.27
Consumer Staples: 1.01%					
Food & Staples Retailing: 0.09%					
Other securities				656,187	0.09
Food Products: 0.81%					
Other securities				5,993,874	0.81
Tobacco: 0.11%					
Other securities				794,856	0.11
Energy: 11.30%					
Energy Equipment & Services: 3.42%					
Gulfmark Offshore Incorporated	6.38	3-15-2022	4,275,000	4,467,375	0.61
PHI Incorporated	8.63	10-15-2018	3,582,000	3,917,813	0.53

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>Other securities</i>				16,758,733	2.28
				25,143,921	3.42

Oil, Gas & Consumable

Fuels: 7.88%

Rockies Express Pipeline LLC

<i>144A</i>	6.88	4-15-2040	7,198,000	6,514,190	0.89
<i>Sabine Pass LNG LP 144A</i>	6.50	11-1-2020	4,180,000	4,483,050	0.61
<i>Sabine Pass LNG LP</i>	7.50	11-30-2016	3,750,000	4,237,500	0.58
<i>Other securities</i>				42,632,716	5.80
				57,867,456	7.88

Financials: 11.73%

Capital Markets: 0.25%

<i>Other securities</i>				1,847,857	0.25
-------------------------	--	--	--	-----------	------

Commercial Banks: 1.07%

<i>Other securities</i>				7,890,814	1.07
-------------------------	--	--	--	-----------	------

Consumer Finance: 5.11%

<i>GMAC LLC</i>	7.50	12-31-2013	3,620,000	3,764,800	0.51
<i>JBS USA Finance</i>					
<i>Incorporated</i>	11.63	5-1-2014	3,745,000	4,086,731	0.56
<i>Nielsen Finance LLC</i>					
<i>Company</i>	7.75	10-15-2018	5,350,000	5,958,563	0.81
<i>Springleaf Finance</i>					
<i>Corporation</i>	6.90	12-15-2017	4,620,000	4,807,688	0.66
<i>Other securities</i>				18,922,086	2.57
				37,539,868	5.11

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

Table of Contents

Summary portfolio of investments April 30, 2013
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 9

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Diversified Financial Services: 2.04%					
<i>Other securities</i>				\$ 14,991,116	2.04%
Insurance: 0.58%					
<i>Other securities</i>				4,275,518	0.58
Real Estate Management & Development: 0.74%					
<i>Other securities</i>				5,419,363	0.74
REITs: 1.94%					
<i>Dupont Fabros Technology Incorporated</i>	8.50%	12-15-2017	\$ 5,560,000	5,977,000	0.81
<i>Other securities</i>				8,238,688	1.13
				14,215,688	1.94
Health Care: 2.76%					
Biotechnology: 0.11%					
<i>Other securities</i>				814,761	0.11
Health Care Equipment & Supplies: 0.35%					
<i>Other securities</i>				2,537,860	0.35
Health Care Providers & Services: 1.91%					
<i>Other securities</i>				14,047,195	1.91

**Life Sciences Tools &
Services: 0.12%**

<i>Other securities</i>	880,208	0.12
-------------------------	---------	------

Pharmaceuticals: 0.27%

<i>Other securities</i>	1,997,502	0.27
-------------------------	-----------	------

Industrials: 3.19%

Aerospace & Defense: 0.16%

<i>Other securities</i>	1,150,875	0.16
-------------------------	-----------	------

**Air Freight & Logistics:
0.41%**

<i>Other securities</i>	2,986,600	0.41
-------------------------	-----------	------

Airlines: 0.44%

<i>Other securities</i>	3,264,345	0.44
-------------------------	-----------	------

**Commercial Services &
Supplies: 1.25%**

<i>Other securities</i>	9,185,684	1.25
-------------------------	-----------	------

Machinery: 0.49%

<i>Other securities</i>	3,621,926	0.49
-------------------------	-----------	------

Professional Services: 0.28%

<i>Other securities</i>	2,041,353	0.28
-------------------------	-----------	------

**Transportation
Infrastructure: 0.16%**

<i>Other securities</i>	1,202,681	0.16
-------------------------	-----------	------

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

Summary portfolio of investments April 30, 2013
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Information Technology:					
4.21 %					
Communications Equipment:					
0.40 %					
Other securities				\$ 2,960,675	0.40%
Computers & Peripherals:					
0.47 %					
Other securities				3,481,709	0.47
Electronic Equipment, Instruments & Components:					
1.18 %					
Jabil Circuit Incorporated	8.25%	3-15-2018	\$ 5,275,000	6,382,750	0.87
Other securities				2,315,731	0.31
				8,698,481	1.18
Internet Software & Services:					
0.09 %					
Other securities				620,151	0.09
IT Services: 1.82 %					
First Data Corporation	11.25	3-31-2016	4,405,000	4,482,088	0.61
SunGard Data Systems Incorporated	7.38	11-15-2018	3,487,000	3,765,960	0.51
Other securities				5,100,282	0.70
				13,348,330	1.82
Software: 0.25 %					

<i>Other securities</i>				1,813,476	0.25
Materials: 1.11%					
Chemicals: 0.28%					
<i>Other securities</i>				2,053,964	0.28
Containers & Packaging: 0.53%					
<i>Other securities</i>				3,867,401	0.53
Metals & Mining: 0.08%					
<i>Other securities</i>				600,295	0.08
Paper & Forest Products: 0.22%					
<i>Other securities</i>				1,653,308	0.22
Telecommunication Services: 8.50%					
Diversified Telecommunication Services: 3.72%					
<i>GCI Incorporated</i>	8.63	11-15-2019	5,625,000	5,990,625	0.82
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	5,005,000	5,543,038	0.75
<i>Other securities</i>				15,788,752	2.15
				27,322,415	3.72
Wireless Telecommunication Services: 4.78%					
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	11,985,000	12,254,663	1.67
<i>Other securities</i>				22,908,248	3.11
				35,162,911	4.78

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

Table of Contents

Summary portfolio of investments April 30, 2013
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 11

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Utilities: 3.77%					
Electric Utilities: 1.50%					
<i>Mirant Mid-Atlantic LLC</i>					
<i>Series C</i>	10.06%	12-30-2028	\$ 3,614,632	\$ 4,120,681	0.56%
<i>Other securities</i>				6,874,903	0.94
				10,995,584	1.50
Gas Utilities: 0.39%					
<i>Other securities</i>				2,903,276	0.39
Independent Power Producers & Energy Traders: 1.66%					
<i>Calpine Construction Finance Corporation 144A</i>	7.25	10-15-2017	4,433,000	4,693,439	0.64
<i>Other securities</i>				7,504,212	1.02
				12,197,651	1.66
Multi-Utilities: 0.22%					
<i>Other securities</i>				1,581,353	0.22
Total Corporate Bonds and Notes (Cost \$410,717,109)				444,059,376	60.43
Foreign Corporate Bonds and Notes @: 3.75%					
Consumer Discretionary: 0.49%					

Automobiles: 0.11%

<i>Other securities</i>				851,663	0.11
-------------------------	--	--	--	---------	------

Hotels, Restaurants & Leisure: 0.19%

<i>Other securities</i>				1,383,504	0.19
-------------------------	--	--	--	-----------	------

Media: 0.19%

<i>Other securities</i>				1,367,689	0.19
-------------------------	--	--	--	-----------	------

Consumer Staples: 0.16%

Food & Staples Retailing: 0.16%

<i>Other securities</i>				1,185,190	0.16
-------------------------	--	--	--	-----------	------

Financials: 2.41%

Commercial Banks: 2.08%

<i>European Investment Bank (AUD)</i>	6.13	1-23-2017	4,930,000	5,577,729	0.76
<i>Other securities</i>				9,754,119	1.32
				15,331,848	2.08

Consumer Finance: 0.08%

<i>Other securities</i>				600,529	0.08
-------------------------	--	--	--	---------	------

Diversified Financial Services: 0.25%

<i>Other securities</i>				1,820,540	0.25
-------------------------	--	--	--	-----------	------

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

Table of Contents

12 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments April 30, 2013
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Industrials: 0.36%					
Building Products: 0.07%					
<i>Other securities</i>				\$ 554,107	0.07%
Commercial Services & Supplies: 0.05%					
<i>Other securities</i>				336,645	0.05
Trading Companies & Distributors: 0.04%					
<i>Other securities</i>				294,997	0.04
Transportation Infrastructure: 0.20%					
<i>Other securities</i>				1,495,007	0.20
Information Technology: 0.04%					
Software: 0.04%					
<i>Other securities</i>				261,415	0.04
Materials: 0.08%					
Paper & Forest Products: 0.08%					
<i>Other securities</i>				558,387	0.08
Telecommunication Services: 0.11%					

Diversified**Telecommunication Services:****0.11 %**

<i>Other securities</i>	785,953	0.11
-------------------------	---------	------

Utilities: 0.10%**Water Utilities: 0.10%**

<i>Other securities</i>	725,969	0.10
-------------------------	---------	------

Total Foreign Corporate Bonds and Notes

(Cost \$23,351,363)	27,553,443	3.75
----------------------------	------------	------

Foreign Government Bonds**@: 27.61 %**

<i>Australia Series 22 (AUD)</i>	6.00%	7-21-2022	4,000,000	4,729,791	0.64
<i>Brazil (BRL)</i>	8.50	1-5-2024	15,500,000	8,622,517	1.17
<i>Brazil (BRL)</i>	10.00	1-1-2017	31,000,000	16,497,020	2.25
<i>Chile (CLP)</i>	5.50	8-5-2020	1,700,000,000	3,820,172	0.52
<i>Hungary (HUF)</i>	6.75	11-24-2017	2,345,000,000	11,078,049	1.51
<i>Indonesia (IDR)</i>	7.38	9-15-2016	83,100,000,000	9,265,943	1.26
<i>Malaysia (MYR)</i>	3.26	3-1-2018	16,250,000	5,367,259	0.73
<i>Malaysia (MYR)</i>	4.26	9-15-2016	21,100,000	7,212,400	0.98
<i>Mexico (MXN)</i>	6.50	6-9-2022	80,000,000	7,573,636	1.03
<i>Mexico (MXN)</i>	7.25	12-15-2016	163,040,000	14,857,690	2.02
<i>Mexico (MXN)</i>	7.75	11-13-2042	35,200,000	3,936,603	0.54
<i>New Zealand (NZD)</i>	5.50	4-15-2023	5,625,000	5,765,271	0.78
<i>Poland (PLN)</i>	4.00	10-25-2023	22,850,000	7,707,179	1.05
<i>Queensland Treasury (AUD)</i>	6.00	3-1-2022	3,600,000	4,330,115	0.59
<i>Republic of South Africa (ZAR)</i>	2.60	3-31-2028	68,319,649	9,079,162	1.24
<i>Republic of South Africa (ZAR)</i>	6.50	2-28-2041	67,200,000	6,512,121	0.89

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

Table of ContentsSummary portfolio of investments April 30, 2013
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 13

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Foreign Government					
Bonds @ (continued)					
<i>Russia (RUB)</i>	7.00%	1-25-2023	579,000,000	\$ 19,377,952	2.64%
<i>Russia (RUB)</i>	7.50	3-15-2018	172,600,000	5,904,077	0.80
<i>Thailand (THB)</i>	3.25	6-16-2017	216,500,000	7,457,920	1.02
<i>Turkey (TRY)</i>	6.30	2-14-2018	20,525,000	11,666,420	1.59
<i>Turkey (TRY)</i>	9.00	3-8-2017	18,000,000	11,205,132	1.53
<i>Other securities</i>				20,947,228	2.83
Total Foreign Government Bonds					
(Cost \$194,915,431)				202,913,657	27.61
Municipal					
Obligations: 0.05%					
New York: 0.05%					
<i>Other securities</i>				345,880	0.05
Total Municipal Obligations (Cost \$345,000)					
				345,880	0.05
Non-Agency Mortgage Backed Securities: 7.70%					
<i>Morgan Stanley</i>	0.48 6.30	12-27-2033 to 12-12-2049	\$ 14,369,034	10,021,021	1.36
<i>Other securities</i>				46,545,606	6.34
				56,566,627	7.70

**Total Non-Agency
Mortgage Backed
Securities**

(Cost \$52,163,842)

**Preferred Stocks:
0.10%**

Financials: 0.10%

**Diversified Financial
Services: 0.10%**

<i>Other securities</i>				739,530	0.10
-------------------------	--	--	--	---------	------

**Total Preferred
Stocks (Cost
\$675,000)**

	739,530	0.10
--	---------	------

Term Loans: 18.85%

Crown Castle

International

<i>Corporation</i>	3.25	1-31-2019	6,566,875	6,597,477	0.90
--------------------	------	-----------	-----------	-----------	------

Federal-Mogul

<i>Corporation</i>	2.14	12-27-2015	3,930,516	3,723,535	0.51
--------------------	------	------------	-----------	-----------	------

Goodyear Tire &

<i>Rubber Company</i>	4.75	4-30-2019	6,200,000	6,247,306	0.85
-----------------------	------	-----------	-----------	-----------	------

LPL Holdings

<i>Incorporation</i>	4.00	3-29-2019	3,737,250	3,773,464	0.51
----------------------	------	-----------	-----------	-----------	------

Texas Competitive

<i>Electric Holdings LLC</i>	3.73	10-10-2014	20,096,983	15,089,418	2.05
------------------------------	------	------------	------------	------------	------

<i>Other securities</i>				103,113,587	14.03
-------------------------	--	--	--	-------------	-------

**Total Term Loans
(Cost \$139,814,595)**

	138,544,787	18.85
--	-------------	-------

**Yankee Corporate
Bonds and Notes:
6.82%**

**Consumer
Discretionary: 0.59%**

**Diversified
Consumer Services:
0.11%**

<i>Other securities</i>				784,007	0.11
-------------------------	--	--	--	---------	------

Media: 0.48%

<i>Other securities</i>				3,518,172	0.48
-------------------------	--	--	--	-----------	------

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

Table of Contents

14 Wells Fargo Advantage Multi-Sector Income Fund

Summary portfolio of investments April 30, 2013
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Consumer Staples: 0.47%					
Beverages: 0.11%					
<i>Other securities</i>				\$ 847,935	0.11%
Food Products: 0.25%					
<i>Other securities</i>				1,820,800	0.25
Tobacco: 0.11%					
<i>Other securities</i>				792,175	0.11
Energy: 0.89%					
Energy Equipment & Services: 0.11%					
<i>Other securities</i>				853,199	0.11
Oil, Gas & Consumable Fuels: 0.78%					
<i>Other securities</i>				5,715,976	0.78
Financials: 1.56%					
Commercial Banks: 0.89%					
<i>Other securities</i>				6,506,462	0.89
Consumer Finance: 0.53%					
<i>Wind Acquisition Finance SpA 144A</i>	11.75%	7-15-2017	\$ 3,660,000	3,925,350	0.53

Diversified Financial Services:

0.14%

<i>Other securities</i>	1,044,557	0.14
-------------------------	-----------	------

Industrials: 0.28%

Airlines: 0.07%

<i>Other securities</i>	538,750	0.07
-------------------------	---------	------

Commercial Services &

Supplies: 0.09%

<i>Other securities</i>	646,290	0.09
-------------------------	---------	------

Road & Rail: 0.12%

<i>Other securities</i>	840,251	0.12
-------------------------	---------	------

Information Technology:

0.52%

Computers & Peripherals:

0.41%

<i>Other securities</i>	3,000,776	0.41
-------------------------	-----------	------

Internet Software & Services:

0.11%

<i>Other securities</i>	819,261	0.11
-------------------------	---------	------

Materials: 0.76%

Metals & Mining: 0.58%

<i>Other securities</i>	4,234,160	0.58
-------------------------	-----------	------

Paper & Forest Products:

0.18%

<i>Other securities</i>	1,349,400	0.18
-------------------------	-----------	------

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

Table of ContentsSummary portfolio of investments April 30, 2013
(unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 15

Security name	Value	Percent of net assets
Telecommunication Services: 1.50%		
Diversified Telecommunication Services: 1.28%		
<i>Other securities</i>	\$ 9,387,570	1.28%
Wireless Telecommunication Services: 0.22%		
<i>Other securities</i>	1,635,000	0.22
Utilities: 0.25%		
Electric Utilities: 0.25%		
<i>Other securities</i>	1,856,875	0.25
Total Yankee Corporate Bonds and Notes		
(Cost \$47,039,962)	50,116,966	6.82
	Yield	Shares
Short-Term Investments: 3.20%		
Investment Companies: 3.20%		
<i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)##</i>	0.13%	23,517,275
	23,517,275	3.20
Total Short-Term Investments (Cost \$23,517,275)	23,517,275	3.20
Total investments in securities		
(Cost \$912,999,153)*	965,357,006	131.37

<i>Other assets and liabilities, net</i>	(230,532,675)	(31.37)
Total net assets	\$ 734,824,331	100.00%

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.

¥ 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.

@ Foreign bond principal is denominated in local currency.

(l) Investment in an affiliate

(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 loans.

* Cost for federal income tax purposes is \$917,278,172 and unrealized appreciation (depreciation) consists of:

Gross unrealized appreciation	\$ 62,219,111
Gross unrealized depreciation	(14,140,277)
Net unrealized appreciation	\$ 48,078,834

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

Table of Contents

16 Wells Fargo Advantage Multi-Sector Income Fund

Statement of assets and liabilities April 30, 2013
(unaudited)**Assets****Investments**

In unaffiliated securities, at value (see cost below)	\$ 941,839,731
In affiliated securities, at value (see cost below)	23,517,275

Total investments, at value (see cost below)	965,357,006
Foreign currency, at value (see cost below)	207,128
Receivable for investments sold	5,949,955
Principal paydown receivable	42,944
Receivable for interest	13,062,663
Unrealized gains on forward foreign currency contracts	453,732
Prepaid expenses and other assets	100,230
Total assets	985,173,658

Liabilities

Dividends payable	4,205,500
Payable for investments purchased	14,955,921
Unrealized losses on forward foreign currency contracts	225,972
Secured borrowing payable	230,368,907
Advisory fee payable	432,833
Due to other related parties	39,349
Accrued expenses and other liabilities	120,845
Total liabilities	250,349,327

Total net assets **\$ 734,824,331****NET ASSETS CONSIST OF**

Paid-in capital	\$ 774,138,238
Overdistributed net investment income	(4,846,036)
Accumulated net realized losses on investments	(87,057,549)
Net unrealized gains on investments	52,589,678
Total net assets	\$ 734,824,331

NET ASSET VALUE PER SHARE

Based on \$734,824,331 divided by 42,055,000 shares issued and outstanding (100,000,000 shares authorized)	\$ 17.47
--	----------

Investments in unaffiliated securities, at cost	\$ 889,481,878
Investments in affiliated securities, at cost	\$ 23,517,275
Total investments, at cost	\$ 912,999,153
Foreign currency, at cost	\$ 206,668

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

Table of Contents

Statement of operations six months ended April 30, 2013 (unaudited)	Wells Fargo Advantage Multi-Sector Income Fund	17
---	--	----

Investment income

Interest*	\$ 29,345,949
Income from affiliated securities	13,182
Dividends	5,181
Total investment income	29,364,312

Expenses

Advisory fee	2,597,891
Administration fee	236,172
Custody and accounting fees	88,078
Professional fees	32,287
Shareholder report expenses	49,389
Trustees fees and expenses	7,113
Transfer agent fees	16,348
Interest expense	273,670
Secured borrowing fees	996,664
Other fees and expenses	20,913

Total expenses	4,318,525
----------------	-----------

Net investment income	25,045,787
-----------------------	------------

REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS

Net realized gains (losses) on:	
Unaffiliated securities	10,498,944
Forward foreign currency contract transactions	290,644
Net realized gains on investments	10,789,588
Net change in unrealized gains (losses) on:	
Unaffiliated securities	9,042,216
Forward foreign currency contract transactions	(188,052)
Net change in unrealized gains (losses) on investments	8,854,164
Net realized and unrealized gains (losses) on investments	19,643,752
Net increase in net assets resulting from operations	\$ 44,689,539

* Net of foreign interest withholding taxes in the amount of	\$24,978
--	----------

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

Table of Contents

18 Wells Fargo Advantage Multi-Sector Income Fund

Statement of changes in net assets

	Six months ended April 30, 2013 (unaudited)	Year ended October 31, 2012
Operations		
Net investment income	\$ 25,045,787	\$ 48,986,237
Net realized gains on investments	10,789,588	16,058,375
Net change in unrealized gains (losses) on investments	8,854,164	21,291,967
Net increase in net assets resulting from operations	44,689,539	86,336,579
Distributions to shareholders from net investment income	(25,233,000)	(50,466,000)
Total increase in net assets	19,456,539	35,870,579
Net assets		
Beginning of period	715,367,792	679,497,213
End of period	\$ 734,824,331	\$ 715,367,792
Overdistributed net investment income	\$ (4,846,036)	\$ (4,658,823)

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

Table of Contents

Statement of cash flows six months ended April 30, 2013	Wells Fargo Advantage Multi-Sector Income Fund	19
---	--	----

Cash flows from operating activities:

Net increase in net assets resulting from operations	\$ 44,689,539
--	---------------

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

Purchase of investment securities	(447,231,397)
Proceeds from sales of investment securities	450,402,099
Paydowns	3,597,116
Amortization	(800,369)
Proceeds from sales of short-term investment securities, net	2,812,166
Decrease in interest receivable	793,910
Increase in receivable for investments sold	(5,428,705)
Decrease in principal paydown receivable	125,288
Increase in prepaid expenses and other assets	(54,697)
Decrease in payable for investments purchased	(3,726,170)
Decrease in advisory fee payable	(34,829)
Decrease in due to other related parties	(3,166)
Decrease in accrued expenses and other liabilities	(121,175)
Unrealized gains on unaffiliated securities	(9,099,203)
Unrealized losses on forward foreign currency contract transactions	188,052
Net realized gains on unaffiliated securities	(10,863,174)

Net cash provided by operating activities	25,245,285
---	------------

Cash flows from financing activities:

Cash distributions paid	(25,233,000)
Increase in secured borrowing payable	165,697

Net cash used in financing activities	(25,067,303)
---------------------------------------	--------------

Net increase in cash	177,982
----------------------	---------

Cash (including foreign currency):

Beginning of period	\$ 29,146
End of period	\$ 207,128

Supplemental cash disclosure

Cash paid for interest	\$ 282,647
------------------------	------------

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

Table of Contents

20 Wells Fargo Advantage Multi-Sector Income Fund

Financial highlights

(For a share outstanding throughout each period)

	Six months ended April 30, 2013 (unaudited)		2012	2011	Year ended October 31			2009	2008			
Net asset value, beginning of period	\$	17.01	\$	16.16	\$	16.67	\$	15.61	\$	13.47	\$	18.74
Net investment income		0.60		1.16		1.11		1.21		1.33		1.68
Net realized and unrealized gains (losses) on investments		0.46		0.89		(0.39)		1.17		3.26		(5.35)
Distributions to preferred shareholders from net investment income		0.00		0.00		0.00		(0.02) ¹		(0.03) ¹		(0.30)
Total from investment operations		1.06		2.05		0.72		2.36		4.56		(3.97)
Distributions to common shareholders from												
Net investment income		(0.60)		(1.20)		(1.23)		(1.30)		(2.20)		(1.30)
Tax basis return of capital		0.00		0.00		0.00		0.00		(0.22)		0.00
Total distributions to common shareholders		(0.60)		(1.20)		(1.23)		(1.30)		(2.42)		(1.30)

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

Net asset value, end of period	\$	17.47	\$	17.01	\$	16.16	\$	16.67	\$	15.61	\$	13.47
Market value, end of period	\$	16.79	\$	16.54	\$	14.97	\$	16.18	\$	13.73	\$	11.68
Total return based on market value ²		5.28%		19.33%		0.33%		28.44%		44.93%		(21.43)%
Ratios to average net assets (annualized)												
Gross expenses		1.21%		1.24%		1.14%		1.58%		3.07%		1.95%
Net expenses		1.21%		1.24%		1.14%		1.18%		1.62%		1.90%
Interest expense ³		0.08%		0.11%		0.09%		0.08%		0.47%		0.54%
Net investment income		6.99%		7.13%		6.75%		7.63% ⁴		9.65% ⁴		7.85% ⁴
Supplemental data												
Portfolio turnover rate		20%		78%		35%		70%		93%		92%
Net assets of common shareholders, end of period (000s omitted)	\$734,824		\$715,368		\$679,497		\$701,110		\$656,404		\$566,515	
Borrowings outstanding, end of period (000s omitted)	\$230,000		\$230,000		\$230,000		\$230,000		\$230,000		\$380,000	
Asset coverage per \$1,000 of borrowing, end of period	\$4,195		\$4,110		\$3,954		\$4,048		\$3,854		\$2,491	
Liquidation value of Preferred Shares, end of period (000s omitted)	N/A		N/A		N/A		N/A		\$80,035		\$80,108	
Asset coverage ratio for Preferred Shares, end of	N/A		N/A		N/A		N/A		385%		249%	

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. Returns for periods of less than one year are not annualized.
3. Interest expense ratio relates to interest associated with borrowings and/or leverage transactions.
4. The net investment income ratio reflects any distributions paid to preferred shareholders.

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

Table of Contents

Notes to financial statements (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 21

1. ORGANIZATION

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 (normally 4 p.m. Eastern Time).

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

Short-term securities with maturities of 60 days or less 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.

Equity securities that are listed on a foreign or domestic exchange, except for The Nasdaq Stock Market, Inc. (Nasdaq), are valued at the official closing price or, if none, the last sales price. Securities listed on Nasdaq are valued at the Nasdaq Official Closing Price (NOCP). If no NOCP is available, securities are valued at the last sales price. If no sales price is shown on the Nasdaq, the bid price will be used. If no sale occurs on the primary exchange or market for the security that day or if no sale occurs and no bid price is shown on Nasdaq, the prior day's price will be deemed stale and fair values will be determined in accordance with the Fund's Valuation Procedures.

Securities denominated in foreign currencies are translated into U.S. dollars using the rates of exchange in effect on the day of valuation at a time 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 by procedures established in good faith and approved by the Board of Trustees. The Board of Trustees has

established a Valuation Committee comprised of the Trustees and has delegated to it the authority to take any actions regarding the valuation of portfolio securities that the Valuation Committee deems necessary or appropriate, including determining the fair value of portfolio securities, unless the determination has been delegated to the 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 information to assess the continued appropriateness of the fair valuation methodology 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 input factors considered in the valuation process until there is a readily available price provided on the exchange or by an independent pricing service. Valuations received from an independent pricing service or broker 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.

Table of Contents

22 Wells Fargo Advantage Multi-Sector Income Fund

Notes to financial statements (unaudited)

Foreign currency translation

The accounting records of the Fund are maintained in U.S. dollars. Assets, including investment securities, and liabilities denominated in foreign currency are translated into U.S. dollars at the rates of exchange at a time specified by the Management Valuation Team on the date of valuation. Purchases and sales of securities, and income and expenses are converted at the rate of exchange on the respective dates of such transactions. Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting in 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 recorded with net realized and unrealized gains or losses from investments. Gains and losses from certain foreign currency transactions are treated as ordinary income for U.S. federal income tax purposes.

Reverse repurchase agreements

To obtain short-term financing, the Fund may enter into reverse repurchase agreements with banks and other financial institutions, which are deemed by the investment adviser to be creditworthy. At the time the Fund enters into a reverse repurchase agreement, it will establish a segregated account with the custodian containing qualified assets having a value not less than the repurchase price, including accrued interest. If the counterparty to the transaction is rendered insolvent, the Fund may be delayed or limited in the repurchase of the collateral securities.

Forward foreign currency contracts

The Fund may be 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 is mitigated by having 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.

Table of Contents

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

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, 2012, the Fund had pre-enactment capital loss carryforwards incurred in taxable years beginning before December 22, 2010, which are available to offset future net realized capital gains, in the amount of \$94,018,990 with \$4,567,517 expiring in 2016 and \$89,451,473 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.

Table of Contents

24 Wells Fargo Advantage Multi-Sector Income Fund

Notes to financial statements (unaudited)

As of April 30, 2013, the inputs used in valuing investments in securities were as follows:

	Quoted prices	Significant other	Significant	
		observable inputs	unobservable inputs	
Investments in securities	(Level 1)	(Level 2)	(Level 3)	Total
Agency securities	\$ 0	\$ 19,508,060	\$ 0	\$ 19,508,060
Asset-backed securities	0	916,846	0	916,846
Corporate bonds and notes	0	444,059,376	0	444,059,376
Equity securities				
<i>Common stocks</i>	573,398	0	1,161	574,559
<i>Preferred stocks</i>	739,530	0	0	739,530
Foreign corporate bonds and notes	0	27,553,443	0	27,553,443
Foreign government bonds	0	202,913,657	0	202,913,657
Municipal obligations	0	345,880	0	345,880
Non-agency mortgage backed securities	0	56,566,627	0	56,566,627
Term loans	0	123,236,631	15,308,156	138,544,787
Yankee corporate bonds and notes	0	50,116,966	0	50,116,966
Short-term investments				
<i>Investment companies</i>	23,517,275	0	0	23,517,275
	\$ 24,830,203	\$ 925,217,486	\$ 15,309,317	\$ 965,357,006

As of April 30, 2013, the inputs used in valuing the Fund's other financial instruments were as follows:

	Quoted prices	Significant other	Significant	
		observable inputs	unobservable inputs	
Other financial instruments	(Level 1)	(Level 2)	(Level 3)	Total
Forward foreign currency contracts⁺	\$ 0	\$ 227,760	\$ 0	\$ 227,760

⁺Forward foreign currency contracts are presented at the unrealized gains or losses on the instrument.

Transfers in and transfers out are recognized at the end of the reporting period. For the six months ended April 30, 2013, the Fund did not have any transfers into/out of Level 1 or Level 2.

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

	Common stocks	Term loans	Total
Balance as of October 31, 2012	\$ 2,322	\$ 16,839,203	\$ 16,841,525
Accrued discounts (premiums)	0	5,100	5,100
Realized gains (losses)	0	(7,906)	(7,906)
Change in unrealized gains (losses)	(1,161)	120,539	119,378
Purchases	0	17,308,077	17,308,077
Sales	0	(18,956,857)	(18,956,857)
Transfers into Level 3	0	0	0
Transfers out of Level 3	0	0	0
Balance as of April 30, 2013	\$ 1,161	\$ 15,308,156	\$ 15,309,317
Change in unrealized gains (losses) relating to securities still held at April 30, 2013	\$ (1,161)	\$ 241,072	\$ 239,911

The investment types categorized above were valued using indicative broker quotes and are therefore considered Level 3 inputs. Quantitative unobservable inputs used by the brokers are often proprietary and not provided to the Fund and therefore the disclosure that would address these inputs is not included above.

Table of Contents

Notes to financial statements (unaudited)	Wells Fargo Advantage Multi-Sector Income Fund	25
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, 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 facilities, equipment and personnel. 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, 2013 and the year ended October 31, 2012, the Fund did not issue any shares.

6. BORROWING AND LEVERAGE TRANSACTIONS

The Fund has borrowed \$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 24, 2014, at which point it may be renegotiated and potentially renewed for another one-year term. At April 30, 2013, the Fund had secured borrowings outstanding in the amount of \$230,368,907 (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, 2013, an effective interest rate of 0.24% was incurred on the borrowings. Interest expense of \$273,670, representing 0.08% of the Fund's average daily net assets, was incurred during the six months ended April 30, 2013.

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 product of (i) the daily average outstanding principal amount of borrowings and (ii) 1.02. The secured borrowing fees on the Statement of Operations of \$996,664 represents the usage fee, commitment fee,

and structuring fees. For the six months ended April 30, 2013, the Fund paid structuring fees in the amount of \$62,414.

7. INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments, excluding short-term securities, for the six months ended April 30, 2013 were as follows:

Purchases at cost		Sales proceeds	
U.S. government	Non-U.S. government	U.S. government	Non-U.S. government
\$142,200	\$226,538,892	\$3,364,171	\$187,526,347

As of April 30, 2013, the Fund had unfunded term loan commitments of \$8,514,589.

8. DERIVATIVE TRANSACTIONS

During the six months ended April 30, 2013, the Fund entered into forward foreign currency exchange contracts for economic hedging purposes.

Table of Contents

26 Wells Fargo Advantage Multi-Sector Income Fund

Notes to financial statements (unaudited)

At April 30, 2013, 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, 2013	In exchange for U.S. \$	Unrealized gains (losses)
5-7-2013	State Street Bank	70,800,000,000 IDR	\$ 7,277,691	\$ 7,286,424	\$ (8,733)
5-7-2013	State Street Bank	235,000,000 THB	8,004,949	7,877,975	126,974
5-28-2013	State Street Bank	47,600,000 MYR	15,616,054	15,290,716	325,338

Forward foreign currency contracts to sell:

Exchange date	Counterparty	Contracts to deliver	U.S. value at April 30, 2013	In exchange for U.S. \$	Unrealized gains (losses)
5-7-2013	State Street Bank	70,800,000,000 IDR	\$ 7,277,691	\$ 7,274,968	\$ (2,723)
5-28-2013	State Street Bank	20,450,000 MYR	6,708,998	6,710,418	1,420
7-29-2013	State Street Bank	14,500,000 TRY	8,016,733	7,966,836	(49,897)
7-31-2013	State Street Bank	69,500,000 ZAR	7,653,601	7,488,982	(164,619)

The Fund had average contract amounts of \$29,452,124 and \$30,699,071 in forward foreign currency contracts to buy and forward foreign currency contracts to sell, respectively, during the six months ended April 30, 2013.

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

9. INDEMNIFICATION

Under the Fund's organizational documents, the officers and directors are indemnified against certain liabilities that may arise out of performance of their duties to the Trust. 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. NEW ACCOUNTING PRONOUNCEMENT

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*. ASU 2011-11, which amends FASB ASC Topic 210, *Balance Sheet*, creates new disclosure requirements which require entities to disclose both gross and net information for derivatives and other financial instruments that are either offset in the Statement of Assets and

Liabilities or subject to an enforceable master netting arrangement or similar agreement. The disclosure requirements are effective for interim and annual reporting periods beginning on or after January 1, 2013. Management is currently assessing the potential impact, in addition to expanded financial statement disclosure, that may result from adopting this ASU.

11. SUBSEQUENT DISTRIBUTIONS

The Fund declared the following distributions to common shareholders:

Declaration date	Record date	Payable date	Per share amount
April 26, 2013	May 15, 2013	June 3, 2013	\$0.1000
May 22, 2013	June 17, 2013	July 1, 2013	\$0.1000

These distributions are not reflected in the accompanying financial statements.

Table of Contents

Other information (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 27

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 11, 2013, 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	Peter G. Gordon	38,236,279
Shares voted	Withhold		510,555
Shares voted	For	Timothy J. Penny	38,165,799
Shares voted	Withhold		581,035
Shares voted	For	Michael S. Scofield	38,243,581
Shares voted	Withhold		503,253

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.

Table of Contents

28 Wells Fargo Advantage Multi-Sector Income Fund

Other information (unaudited)

BOARD OF TRUSTEES AND OFFICERS

The following table provides basic information about the Board of Trustees (the Trustees) and Officers of the Fund. Each of the Trustees and Officers listed below acts in identical capacities for the Wells Fargo Advantage family of funds, which consists of 131 funds¹ 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 Geyser 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 Coast 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 48 portfolios as of 1/31/2013); Asset Allocation Trust

David F. Larcker (Born 1950)	Trustee, since 2010	James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, 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

Table of Contents

Other information (unaudited)			Wells Fargo Advantage Multi-Sector Income Fund	29
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	

*Length of service dates reflect the Trustee's commencement of service with the Trust's predecessor entities, where applicable.

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	Secretary, since 2010; Chief	Senior Vice President and Secretary of Wells Fargo Funds Management, LLC since 2001. Vice President and Managing

(Born 1960)	Legal Officer, since 2010	Counsel of Wells Fargo Bank, N.A. since 1996.
Debra Ann Early (Born 1964)	Chief Compliance Officer, since 2010	Chief Compliance Officer of Wells Fargo Funds Management, LLC since 2007. Chief Compliance Officer of Parnassus Investments from 2005 to 2007. Chief Financial Officer of Parnassus Investments from 2004 to 2007.
David Berardi (Born 1975)	Assistant Treasurer, since 2009	Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. 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.

1. Jeremy DePalma acts as Treasurer of 58 funds and Assistant Treasurer of 73 funds in the Fund Complex.

Table of Contents

30 Wells Fargo Advantage Multi-Sector Income Fund

Other information (unaudited)

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 28-29, 2013 (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 ("First International"), an affiliate of Funds Management, for the Fund. The investment advisory agreement with Funds Management and the investment sub-advisory agreements with WellsCap and First International (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. The Board has adopted a team-based approach, with each team consisting of a sub-set of Trustees, to assist the 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 2013. 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 determined that the continuation of the Advisory Agreements is in the best interests of the Fund and its shareholders, and 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 each decision was made on a fund-by-fund basis. The following summarizes a number of important, but not necessarily all, factors considered by the Board in reaching its determination.

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, based on attributes such as their financial condition, resources and reputation, 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 administrative and other services provided to the Fund by Funds Management and its affiliates and Funds Management's oversight of the Fund's various service providers.

Fund performance and expenses

The Board considered the performance results for the Fund over various time periods ended December 31, 2012. The Board also considered these results in comparison to the performance of another fund that was determined by Lipper Inc., an independent provider of investment company data (Lipper), to be similar to the Fund (the Comparison Fund).

Table of Contents

Other information (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 31

The Board received a description of the methodology used by Lipper to select the Comparison Fund and noted that Lipper had identified only one comparable leveraged closed-end flexible income fund. 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 noted that the performance of the Fund was higher than or in range of the median performance of the Comparison Fund and the Fund's benchmark, the ERC Blended Index, which is a proprietary index used by the Board to help it assess the Fund's relative performance, for all periods under review. The Board also noted that while the performance of the Fund was lower than the median performance of the Custom Peer Group for the one- and three-year periods under review, the performance of the Fund was in range of the median performance of the Custom Peer Group for the five-year period under review.

The Board received information concerning, and discussed factors contributing to, the underperformance of the Fund relative to the Custom Peer Group for the one- and three-year periods under review. Funds Management advised the Board about the market conditions and investment decisions that it believed contributed to the underperformance during those periods. The Board noted distinctions between the Fund's investment strategy and that of funds in the Custom Peer Group, as well as the positive performance of the Fund relative to the Comparison Fund and the benchmark, and was satisfied with the explanation it received.

The Board 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 also considered this ratio in comparison to the median ratio of funds in an expense group that was determined by Lipper to be similar to the Fund (the Group). The Board received a description of the methodology used by Lipper to select the funds in the expense Group. 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 that of other funds in the expense Group at a common asset level. The Board noted that the Management Rate of the Fund was in range of the median rate for the Fund's expense Group. The Board and Funds Management agreed to extend the Fund's advisory fee waiver to February 2014.

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 concerning 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. In recognition of the fact that the Wells Fargo enterprise provides a suite of combined advisory and sub-advisory services to the Fund through affiliated entities, the Board ascribed limited relevance to the allocation of the total advisory fee between Funds Management and the Sub-Advisers.

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. The Board did not receive or consider to be necessary separate profitability information with respect to the Sub-Advisers, because, as affiliates of Funds Management, their profitability information was subsumed in the collective Wells Fargo profitability analysis provided by Funds Management.

Table of Contents

32 Wells Fargo Advantage Multi-Sector Income Fund	Other information (unaudited)
---	-------------------------------

Funds Management explained the methodologies and estimates that it used in calculating the profitability from the Fund and the fund family as a whole. 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 the case with many other closed-end funds, there are no breakpoints in the Management Rate. The Board further noted that, although the Fund would not share in any potential economies of scale through contractual breakpoints, fee waiver and expense reimbursement arrangements can also be a means of sharing potential economies of scale with the Fund. The Board 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 relationship 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 relationship with the Fund (such as the ability to market to shareholders other financial products and services offered by Funds Management and its affiliates, including the Sub-Advisers, or to operate other products and services that follow investment strategies similar to those of the Fund).

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.

Table of Contents

Automatic dividend reinvestment plan

Wells Fargo Advantage Multi-Sector Income Fund 33

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 shares of 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 or market premium (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 43010, Providence, Rhode Island 02940-3010 or by calling 1-800-730-6001.

Table of Contents

34 Wells Fargo Advantage Multi-Sector Income Fund

List of abbreviations

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

ACA	ACA Financial Guaranty Corporation
ADR	American depositary receipt
ADS	American depositary shares
AGC	Assured Guaranty Corporation
AGM	Assured Guaranty Municipal
Ambac	Ambac Financial Group Incorporated
AMT	Alternative minimum tax
AUD	Australian dollar
BAN	Bond anticipation notes
BHAC	Berkshire Hathaway Assurance Corporation
BRL	Brazilian real
CAB	Capital appreciation bond
CAD	Canadian dollar
CCAB	Convertible capital appreciation bond
CDA	Community Development Authority
CDO	Collateralized debt obligation
CHF	Swiss franc
COP	Certificate of participation
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	Industrial development revenue
IEP	Irish pound
JPY	Japanese yen
KRW	Republic of Korea won
LIBOR	London Interbank Offered Rate
LIQ	Liquidity agreement
LLC	Limited liability company
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
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
SAVRS	Select auction variable rate securities
SBA	Small Business Authority
SEK	Swedish krona
SFHR	Single-family housing revenue
SFMR	Single-family mortgage revenue
SGD	Singapore dollar

SKK	Slovakian koruna
SPA	Standby purchase agreement
SPDR	Standard & Poor's Depositary Receipts
STRIPS	Separate trading of registered interest and principal securities
TAN	Tax anticipation notes
TBA	To be announced
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

Table of Contents

This page is intentionally left blank.

Table of Contents

This page is intentionally left blank.

Table of Contents

Transfer Agent, Registrar, Shareholder Servicing

Agent & Dividend Disbursing Agent

Computershare Trust Company, N.A.

P.O. Box 43010

Providence, RI 02940-3010

1-800-730-6001

Website: wellsfargoadvantagefunds.com

Wells Fargo Funds Management, LLC, is a subsidiary of Wells Fargo & Company and is an affiliate of Wells Fargo & Company's broker/dealer subsidiaries. This material is being prepared by Wells Fargo Funds Distributor, LLC. Member FINRA/SIPC, an affiliate of Wells Fargo & Company.

NOT FDIC INSURED ; NO BANK GUARANTEE ; MAY LOSE VALUE

© 2013 Wells Fargo Funds Management, LLC. All rights reserved.

216826 06-13

SMSI/SAR159 4-13

Table of Contents

ITEM 2. CODE OF ETHICS

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

Not applicable.

ITEM 6. INVESTMENTS

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

Table of Contents

Portfolio of investments April 30, 2013 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 1

Security name	Interest rate	Maturity date	Principal	Value
Agency Securities: 2.66%				
<i>FHLMC</i>	8.50%	7-1-2028	\$ 96,312	\$ 113,786
<i>FHLMC</i>	8.50	3-1-2030	59,977	62,995
<i>FHLMC Series 0196 Class A ±</i>	1.05	12-15-2021	65,746	66,360
<i>FHLMC Series 1383 ±</i>	5.81	2-1-2037	947,977	1,004,409
<i>FHLMC Series 2011-K16 Class B ±144A</i>	4.59	11-25-2046	1,000,000	1,099,936
<i>FHLMC Series 2011-K701 Class B ±144A</i>	4.29	7-25-2048	165,000	178,703
<i>FHLMC Series 2011-K702 Class B ±144A</i>	4.77	4-25-2044	740,000	818,996
<i>FHLMC Series 2012-K17 Class B ±144A</i>	4.35	12-25-2044	675,000	726,608
<i>FHLMC Series 2012-K18 Class B ±144A</i>	4.27	1-25-2045	810,000	869,320
<i>FHLMC Series 2012-K19 Class B ±144A</i>	4.04	5-25-2045	1,000,000	1,055,407
<i>FHLMC Series 2012-K501 Class C ±144A</i>	3.49	11-25-2046	800,000	823,644
<i>FHLMC Series 2012-K705 Class B ±144A</i>	4.16	9-25-2044	1,000,000	1,097,183
<i>FHLMC Series 2012-K706 Class B ±144A</i>	4.02	11-25-2044	500,000	536,218
<i>FHLMC Series 2012-K706 Class C ±144A</i>	4.02	11-25-2044	805,000	828,098
<i>FHLMC Series 2012-K707 Class B ±144A</i>	3.88	1-25-2047	930,000	997,094
<i>FHLMC Series 2012-K709 Class B ±144A</i>	3.74	4-25-2045	1,000,000	1,045,098
<i>FHLMC Series 2012-K710 Class B ±144A</i>	3.82	6-25-2047	1,000,000	1,059,001
<i>FHLMC Series 2390 Class FD ±</i>	0.65	12-15-2031	56,613	56,929
<i>FHLMC Series 2567 Class FH ±</i>	0.60	2-15-2033	158,212	158,086
<i>FHLMC Series K007 Class X1 ±(c)</i>	1.40	4-25-2020	1,033,734	67,531
<i>FHLMC Series K016 Class X1 ±(c)</i>	1.74	10-25-2021	391,390	42,306
<i>FHLMC Series K020 Class X1 ±(c)</i>	1.61	5-25-2022	6,965,970	739,877

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>FHLMC Series K021 Class X1 ±(c)</i>	1.65	6-25-2022	9,270,215	1,026,482
<i>FNMA ±</i>	4.65	9-1-2032	1,840,864	1,977,316
<i>FNMA</i>	6.00	4-1-2033	174,632	196,129
<i>FNMA ±</i>	6.45	9-1-2037	1,118,114	1,220,734
<i>FNMA</i>	6.50	11-1-2032	63,867	65,861
<i>FNMA</i>	7.50	7-1-2017	74,146	79,040
<i>FNMA</i>	7.50	10-1-2028	9,878	9,902
<i>FNMA</i>	7.50	11-1-2028	157,820	171,084
<i>FNMA</i>	7.50	2-1-2030	40,176	40,811
<i>FNMA</i>	7.50	9-1-2030	94,512	101,485
<i>FNMA</i>	8.00	6-1-2030	29,258	29,806
<i>FNMA</i>	12.00	1-1-2016	7,467	7,782
<i>FNMA Series 1996-46 Class FA ±</i>	0.72	8-25-2021	35,232	35,353
<i>FNMA Series 2001-25 Class Z</i>	6.00	6-25-2031	339,227	381,200
<i>FNMA Series 2001-35 Class F ±</i>	0.80	7-25-2031	14,990	15,129
<i>FNMA Series 2001-57 Class F ±</i>	0.70	6-25-2031	15,092	15,206
<i>FNMA Series 2002-77 Class FH ±</i>	0.60	12-18-2032	114,084	114,514
<i>FNMA Series 2002-97 Class FR ±</i>	0.75	1-25-2033	31,104	31,242
<i>FNMA Series G91-16 Class F ±</i>	0.67	6-25-2021	43,019	43,124
<i>FNMA Series G92-17 Class F ±</i>	1.27	3-25-2022	96,163	97,664
<i>GNMA</i>	6.50	6-15-2028	60,687	68,656
<i>GNMA</i>	7.25	7-15-2017	20,256	22,174
<i>GNMA</i>	7.25	8-15-2017	44,599	48,029
<i>GNMA</i>	7.25	8-15-2017	22,929	23,523
<i>GNMA</i>	7.25	9-15-2017	33,840	36,519
<i>GNMA</i>	7.25	10-15-2017	62,330	66,909
<i>GNMA</i>	7.25	10-15-2017	35,060	37,552
<i>GNMA</i>	7.25	11-15-2017	27,844	29,856

Table of Contents

2 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Agency Securities (continued)				
<i>GNMA</i>	7.25%	1-15-2018	\$ 10,297	\$ 10,326
<i>GNMA</i>	7.25	1-15-2018	15,523	17,259
<i>GNMA</i>	7.25	2-15-2018	25,550	26,388
<i>GNMA</i>	7.25	5-15-2018	13,383	13,420
Total Agency Securities (Cost \$17,969,702)				19,508,060
Asset-Backed Securities: 0.12%				
<i>Bear Stearns Asset Backed Securities Series 2006 Class 1A2 ±</i>				
	0.42	12-25-2035	174,682	173,476
<i>CVS Pass-Through Trust Series T</i>				
	6.04	12-10-2028	622,938	743,370
Total Asset-Backed Securities (Cost \$872,036)				916,846
Shares				
Common Stocks: 0.08%				
Consumer Discretionary: 0.00%				
Hotels, Restaurants & Leisure: 0.00%				
<i>Trump Entertainment Resorts Incorporated (i)</i>				
			1,161	1,161
Telecommunication Services: 0.08%				
Diversified Telecommunication Services: 0.08%				
<i>Fairpoint Communications Incorporated</i>				
			70,442	573,398
Total Common Stocks (Cost \$1,617,838)				574,559

Principal

Corporate Bonds and Notes: 60.43%

Consumer Discretionary: 12.85%

Auto Components: 1.35%

<i>Allison Transmission Incorporated 144A</i>	7.13	5-15-2019	3,050,000	3,313,012
<i>Cooper Tire & Rubber Company</i>	7.63	3-15-2027	1,895,000	2,053,706
<i>Cooper Tire & Rubber Company</i>	8.00	12-15-2019	450,000	519,188
<i>Goodyear Tire & Rubber Company</i>	7.00	5-15-2022	400,000	432,500
<i>Goodyear Tire & Rubber Company</i>	8.75	8-15-2020	468,000	544,050
<i>Penske Automotive Group Incorporated 144A</i>	5.75	10-1-2022	1,155,000	1,222,856
<i>United Rentals North America Incorporated</i>	5.75	7-15-2018	1,685,000	1,836,650
				9,921,962

Diversified Consumer Services: 1.27%

<i>Ceridian Corporation 144A</i>	11.00	3-15-2021	50,000	56,500
<i>Service Corporation International</i>	6.75	4-1-2016	475,000	530,813
<i>Service Corporation International</i>	7.00	6-15-2017	1,410,000	1,621,500
<i>Service Corporation International</i>	7.00	5-15-2019	650,000	710,938
<i>Service Corporation International</i>	7.50	4-1-2027	2,993,000	3,374,608
<i>Service Corporation International</i>	7.63	10-1-2018	680,000	808,350
<i>Service Corporation International</i>	8.00	11-15-2021	475,000	581,875
<i>Sotheby's 144A</i>	5.25	10-1-2022	1,615,000	1,653,356
				9,337,940

Table of Contents

Portfolio of investments April 30, 2013 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 3

Security name	Interest rate	Maturity date	Principal	Value
Hotels, Restaurants & Leisure: 3.84%				
<i>Ameristar Casinos Incorporated</i>	7.50%	4-15-2021	\$ 2,150,000	\$ 2,397,250
<i>Burger King Corporation</i>	9.88	10-15-2018	850,000	967,938
<i>CCM Merger Incorporated 144A</i>	9.13	5-1-2019	6,270,000	6,599,175
<i>CityCenter Holdings LLC</i>	7.63	1-15-2016	600,000	644,250
<i>CityCenter Holdings LLC ¥</i>	10.75	1-15-2017	2,051,822	2,269,828
<i>DineEquity Incorporated</i>	9.50	10-30-2018	3,475,000	3,961,500
<i>Greektown Superholdings Incorporated Series A</i>	13.00	7-1-2015	4,125,000	4,429,219
<i>NAI Entertainment Holdings LLC 144A</i>	8.25	12-15-2017	2,264,000	2,456,440
<i>Penn National Gaming Incorporated</i>	8.75	8-15-2019	250,000	282,500
<i>Ruby Tuesday Incorporated 144A</i>	7.63	5-15-2020	2,025,000	2,055,375
<i>Scientific Games Corporation</i>	9.25	6-15-2019	485,000	534,713
<i>Speedway Motorsports Incorporated</i>	6.75	2-1-2019	325,000	348,969
<i>Speedway Motorsports Incorporated 144A</i>	6.75	2-1-2019	200,000	214,750
<i>Speedway Motorsports Incorporated</i>	8.75	6-1-2016	980,000	1,027,785
				28,189,692
Household Durables: 0.09%				
<i>American Greetings Corporation</i>	7.38	12-1-2021	475,000	480,938
<i>Tempur-Pedic International Incorporated 144A</i>	6.88	12-15-2020	200,000	218,250
				699,188
Internet & Catalog Retail: 0.11%				
<i>Expedia Incorporated</i>	5.95	8-15-2020	750,000	840,408
Media: 4.83%				
<i>Cablevision Systems Corporation</i>	8.63	9-15-2017	1,310,000	1,555,625
<i>CBS Corporation</i>	8.88	5-15-2019	750,000	1,003,474
<i>CCO Holdings LLC %%</i>	5.75	1-15-2024	170,000	177,013
<i>CCO Holdings LLC</i>	6.50	4-30-2021	900,000	976,500
<i>CCO Holdings LLC</i>	7.00	1-15-2019	500,000	543,125

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>CCO Holdings LLC</i>	8.13	4-30-2020	450,000	508,500
<i>Cinemark USA Incorporated 144A</i>	5.13	12-15-2022	575,000	595,125
<i>Cinemark USA Incorporated</i>	7.38	6-15-2021	775,000	875,750
<i>Cinemark USA Incorporated</i>	8.63	6-15-2019	425,000	469,625
<i>CSC Holdings LLC</i>	7.63	7-15-2018	625,000	734,375
<i>CSC Holdings LLC</i>	7.88	2-15-2018	1,100,000	1,292,500
<i>CSC Holdings LLC</i>	8.50	4-15-2014	400,000	424,000
<i>DIRECTV Holdings LLC</i>	3.80	3-15-2022	750,000	787,852
<i>DISH DBS Corporation 144A</i>	4.25	4-1-2018	675,000	663,188
<i>DISH DBS Corporation 144A</i>	5.13	5-1-2020	350,000	346,500
<i>DISH DBS Corporation</i>	7.88	9-1-2019	480,000	547,200
<i>EchoStar DBS Corporation</i>	7.13	2-1-2016	125,000	138,125
<i>EchoStar DBS Corporation</i>	7.75	5-31-2015	350,000	386,313
<i>Gray Television Incorporated</i>	7.50	10-1-2020	3,425,000	3,716,125
<i>Interpublic Group of Companies</i>	4.00	3-15-2022	750,000	775,282
<i>Lamar Media Corporation</i>	5.88	2-1-2022	690,000	754,688
<i>Lamar Media Corporation</i>	7.88	4-15-2018	2,250,000	2,458,125
<i>Lamar Media Corporation Series C</i>	9.75	4-1-2014	500,000	537,500
<i>LIN Television Corporation</i>	6.38	1-15-2021	275,000	275,000

Table of Contents

4 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Media (continued)				
<i>LIN Television Corporation</i>	8.38%	4-15-2018	\$ 1,625,000	\$ 1,763,125
<i>Local TV Finance LLC 144A</i>	9.25	6-15-2015	4,775,000	4,786,938
<i>Lynx I Corporation 144A</i>	5.38	4-15-2021	365,000	389,638
<i>Lynx II Corporation 144A</i>	6.38	4-15-2023	365,000	395,113
<i>National CineMedia LLC</i>	6.00	4-15-2022	1,860,000	2,027,400
<i>National CineMedia LLC</i>	7.88	7-15-2021	650,000	732,875
<i>Nexstar Broadcasting Group Incorporated 144A</i>	6.88	11-15-2020	1,000,000	1,065,000
<i>Regal Cinemas Corporation</i>	8.63	7-15-2019	2,650,000	2,941,500
<i>Salem Communications Corporation</i>	9.63	12-15-2016	800	875
<i>Time Warner Cable Incorporated</i>	4.00	1-15-2022	750,000	827,390
				35,471,364
Multiline Retail: 0.09%				
<i>Macy's Retail Holdings Incorporated</i>	3.88	1-15-2022	600,000	642,491
Specialty Retail: 1.27%				
<i>ABC Supply Company Incorporated 144A</i>	5.63	4-15-2021	450,000	467,438
<i>Advance Auto Parts Incorporated</i>	4.50	1-15-2022	600,000	620,323
<i>CST Brands Incorporated 144A%%</i>	5.00	5-1-2023	90,000	92,363
<i>Gap Incorporated</i>	5.95	4-12-2021	600,000	706,923
<i>Limited Brands Incorporated</i>	6.63	4-1-2021	800,000	919,001
<i>RadioShack Corporation</i>	6.75	5-15-2019	2,160,000	1,617,300
<i>Rent-A-Center Incorporated 144A</i>	4.75	5-1-2021	200,000	201,500
<i>Rent-A-Center Incorporated</i>	6.63	11-15-2020	1,651,000	1,807,845
<i>Toys 'R Us Property Company I LLC</i>	10.75	7-15-2017	795,000	849,656
<i>Toys 'R Us Property Company II LLC</i>	8.50	12-1-2017	1,905,000	2,045,494
				9,327,843
Consumer Staples: 1.01%				
Food & Staples Retailing: 0.09%				
<i>SABMiller Holdings Incorporated 144A</i>	3.75	1-15-2022	600,000	656,187

Food Products: 0.81%

<i>B&G Foods Incorporated</i>	7.63	1-15-2018	1,408,000	1,510,080
<i>Dole Food Company Incorporated</i>	13.88	3-15-2014	1,452,000	1,552,725
<i>Hawk Acquisition Incorporated 144A</i>	4.25	10-15-2020	2,105,000	2,131,313
<i>Kraft Foods Group Incorporated</i>	3.50	6-6-2022	750,000	799,756
				5,993,874

Tobacco: 0.11%

<i>Lorillard Tobacco Company</i>	6.88	5-1-2020	650,000	794,856
----------------------------------	------	----------	---------	---------

Energy: 11.30%

Energy Equipment & Services: 3.42%

<i>Cleaver Brooks Incorporated 144A</i>	8.75	12-15-2019	275,000	303,188
<i>Dresser-Rand Group Incorporated</i>	6.50	5-1-2021	925,000	1,003,625
<i>Era Group Incorporated 144A</i>	7.75	12-15-2022	1,465,000	1,519,938
<i>Gulfmark Offshore Incorporated</i>	6.38	3-15-2022	4,275,000	4,467,375
<i>Hornbeck Offshore Services Incorporated 144A</i>	5.00	3-1-2021	3,030,000	3,045,150

Table of Contents

Portfolio of investments April 30, 2013 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 5

Security name	Interest rate	Maturity date	Principal	Value
Energy Equipment & Services				
(continued)				
<i>Hornbeck Offshore Services Incorporated</i>	5.88%	4-1-2020	\$ 50,000	\$ 52,563
<i>NGPL PipeCo LLC 144A</i>	7.12	12-15-2017	375,000	390,469
<i>NGPL PipeCo LLC 144A</i>	7.77	12-15-2037	3,660,000	3,669,150
<i>NGPL PipeCo LLC 144A</i>	9.63	6-1-2019	2,465,000	2,711,500
<i>Northern Tier Energy LLC 144A</i>	7.13	11-15-2020	1,310,000	1,395,150
<i>Oil States International Incorporated 144A</i>	5.13	1-15-2023	750,000	770,625
<i>Oil States International Incorporated</i>	6.50	6-1-2019	1,765,000	1,897,375
<i>PHI Incorporated</i>	8.63	10-15-2018	3,582,000	3,917,813
				25,143,921
Oil, Gas & Consumable Fuels: 7.88%				
<i>CVR Refining LLC 144A</i>	6.50	11-1-2022	1,675,000	1,725,250
<i>Denbury Resources Incorporated</i>	4.63	7-15-2023	400,000	404,000
<i>Denbury Resources Incorporated</i>	6.38	8-15-2021	50,000	55,750
<i>Denbury Resources Incorporated</i>	8.25	2-15-2020	1,010,000	1,146,350
<i>El Paso Corporation</i>	6.50	9-15-2020	445,000	502,540
<i>El Paso Corporation</i>	7.00	6-15-2017	850,000	978,007
<i>El Paso Corporation</i>	7.25	6-1-2018	1,585,000	1,853,153
<i>El Paso Corporation</i>	7.42	2-15-2037	800,000	829,632
<i>El Paso Corporation</i>	7.80	8-1-2031	1,850,000	2,095,108
<i>El Paso Pipeline Partners LP</i>	6.50	4-1-2020	750,000	924,679
<i>Energy Transfer Equity LP</i>	7.50	10-15-2020	3,100,000	3,627,000
<i>Energy Transfer Partners LP</i>	5.20	2-1-2022	750,000	857,611
<i>Exterran Partners LP 144A</i>	6.00	4-1-2021	1,435,000	1,463,700
<i>Ferrellgas LP</i>	9.13	10-1-2017	1,145,000	1,225,150
<i>HollyFrontier Corporation</i>	9.88	6-15-2017	1,895,000	2,004,948
<i>Inergy Midstream LP 144A</i>	6.00	12-15-2020	795,000	838,725
<i>Kinder Morgan Energy Partners LP</i>	3.95	9-1-2022	750,000	812,890
<i>Nabors Industries Incorporated</i>	4.63	9-15-2021	750,000	789,947
<i>Overseas Shipholding Group Incorporated (s)</i>	7.50	2-15-2024	255,000	204,000

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>Petrohawk Energy Corporation</i>	7.88	6-1-2015	790,000	807,775
<i>Petrohawk Energy Corporation</i>	10.50	8-1-2014	495,000	523,463
<i>Phillips 66</i>	4.30	4-1-2022	625,000	697,790
<i>Pioneer Natural Resources Company</i>	3.95	7-15-2022	750,000	800,516
<i>Pioneer Natural Resources Company</i>	7.50	1-15-2020	1,220,000	1,574,653
<i>Plains Exploration & Production Company</i>	8.63	10-15-2019	2,885,000	3,267,263
<i>Rockies Express Pipeline LLC 144A</i>	5.63	4-15-2020	2,550,000	2,387,438
<i>Rockies Express Pipeline LLC 144A</i>	6.00	1-15-2019	360,000	354,600
<i>Rockies Express Pipeline LLC 144A</i>	6.88	4-15-2040	7,198,000	6,514,190
<i>Rockies Express Pipeline LLC 144A</i>	7.50	7-15-2038	2,350,000	2,173,750
<i>Sabine Pass LNG LP 144A</i>	5.63	2-1-2021	850,000	879,750
<i>Sabine Pass LNG LP 144A</i>	5.63	4-15-2023	850,000	873,375
<i>Sabine Pass LNG LP 144A</i>	6.50	11-1-2020	4,180,000	4,483,050
<i>Sabine Pass LNG LP</i>	7.50	11-30-2016	3,750,000	4,237,500
<i>Suburban Propane Partners LP</i>	7.38	3-15-2020	790,000	859,125
<i>Suburban Propane Partners LP</i>	7.38	8-1-2021	420,000	467,250
<i>Suburban Propane Partners LP</i>	7.50	10-1-2018	422,000	459,980
<i>Susser Holdings LLC</i>	8.50	5-15-2016	975,000	1,020,703
<i>Tesoro Corporation</i>	9.75	6-1-2019	945,000	1,063,125

Table of Contents

6 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Oil, Gas & Consumable Fuels				
(continued)				
<i>Weatherford International Incorporated</i>	6.35%	6-15-2017	\$ 650,000	\$ 747,956
<i>Western Gas Partners</i>	5.38	6-1-2021	503,000	576,995
<i>Williams Partners LP</i>	3.35	8-15-2022	750,000	758,769
				57,867,456
Financials: 11.73%				
Capital Markets: 0.25%				
<i>Ace Securities Corporation ±</i>	0.60	8-25-2045	266,305	263,140
<i>Ace Securities Corporation ±</i>	2.83	6-25-2033	691,296	689,092
<i>Goldman Sachs Group Incorporated</i>	5.75	1-24-2022	750,000	895,625
				1,847,857
Commercial Banks: 1.07%				
<i>CIT Group Incorporated 144A</i>	4.75	2-15-2015	110,000	115,775
<i>CIT Group Incorporated</i>	5.00	5-15-2017	250,000	272,500
<i>CIT Group Incorporated</i>	5.25	3-15-2018	500,000	552,500
<i>CIT Group Incorporated 144A</i>	5.50	2-15-2019	1,275,000	1,437,563
<i>CIT Group Incorporated 144A</i>	6.63	4-1-2018	550,000	642,125
<i>City National Bank</i>	5.38	7-15-2022	500,000	561,746
<i>Emigrant Bancorp Incorporated 144A</i>	6.25	6-15-2014	3,650,000	3,546,581
<i>HSBC Bank USA</i>	6.00	8-9-2017	650,000	762,024
				7,890,814
Consumer Finance: 5.11%				
<i>Ally Financial Incorporated</i>	5.50	2-15-2017	750,000	817,500
<i>Ally Financial Incorporated</i>	6.75	12-1-2014	1,298,000	1,393,728
<i>Ally Financial Incorporated</i>	7.50	12-31-2013	3,620,000	3,764,800
<i>Ally Financial Incorporated</i>	8.30	2-12-2015	2,055,000	2,283,619
<i>American General Finance Corporation</i>	5.40	12-1-2015	1,625,000	1,696,094
<i>American General Finance Corporation</i>	5.75	9-15-2016	1,100,000	1,128,875
<i>American General Finance Corporation</i>	6.50	9-15-2017	200,000	205,000

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>Clearwire Communications Finance Corporation 144A</i>	12.00	12-1-2015	940,000	1,005,800
<i>Clearwire Communications Finance Corporation 144A</i>	12.00	12-1-2015	1,450,000	1,551,500
<i>Discover Financial Services</i>	5.20	4-27-2022	750,000	859,811
<i>Ford Motor Credit Company LLC</i>	5.00	5-15-2018	650,000	724,903
<i>Ford Motor Credit Company LLC</i>	8.00	12-15-2016	250,000	300,929
<i>General Motors Financial Company Incorporated 144A</i>	4.75	8-15-2017	275,000	290,125
<i>General Motors Financial Company Incorporated</i>	6.75	6-1-2018	1,415,000	1,616,638
<i>Homer City Funding LLC ¥</i>	9.23	10-1-2026	1,351,973	1,426,332
<i>International Lease Finance Corporation 144A</i>	6.75	9-1-2016	100,000	113,750
<i>International Lease Finance Corporation 144A</i>	7.13	9-1-2018	75,000	89,250
<i>International Lease Finance Corporation</i>	8.63	9-15-2015	900,000	1,026,000
<i>JBS USA Finance Incorporated</i>	11.63	5-1-2014	3,745,000	4,086,731
<i>Level 3 Financing Incorporated</i>	10.00	2-1-2018	2,010,000	2,213,513
<i>Nielsen Finance LLC Company 144A</i>	4.50	10-1-2020	175,000	178,719
<i>Nielsen Finance LLC Company</i>	7.75	10-15-2018	5,350,000	5,958,563
<i>Springleaf Finance Corporation</i>	6.90	12-15-2017	4,620,000	4,807,688
				37,539,868

Table of Contents

Portfolio of investments April 30, 2013 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 7

Security name	Interest rate	Maturity date	Principal	Value
Diversified Financial Services: 2.04%				
<i>Bank of America Corporation</i>	3.70%	9-1-2015	\$ 650,000	\$ 684,710
<i>Bank of America Corporation</i>	5.70	1-24-2022	250,000	298,016
<i>Blackstone Holdings Finance Company LLC 144A</i>	5.88	3-15-2021	750,000	886,633
<i>Citigroup Incorporated</i>	4.50	1-14-2022	250,000	282,329
<i>Citigroup Incorporated</i>	6.00	8-15-2017	650,000	765,092
<i>Fidelity National Information Services Incorporated</i>	5.00	3-15-2022	275,000	303,188
<i>General Electric Capital Corporation</i>	4.65	10-17-2021	650,000	742,970
<i>HUB International Limited Company 144A</i>	8.13	10-15-2018	2,895,000	3,115,744
<i>ING US Incorporated 144A</i>	5.50	7-15-2022	750,000	852,973
<i>Moody's Corporation</i>	5.50	9-1-2020	1,302,000	1,465,111
<i>Neuberger Berman Group LLC 144A</i>	5.63	3-15-2020	500,000	531,250
<i>Neuberger Berman Group LLC 144A</i>	5.88	3-15-2022	650,000	697,125
<i>Nuveen Investments Incorporated</i>	5.50	9-15-2015	3,560,000	3,586,700
<i>Nuveen Investments Incorporated 144A</i>	9.13	10-15-2017	730,000	779,275
				14,991,116
Insurance: 0.58%				
<i>American International Group Incorporated</i>	4.88	6-1-2022	750,000	864,035
<i>Fidelity & Guaranty Life Holdings Incorporated 144A</i>	6.38	4-1-2021	610,000	632,875
<i>Hartford Financial Services Group</i>	5.13	4-15-2022	650,000	770,426
<i>Liberty Mutual Group Incorporated 144A</i>	4.95	5-1-2022	750,000	834,947
<i>Prudential Covered Trust Company 144A</i>	3.00	9-30-2015	432,000	450,812
<i>WR Berkley Corporation</i>	4.63	3-15-2022	650,000	722,423
				4,275,518

Real Estate Management & Development: 0.74%

<i>Ashtead Capital Incorporated 144A</i>	6.50	7-15-2022	3,005,000	3,313,013
<i>Onex Corporation 144A</i>	7.75	1-15-2021	2,045,000	2,106,350
				5,419,363

REITs: 1.94%

<i>Alexandria Real Estate Company</i>	4.60	4-1-2022	650,000	717,179
<i>American Tower Corporation</i>	5.90	11-1-2021	650,000	776,802
<i>Dupont Fabros Technology Incorporated</i>	8.50	12-15-2017	5,560,000	5,977,000
<i>Essex Portfolio LP</i>	3.63	8-15-2022	750,000	742,874
<i>Health Care Incorporated</i>	5.25	1-15-2022	650,000	754,585
<i>Host Hotels & Resorts LP</i>	9.00	5-15-2017	235,000	246,175
<i>Omega Healthcare Investors Incorporated</i>	6.75	10-15-2022	1,775,000	1,974,688
<i>Sabra Health Care Incorporated</i>	8.13	11-1-2018	1,450,000	1,580,500
<i>Ventas Realty LP</i>	4.25	3-1-2022	650,000	709,863
<i>WEA Finance LLC 144A</i>	4.63	5-10-2021	650,000	736,022
				14,215,688

Health Care: 2.76%**Biotechnology: 0.11%**

<i>Amgen Incorporated</i>	3.63	5-15-2022	750,000	814,761
---------------------------	------	-----------	---------	---------

Table of Contents

8 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Health Care Equipment & Supplies:				
0.35%				
<i>Boston Scientific Corporation</i>	6.00%	1-15-2020	\$ 750,000	\$ 885,460
<i>Hologic Incorporated</i>	6.25	8-1-2020	1,530,000	1,652,400
				2,537,860
Health Care Providers & Services:				
1.91%				
<i>Apria Healthcare Group Incorporated</i>	11.25	11-1-2014	590,000	606,963
<i>Aviv HealthCare Properties LP</i>	7.75	2-15-2019	1,025,000	1,122,375
<i>Centene Corporation</i>	5.75	6-1-2017	1,000,000	1,076,250
<i>Community Health Systems Incorporated</i>	5.13	8-15-2018	425,000	454,750
<i>Community Health Systems Incorporated</i>	7.13	7-15-2020	775,000	866,063
<i>Coventry Health Care Incorporated</i>	5.45	6-15-2021	750,000	893,804
<i>DaVita HealthCare Partners Incorporated</i>	5.75	8-15-2022	525,000	559,125
<i>Express Scripts Holding Company</i>	3.90	2-15-2022	665,000	725,758
<i>HCA Incorporated</i>	4.75	5-1-2023	325,000	338,813
<i>HCA Incorporated</i>	6.50	2-15-2020	1,875,000	2,165,625
<i>HCA Incorporated</i>	7.50	11-15-2095	800,000	742,000
<i>HCA Incorporated</i>	8.50	4-15-2019	375,000	413,438
<i>Health Management Associates Incorporated</i>	6.13	4-15-2016	175,000	192,938
<i>HealthSouth Corporation</i>	5.75	11-1-2024	800,000	824,000
<i>HealthSouth Corporation</i>	7.25	10-1-2018	360,000	388,800
<i>HealthSouth Corporation</i>	7.75	9-15-2022	360,000	398,700
<i>Humana Incorporated</i>	7.20	6-15-2018	750,000	918,855
<i>MPT Operating Partnership LP</i>	6.38	2-15-2022	475,000	514,188
<i>MPT Operating Partnership LP</i>	6.88	5-1-2021	775,000	844,750
				14,047,195
Life Sciences Tools & Services: 0.12%				
<i>Life Technologies Corporation</i>	6.00	3-1-2020	750,000	880,208

Pharmaceuticals: 0.27%

<i>Mylan Incorporated 144A</i>	7.63	7-15-2017	1,125,000	1,250,108
<i>Watson Pharmaceuticals Incorporated</i>	3.25	10-1-2022	750,000	747,394
				1,997,502

Industrials: 3.19%

Aerospace & Defense: 0.16%

<i>TransDigm Group Incorporated 144A</i>	5.50	10-15-2020	300,000	320,250
<i>TransDigm Group Incorporated</i>	7.75	12-15-2018	750,000	830,625
				1,150,875

Air Freight & Logistics: 0.41%

<i>Bristow Group Incorporated</i>	6.25	10-15-2022	2,740,000	2,986,600
-----------------------------------	------	------------	-----------	-----------

Airlines: 0.44%

<i>Aviation Capital Group Corporation 144A</i>	4.63	1-31-2018	150,000	156,479
<i>Aviation Capital Group Corporation 144A</i>	6.75	4-6-2021	1,320,000	1,473,952
<i>Aviation Capital Group Corporation 144A</i>	7.13	10-15-2020	720,000	827,314

Table of Contents

Portfolio of investments April 30, 2013 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 9

Security name	Interest rate	Maturity date	Principal	Value
Airlines (continued)				
<i>Delta Air Lines Incorporated</i>	4.75%	11-7-2021	\$ 740,000	\$ 806,600
				3,264,345
Commercial Services & Supplies:				
1.25%				
<i>ADT Corporation</i>	3.50	7-15-2022	750,000	753,909
<i>Covanta Holding Corporation</i>	6.38	10-1-2022	225,000	246,222
<i>Covanta Holding Corporation</i>	7.25	12-1-2020	230,000	255,516
<i>Geo Group Incorporated 144A</i>	5.13	4-1-2023	1,775,000	1,839,344
<i>Geo Group Incorporated</i>	6.63	2-15-2021	365,000	404,238
<i>Geo Group Incorporated</i>	7.75	10-15-2017	2,250,000	2,396,250
<i>Interface Incorporated</i>	7.63	12-1-2018	125,000	135,781
<i>Iron Mountain Incorporated</i>	8.38	8-15-2021	1,385,000	1,547,738
<i>Penske Truck Leasing Company 144A</i>	3.75	5-11-2017	750,000	813,303
<i>Republic Services Incorporated</i>	3.55	6-1-2022	750,000	793,383
				9,185,684
Machinery: 0.49%				
<i>Columbus McKinnon Corporation</i>	7.88	2-1-2019	725,000	781,188
<i>H&E Equipment Services Incorporated</i>	7.00	9-1-2022	2,565,000	2,840,738
				3,621,926
Professional Services: 0.28%				
<i>Interactive Data Corporation</i>	10.25	8-1-2018	1,250,000	1,421,875
<i>Verisk Analytics Incorporated</i>	5.80	5-1-2021	530,000	619,478
				2,041,353
Transportation Infrastructure: 0.16%				
<i>Florida East Coast Railway Corporation</i>	8.13	2-1-2017	885,000	952,481
<i>Watco Companies LLC 144A</i>	6.38	4-1-2023	240,000	250,200

1,202,681

Information Technology: 4.21%**Communications Equipment: 0.40%**

<i>Allbritton Communications Company</i>	8.00	5-15-2018	1,275,000	1,383,375
<i>Avaya Incorporated</i>	9.75	11-1-2015	575,000	575,000
<i>Lucent Technologies Incorporated</i>	6.45	3-15-2029	1,285,000	1,002,300
				2,960,675

Computers & Peripherals: 0.47%

<i>Hewlett-Packard Company</i>	4.05	9-15-2022	750,000	763,271
<i>NCR Corporation 144A</i>	4.63	2-15-2021	10,000	10,000
<i>NCR Corporation 144A</i>	5.00	7-15-2022	2,675,000	2,708,438
				3,481,709

Electronic Equipment, Instruments & Components: 1.18%

<i>CDW Financial Corporation</i>	12.54	10-12-2017	1,367,000	1,469,525
<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	5,275,000	6,382,750
<i>L-3 Communications Corporation</i>	4.95	2-15-2021	750,000	846,206
				8,698,481

Table of Contents

10 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Internet Software & Services: 0.09%				
<i>Equinix Incorporated</i>	4.88%	4-1-2020	\$ 170,000	\$ 177,650
<i>Equinix Incorporated</i>	5.38	4-1-2023	175,000	183,313
<i>Equinix Incorporated</i>	7.00	7-15-2021	75,000	84,938
<i>Verisign Incorporated 144A</i>	4.63	5-1-2023	170,000	174,250
				620,151
IT Services: 1.82%				
<i>Audatex North American Incorporated 144A</i>	6.75	6-15-2018	750,000	807,188
<i>CyrusOne LLC 144A</i>	6.38	11-15-2022	300,000	319,500
<i>Fidelity National Information Services Incorporated</i>	7.63	7-15-2017	400,000	427,500
<i>Fidelity National Information Services Incorporated</i>	7.88	7-15-2020	1,000,000	1,127,500
<i>First Data Corporation 144A</i>	7.38	6-15-2019	625,000	679,688
<i>First Data Corporation</i>	11.25	3-31-2016	4,405,000	4,482,088
<i>SunGard Data Systems Incorporated 144A</i>	6.63	11-1-2019	1,375,000	1,462,656
<i>SunGard Data Systems Incorporated</i>	7.38	11-15-2018	3,487,000	3,765,960
<i>SunGard Data Systems Incorporated</i>	7.63	11-15-2020	250,000	276,250
				13,348,330
Software: 0.25%				
<i>CA Incorporated</i>	5.38	12-1-2019	750,000	851,476
<i>Nuance Communications Incorporated 144A</i>	5.38	8-15-2020	925,000	962,000
				1,813,476
Materials: 1.11%				
Chemicals: 0.28%				
<i>Dow Chemical Company</i>	4.13	11-15-2021	750,000	817,064
<i>Tronox Finance LLC 144A</i>	6.38	8-15-2020	1,240,000	1,236,900

2,053,964

Containers & Packaging: 0.53%

<i>Crown Americas LLC 144A</i>	4.50	1-15-2023	650,000	663,813
<i>Crown Cork & Seal Company Incorporated (i)</i>	7.50	12-15-2096	600,000	586,500
<i>Owens-Illinois Incorporated</i>	7.80	5-15-2018	1,295,000	1,531,338
<i>Sealed Air Corporation 144A</i>	6.88	7-15-2033	1,075,000	1,085,750
				3,867,401

Metals & Mining: 0.08%

<i>Freeport-McMoRan Copper & Gold Incorporated</i>	3.55	3-1-2022	600,000	600,295
<i>Indalex Holdings Corporation (a)(s)(i)</i>	11.50	2-1-2014	3,170,000	0
				600,295

Paper & Forest Products: 0.22%

<i>Georgia-Pacific LLC</i>	8.88	5-15-2031	1,080,000	1,653,308
----------------------------	------	-----------	-----------	-----------

Telecommunication Services: 8.50%**Diversified Telecommunication Services: 3.72%**

<i>CenturyLink Incorporated</i>	5.80	3-15-2022	600,000	635,189
<i>Citizens Communications Company</i>	7.88	1-15-2027	1,805,000	1,841,100

Table of Contents

Portfolio of investments April 30, 2013 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 11

Security name	Interest rate	Maturity date	Principal	Value
Diversified Telecommunication Services (continued)				
<i>Frontier Communications Corporation</i>	8.13%	10-1-2018	\$ 845,000	\$ 980,200
<i>Frontier Communications Corporation</i>	8.25	5-1-2014	4,000	4,260
<i>Frontier Communications Corporation</i>	8.25	4-15-2017	1,040,000	1,220,700
<i>Frontier Communications Corporation</i>	8.50	4-15-2020	525,000	603,750
<i>GCI Incorporated</i>	6.75	6-1-2021	2,330,000	2,225,150
<i>GCI Incorporated</i>	8.63	11-15-2019	5,625,000	5,990,625
<i>Intelsat Jackson Holdings Limited</i>	8.50	11-1-2019	850,000	956,250
<i>Qwest Corporation</i>	7.13	11-15-2043	795,000	814,875
<i>Qwest Corporation</i>	7.25	9-15-2025	1,040,000	1,209,494
<i>Qwest Corporation</i>	7.63	8-3-2021	230,000	262,496
<i>SBA Telecommunications Incorporated 144A</i>	5.63	10-1-2019	160,000	168,400
<i>SBA Telecommunications Incorporated 144A</i>	5.75	7-15-2020	2,000,000	2,130,000
<i>SBA Telecommunications Incorporated</i>	8.25	8-15-2019	15,000	16,613
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	5,005,000	5,543,038
<i>Windstream Corporation</i>	7.88	11-1-2017	2,330,000	2,720,275
				27,322,415
Wireless Telecommunication Services: 4.78%				
<i>Cricket Communications Incorporated</i>	7.75	5-15-2016	1,705,000	1,773,200
<i>Cricket Communications Incorporated</i>	7.75	10-15-2020	1,930,000	1,963,775
<i>Crown Castle International Corporation</i>	5.25	1-15-2023	1,225,000	1,283,188
<i>Crown Castle International Corporation</i>	7.13	11-1-2019	75,000	82,313
<i>Crown Castle Towers LLC 144A</i>	6.11	1-15-2040	750,000	921,722
<i>iPCS Incorporated ¥</i>	3.55	5-1-2014	1,357,019	1,358,715
<i>MetroPCS Wireless Incorporated 144A</i>	6.25	4-1-2021	170,000	182,538
<i>MetroPCS Wireless Incorporated</i>	6.63	11-15-2020	3,300,000	3,572,250
<i>MetroPCS Wireless Incorporated 144A</i>	6.63	4-1-2023	160,000	172,000
<i>MetroPCS Wireless Incorporated</i>	7.88	9-1-2018	1,950,000	2,147,438
<i>Motorola Solutions Incorporated</i>	3.75	5-15-2022	750,000	780,758
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	11,985,000	12,254,663

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>Sprint Capital Corporation</i>	8.75	3-15-2032	1,855,000	2,193,538
<i>Sprint Nextel Corporation 144A</i>	9.00	11-15-2018	325,000	399,750
<i>Sprint Nextel Corporation</i>	11.50	11-15-2021	625,000	865,625
<i>TW Telecommunications Holdings Incorporated</i>	5.38	10-1-2022	3,525,000	3,692,438
<i>TW Telecommunications Holdings Incorporated</i>	8.00	3-1-2018	1,400,000	1,519,000
				35,162,911

Utilities: 3.77%

Electric Utilities: 1.50%

<i>Energy Future Intermediate Holdings Corporation 144A</i>	6.88	8-15-2017	500,000	530,000
<i>Great Plains Energy Incorporated</i>	4.85	6-1-2021	750,000	847,541
<i>IPALCO Enterprises Incorporated</i>	5.00	5-1-2018	1,075,000	1,161,000
<i>IPALCO Enterprises Incorporated 144A</i>	7.25	4-1-2016	1,925,000	2,160,813
<i>Mirant Mid-Atlantic LLC Series C</i>	10.06	12-30-2028	3,614,632	4,120,681
<i>Otter Tail Corporation</i>	9.00	12-15-2016	1,835,000	2,165,300
<i>PNM Resources Incorporated</i>	9.25	5-15-2015	9,000	10,249
				10,995,584

Table of Contents

12 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Gas Utilities: 0.39%				
<i>AmeriGas Finance LLC</i>	6.50%	5-20-2021	\$ 45,000	\$ 49,050
<i>AmeriGas Finance LLC</i>	6.75	5-20-2020	1,775,000	1,965,813
<i>AmeriGas Finance LLC</i>	7.00	5-20-2022	795,000	888,413
				2,903,276
Independent Power Producers & Energy Traders: 1.66%				
<i>Calpine Construction Finance Corporation 144A</i>	7.25	10-15-2017	4,433,000	4,693,439
<i>Calpine Construction Finance Corporation 144A</i>	8.00	6-1-2016	1,350,000	1,410,750
<i>NRG Energy Incorporated</i>	8.50	6-15-2019	1,615,000	1,784,575
<i>NSG Holdings LLC 144A</i>	7.75	12-15-2025	2,175,000	2,338,125
<i>Reliant Energy Incorporated</i>	7.63	6-15-2014	450,000	478,125
<i>Reliant Energy Incorporated</i>	9.24	7-2-2017	946,943	1,041,637
<i>Reliant Energy Incorporated</i>	9.68	7-2-2026	410,000	451,000
				12,197,651
Multi-Utilities: 0.22%				
<i>Ameren Illinois Company</i>	9.75	11-15-2018	500,000	704,390
<i>CMS Energy Corporation</i>	5.05	3-15-2022	750,000	876,963
				1,581,353
Total Corporate Bonds and Notes (Cost \$410,717,109)				444,059,376
Foreign Corporate Bonds and Notes @: 3.75%				
Consumer Discretionary: 0.49%				
Automobiles: 0.11%				
<i>Aston Martin Capital Limited (GBP)</i>	9.25	7-15-2018	200,000	323,097

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>Jaguar Land Rover plc (GBP)</i>	8.25	3-15-2020	300,000	528,566 851,663
Hotels, Restaurants & Leisure: 0.19%				
<i>Casino Guichard Perrachon SA (EUR)</i>	4.73	5-26-2021	900,000	1,383,504
Media: 0.19%				
<i>Arqiva Broadcast Finance plc (GBP)</i> <i>144A</i>	9.50	3-31-2020	100,000	164,655
<i>Telenet Finance V Luxemburg SCA</i> <i>(EUR)</i>	6.25	8-15-2022	400,000	547,851
<i>Unitymedia Hessen GmbH & Company</i> <i>(EUR) 144A</i>	5.13	1-21-2023	500,000	655,183 1,367,689
Consumer Staples: 0.16%				
Food & Staples Retailing: 0.16%				
<i>Foodcorp Limited (EUR)</i>	8.75	3-1-2018	820,000	1,185,190
Financials: 2.41%				
Commercial Banks: 2.08%				
<i>Eurofima (AUD)</i>	6.25	12-28-2018	2,450,000	2,804,811
<i>European Investment Bank (AUD)</i>	6.13	1-23-2017	4,930,000	5,577,729
<i>International Bank for Reconstruction & Development (AUD)</i>	5.75	10-1-2020	950,000	1,103,974

Table of Contents

Portfolio of investments April 30, 2013 (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 13

Security name	Interest rate	Maturity date	Principal	Value
Commercial Banks (continued)				
<i>KfW (AUD)</i>	6.25%	5-19-2021	1,210,000	\$ 1,431,629
<i>KfW (AUD)</i>	6.38	2-17-2015	3,319,000	2,996,937
<i>Sberbank Rossii (NZD)</i>	7.00	1-31-2016	44,000,000	1,416,768
				15,331,848
Consumer Finance: 0.08%				
<i>Fiat Industrial SpA (EUR)</i>	6.25	3-9-2018	400,000	600,529
Diversified Financial Services: 0.25%				
<i>General Electric Capital Corporation (NZD)</i>	7.63	12-10-2014	2,000,000	1,820,540
Industrials: 0.36%				
Building Products: 0.07%				
<i>Heidelbergcement AG (EUR)</i>	8.50	10-31-2019	330,000	554,107
Commercial Services & Supplies: 0.05%				
<i>Iron Mountain Incorporated (EUR)</i>	6.75	10-15-2018	250,000	336,645
Trading Companies & Distributors: 0.04%				
<i>Rexel SA (EUR)</i>	7.00	12-17-2018	200,000	294,997
Transportation Infrastructure: 0.20%				
<i>Heathrow Funding Limited (EUR)</i>	4.60	2-15-2020	1,000,000	1,495,007
Information Technology: 0.04%				
Software: 0.04%				
<i>Teamsystem Holdings SpA (EUR) 144A%%</i>	7.38	5-15-2020	200,000	261,415

Materials: 0.08%

Paper & Forest Products: 0.08%

<i>Smurfit Kappa Funding plc (EUR)</i>	7.25	11-15-2017	400,000	558,387
--	------	------------	---------	---------

Telecommunication Services: 0.11%

Diversified Telecommunication Services: 0.11%

<i>Telefonica Emisiones Company (EUR)</i>	4.69	11-11-2019	300,000	438,761
<i>Virgin Media Finance plc (GBP)</i>	8.88	10-15-2019	201,000	347,192
				785,953

Utilities: 0.10%

Water Utilities: 0.10%

<i>Befesa Zinc Aser SA (EUR)</i>	8.88	5-15-2018	500,000	725,969
----------------------------------	------	-----------	---------	---------

Total Foreign Corporate Bonds and Notes (Cost \$23,351,363)

27,553,443

Foreign Government Bonds @: 27.61%

<i>Australia Series 22 (AUD)</i>	6.00	7-21-2022	4,000,000	4,729,791
<i>Australia Series 124 (AUD)</i>	5.75	5-15-2021	2,750,000	3,405,117
<i>Brazil (BRL)</i>	8.50	1-5-2024	15,500,000	8,622,517
<i>Brazil (BRL)</i>	10.00	1-1-2017	31,000,000	16,497,020

Table of Contents

14 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Foreign Government Bonds @ (continued)				
<i>Chile (CLP)</i>	5.50%	8-5-2020	1,700,000,000	\$ 3,820,172
<i>Colombia (COP)</i>	7.75	4-14-2021	5,250,000,000	3,598,024
<i>Hungary (HUF)</i>	6.75	11-24-2017	2,345,000,000	11,078,049
<i>Indonesia (IDR)</i>	7.38	9-15-2016	83,100,000,000	9,265,943
<i>Korea (KRW)</i>	5.25	3-10-2027	2,830,000,000	3,260,117
<i>Malaysia (MYR)</i>	3.26	3-1-2018	16,250,000	5,367,259
<i>Malaysia (MYR)</i>	4.26	9-15-2016	21,100,000	7,212,400
<i>Mexico (MXN)</i>	6.50	6-9-2022	80,000,000	7,573,636
<i>Mexico (MXN)</i>	7.25	12-15-2016	163,040,000	14,857,690
<i>Mexico (MXN)</i>	7.75	11-13-2042	35,200,000	3,936,603
<i>New Zealand (NZD)</i>	5.50	4-15-2023	5,625,000	5,765,271
<i>Nigeria (NGN)</i>	15.10	4-27-2017	500,000,000	3,481,013
<i>Poland (PLN) ☐</i>	0.00	7-25-2013	11,200,000	3,523,560
<i>Poland (PLN)</i>	4.00	10-25-2023	22,850,000	7,707,179
<i>Queensland Treasury (AUD)</i>	6.00	3-1-2022	3,600,000	4,330,115
<i>Republic of South Africa (ZAR)</i>	2.60	3-31-2028	68,319,649	9,079,162
<i>Republic of South Africa (ZAR)</i>	6.50	2-28-2041	67,200,000	6,512,121
<i>Romania (RON)</i>	6.00	4-30-2016	11,750,000	3,679,397
<i>Russia (RUB)</i>	7.00	1-25-2023	579,000,000	19,377,952
<i>Russia (RUB)</i>	7.50	3-15-2018	172,600,000	5,904,077
<i>Thailand (THB)</i>	3.25	6-16-2017	216,500,000	7,457,920
<i>Turkey (TRY)</i>	6.30	2-14-2018	20,525,000	11,666,420
<i>Turkey (TRY)</i>	9.00	3-8-2017	18,000,000	11,205,132
Total Foreign Government Bonds (Cost \$194,915,431)				202,913,657

Municipal Obligations: 0.05%**New York: 0.05%***Build New York City Resource**Corporation Bronx Charter School**for Excellence Project Series B**(Education Revenue)*

5.00	4-1-2018	\$	345,000	345,880
------	----------	----	---------	---------

**Total Municipal Obligations (Cost
\$345,000)**

345,880

**Non-Agency Mortgage Backed
Securities: 7.70%**

<i>American General Mortgage Loan Series 2009 Series 1-A6 ±144A</i>	5.75	9-25-2048	1,000,000	1,032,246
<i>American General Mortgage Loan Series 2010 Class 1A-A3 ±144A</i>	5.65	3-25-2058	460,000	484,346
<i>American Home Mortgage Assets Series 2006-2 Class 1A1 ±</i>	1.14	9-25-2046	3,847,097	2,762,770
<i>Argent Securities Incorporation Series 2004-W5 Class AV3B ±</i>	0.65	4-25-2034	98,417	96,247
<i>Asset Backed Funding Certificates Series 2003-AHL1 Class A1</i>	4.18	3-25-2033	314,668	310,286
<i>Banc of America Commercial Mortgage Securities Incorporated Series 2006-03 Class AM ±</i>	6.05	7-10-2044	1,340,000	1,429,665
<i>Banc of America Commercial Mortgage Securities Incorporated Series 2008-1 Class AM ±</i>	6.44	2-10-2051	550,000	635,778
<i>Banc of America Funding Corporation Series 2005 Class 5-1A1</i>	5.50	9-25-2035	644,506	693,154
<i>Banc of America Funding Corporation Series 2009 Class R6-3A1 ±144A</i>	2.40	1-26-2037	73,917	74,465
<i>Banc of America Mortgage Securities Series 2003 Class A-3A1 ±</i>	3.01	2-25-2033	187,257	179,832
<i>Bayview Financial Acquisition Trust Series 2005-B Class 1A6</i>	5.21	4-28-2039	43,475	44,169
<i>Bear Stearns Commercial Mortgage Series 2007-PW17 Class AM ±</i>	5.92	6-11-2050	318,000	374,307
<i>Bear Stearns Commercial Mortgage Series 2007-PW18 Class AM ±</i>	6.08	6-11-2050	100,000	116,912
<i>Carrington Mortgage Loan Trust Series 2005-FRE1 Class A5 ±</i>	0.48	12-25-2035	58,888	58,283
<i>Centex Home Equity Series 2002-A Class AF6</i>	5.54	1-25-2032	470,265	473,121

Table of Contents

Portfolio of investments April 30, 2013 (unaudited)

Wells Fargo Advantage Multi-Sector Income Fund 15

Security name	Interest rate	Maturity date	Principal	Value
Non-Agency Mortgage Backed Securities (continued)				
<i>Centex Home Equity Series 2002-D Class AF6 ±</i>	4.66%	12-25-2032	\$ 161,483	\$ 164,762
<i>Centex Home Equity Series 2003-C Class AF4</i>	5.46	4-25-2032	59,626	60,481
<i>Centex Home Equity Series 2004-B Class AF6</i>	4.69	3-25-2034	305,000	305,360
<i>Chase Funding Mortgage Loan Series 2003 Class 5-1A4</i>	4.40	2-25-2030	138,370	138,668
<i>Citigroup Commercial Mortgage Trust Series 2006 Class C4 ±</i>	5.93	3-15-2049	680,000	762,427
<i>Citigroup Commercial Mortgage Trust Series 2006 Class C5</i>	5.46	10-15-2049	325,000	370,237
<i>Citigroup Commercial Mortgage Trust Series 2007-C6 Class AM ±</i>	5.88	12-10-2049	450,000	512,106
<i>Citigroup Commercial Mortgage Trust Series 2012-GC8 Class C ±144A</i>	5.04	9-10-2045	1,000,000	1,106,885
<i>Citigroup Mortgage Loan Trust Incorporated Series 2003-HE3 Class A3 ±</i>	0.58	12-25-2033	120,120	109,996
<i>Commercial Mortgage Pass Through Trust Series 2006-C8 Class AM</i>	5.35	12-10-2046	595,000	668,021
<i>Commercial Mortgage Pass Through Trust Series 2012-CR2 Class C ±</i>	5.02	8-15-2045	1,000,000	1,113,616
<i>Countrywide Asset Backed Certificates Series 2003-5 Class AF5</i>	5.85	2-25-2034	97,099	101,302
<i>Countrywide Home Loans Series 2003-48 Class 2A2 ±</i>	0.70	10-25-2033	231,754	229,752
<i>Credit Based Asset Servicing Series 2005-CB2 Class M1 ±</i>	0.64	4-25-2036	345,538	339,449
<i>Credit Suisse First Boston Mortgage Securities Series 2002-AR5 Class 1A1 ±</i>	2.23	9-25-2032	673,908	665,523
<i>Credit Suisse First Boston Mortgage Securities Series 2003-AR15 Class 3A1 ±</i>	2.96	6-25-2033	283,893	281,997

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>Credit Suisse First Boston Mortgage Securities Series 2003-AR9 Class 2A2 ±</i>	2.38	3-25-2033	56,319	56,276
<i>Credit Suisse Mortgage Capital Certificate Series 2006 ±</i>	5.99	6-15-2038	1,000,000	1,122,650
<i>Credit Suisse Mortgage Capital Certificate Series 2006-C4 Class AM</i>	5.51	9-15-2039	1,000,000	1,117,164
<i>Equity One Asset Backed Securities Series 2004-2 Class AF4 ±</i>	4.62	7-25-2034	423,501	435,147
<i>First Franklin Mortgage Loan Assets Series 2005-FT9 Class A3 ±</i>	0.48	10-25-2035	105,579	105,435
<i>First Horizon Mortgage Pass Through Series 2004-AR1 Class 1A1 ±</i>	2.59	2-25-2034	487,103	478,593
<i>First Horizon Mortgage Pass Through Series 2004-AR4 Class 3A1 ±</i>	2.59	8-25-2034	19,600	18,755
<i>Global Mortgage Securitization Limited Series 2004-A Class A2 ±144A</i>	0.52	11-25-2032	635,031	568,987
<i>GMAC Mortgage Corporation Loan Series 2003-GH1 Class A5</i>	5.60	7-25-2034	18,783	18,722
<i>Greenwich Capital Commercial Funding Corporation Series 2006-GG7 Class AM ±</i>	6.06	7-10-2038	2,570,000	2,908,608
<i>Greenwich Capital Commercial Funding Corporation Series 2007-GG11 Class A4</i>	5.74	12-10-2049	475,000	553,381
<i>GS Mortgage Securities Trust Series 2006-GG6 Class AM ±</i>	5.62	4-10-2038	835,000	927,597
<i>GS Mortgage Securities Trust Series 2007-GG10 Class A4 ±</i>	5.98	8-10-2045	1,000,000	1,150,848
<i>GS Mortgage Securities Trust Series 2010-C1 Class X ±144A(c)</i>	1.67	8-10-2043	6,580,765	514,971
<i>GS Mortgage Securities Trust Series 2012-GCJ7 Class XA ±(c)</i>	2.80	5-10-2045	4,946,721	743,720
<i>GSAA Home Equity Trust Series 2004-5 Class AF5 ±</i>	4.78	6-25-2034	79,703	81,805
<i>GSMPS Mortgage Loan Trust Series 2005-AHL Class M1 ±</i>	0.63	4-25-2035	24,024	23,367
<i>GSMPS Mortgage Loan Trust Series 2006-1 Class A1 ±144A</i>	0.50	3-25-2035	244,527	234,110
<i>GSMPS Mortgage Loan Trust Series 2006-SEA1 Class A ±144A</i>	0.50	5-25-2036	412,386	405,822
<i>Home Equity Asset Trust Series 2006-3 Class 2A3 ±</i>	0.38	7-25-2036	19,669	19,564
<i>JPMorgan Chase Commercial Mortgage Trust Series 2006-LDP9 Class AM</i>	5.37	5-15-2047	1,000,000	1,101,116
<i>JPMorgan Chase Commercial Mortgage Trust Series 2007-CB18 Class AM ±</i>	5.47	6-12-2047	875,000	992,161
<i>JPMorgan Chase Commercial Mortgage Trust Series 2007-CB20 Class AM ±</i>	6.08	2-12-2051	785,000	929,232
<i>JPMorgan Mortgage Trust Series 2004-A3 Class 2A1 ±</i>	2.99	7-25-2034	152,179	151,802
<i>JPMorgan Mortgage Trust Series 2004-A3 Series 3A3 ±</i>	4.90	7-25-2034	192,420	190,729

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>JPMorgan Mortgage Trust Series</i>				
<i>2005-A3 Class 11A2 ±</i>	4.39	6-25-2035	575,000	580,143
<i>JPMorgan Mortgage Trust Series</i>				
<i>2005-A5 Class 3A2 ±</i>	2.68	8-25-2035	189,786	190,001
<i>JPMorgan Mortgage Trust Series 2009-7</i>				
<i>Class 2A1 ±144A</i>	6.00	2-27-2037	100,783	104,330
<i>JPMorgan Mortgage Trust Series 2009-7</i>				
<i>Class 5A1 ±144A</i>	6.00	2-27-2037	540,272	553,174
<i>LB-UBS Commercial Mortgage Trust</i>				
<i>Series 2007-C1 Class AM</i>	5.46	2-15-2040	750,000	853,091
<i>LB-UBS Commercial Mortgage Trust</i>				
<i>Series 2008-C1 ClassAM ±</i>	6.33	4-15-2041	820,000	977,087
<i>Lehman XS Trust Series 2006-18N Class</i>				
<i>A5A ±(i)</i>	0.37	12-25-2036	3,318,368	2,188,006

Table of Contents

16 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Non-Agency Mortgage Backed Securities (continued)				
<i>MASTR Adjustable Rate Mortgage Series 2003-6 Class 3A1 ±</i>	2.90%	12-25-2033	\$ 891,266	\$ 887,058
<i>MASTR Adjustable Rate Mortgage Series 2003-6 Class 4A2 ±</i>	4.97	1-25-2034	42,484	42,945
<i>MASTR Alternative Loans Trust Series 2005-1 Class 5A1</i>	5.50	1-25-2020	122,168	124,638
<i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2006-4 Class AM ±</i>	5.20	12-12-2049	340,000	382,302
<i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2007-7 Class A4 ±</i>	5.81	6-12-2050	470,000	539,176
<i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2007-9 Class A4</i>	5.70	9-12-2049	829,000	961,548
<i>Merrill Lynch Mortgage Trust Series 2005-A8 Class A1B3 ±</i>	5.25	8-25-2036	120,000	123,931
<i>Merrill Lynch Mortgage Trust Series 2006-C1 Class AM ±</i>	5.87	5-12-2039	565,000	638,853
<i>Mid State Trust Series 11 Class A1</i>	4.86	7-15-2038	289,515	309,456
<i>MLCC Mortgage Investors Incorporated Series 2003-G Class A2 ±</i>	1.21	1-25-2029	233,600	223,881
<i>Morgan Stanley Bank of America Merrill Lynch Trust Series 2012-C5 Class XA ±144A(c)</i>	2.09	8-15-2045	5,951,610	661,658
<i>Morgan Stanley Bank of America Merrill Lynch Trust Series 2012-C6 Class C ±</i>	4.54	11-15-2045	1,000,000	1,083,139
<i>Morgan Stanley Capital I Trust Series 2004-NC1 Class M1 ±</i>	1.25	12-27-2033	817,965	796,359
<i>Morgan Stanley Capital I Trust Series 2005-HQ6 Class A4B</i>	5.04	8-13-2042	650,000	703,659
<i>Morgan Stanley Capital I Trust Series 2006-HQ10 Class AM</i>	5.36	11-12-2041	500,000	560,060
<i>Morgan Stanley Capital I Trust Series 2006-HQ9 Class AJ ±</i>	5.79	7-12-2044	1,000,000	1,122,025

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>Morgan Stanley Capital I Trust Series</i> <i>2006-HQ9 Class AM ±</i>	5.77	7-12-2044	25,000	28,374
<i>Morgan Stanley Capital I Trust Series</i> <i>2006-IQ12 Class AM</i>	5.37	12-15-2043	500,000	568,427
<i>Morgan Stanley Capital I Trust Series</i> <i>2007-HQ11 Class AM ±</i>	5.48	2-12-2044	500,000	572,919
<i>Morgan Stanley Capital I Trust Series</i> <i>2007-LQ16 Class AM ±</i>	6.30	12-12-2049	800,000	949,435
<i>Morgan Stanley Capital I Trust Series</i> <i>2010-GG10 Class A4B ±144A</i>	5.98	8-15-2045	615,000	702,507
<i>Morgan Stanley Capital I Trust Series</i> <i>2010-R5 Class 3A ±144A</i>	0.48	3-26-2037	109,459	108,658
<i>Morgan Stanley Capital I Trust Series</i> <i>2012-C4 Class C ±144A</i>	5.71	3-15-2045	900,000	1,050,343
<i>Morgan Stanley Dean Witter Capital I</i> <i>Series 2006-HQ8 Class AM ±</i>	5.65	3-12-2044	1,000,000	1,113,458
<i>New Century Home Equity Loan Trust</i> <i>Series 2004-3 Class M1 ±</i>	1.13	11-25-2034	1,165,049	1,087,507
<i>New Century Home Equity Loan Trust</i> <i>Series 2005-1 Class AIMZ ±</i>	0.49	3-25-2035	62,015	60,455
<i>Provident Funding Mortgage Loan</i> <i>Series 2005-1 Class 2A1 ±</i>	2.77	5-25-2035	93,115	94,727
<i>RAAC Series 2005-SP2 Class 1A3 ±</i>	0.60	5-25-2044	6,053	6,052
<i>RBSSP Resecuritization Trust Series</i> <i>2010-3 Class 4A1 ±144A</i>	3.43	12-26-2035	64,805	65,331
<i>Renaissance Home Equity Loan Trust</i> <i>Series 2004-4 Class AF4</i>	4.88	2-25-2035	831,182	845,205
<i>Residential Asset Mortgage Products</i> <i>Incorporated Series 2006-EFC1</i> <i>Class A2 ±</i>	0.40	2-25-2036	269,221	262,445
<i>Residential Asset Securities Series</i> <i>2004-KS3 Class A14 ±</i>	3.77	1-25-2032	328,698	331,393
<i>Residential Funding Mortgage Securities</i> <i>I Series 2004-S9 Class 1A19</i>	5.50	12-25-2034	200,000	200,760
<i>Saxon Asset Securities Trust Series</i> <i>2002-1 Class AF5 ±</i>	6.76	12-25-2030	208,507	206,718
<i>Saxon Asset Securities Trust Series</i> <i>2003-1 Class AF7</i>	4.03	6-25-2033	784,704	796,128
<i>Sequoia Mortgage Trust Series 2003-1</i> <i>Class 1A ±</i>	0.96	4-20-2033	41,067	39,524
<i>Structured Asset Investment Loan Trust</i> <i>Series 2005-4 Class M1 ±</i>	0.60	5-25-2035	57,573	57,218
<i>Structured Asset Securities Corporation</i> <i>Series 1998-8 Class A3 ±</i>	0.72	8-25-2028	7,647	7,621
<i>Structured Asset Securities Corporation</i> <i>Series 2002-9 Class A2 ±</i>	0.50	10-25-2027	133,551	131,528
<i>Terwin Mortgage Trust Series 2003-6HE</i> <i>Class A3 ±</i>	1.34	11-25-2033	358,084	355,071
<i>Wachovia Bank Commercial Mortgage</i> <i>Trust Series 2006-C23 Class AM ±</i>	5.47	1-15-2045	1,220,000	1,357,047
	7.50	7-25-2034	395,825	414,531

Washington Mutual Mortgage Trust
Series 2004-RA4 Class 3A

**Total Non-Agency Mortgage Backed
Securities (Cost \$52,163,842)**

56,566,627

Table of Contents

Portfolio of investments April 30, 2013 (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 17

Security name	Dividend yield	Maturity date	Shares	Value
Preferred Stocks: 0.10%				
Financials: 0.10%				
Diversified Financial Services: 0.10%				
<i>GMAC Capital Trust I ±</i>	8.13%		27,000	\$ 739,530
Total Preferred Stocks (Cost \$675,000)				739,530

	Interest rate		Principal	
Term Loans: 18.85%				
<i>ADS Waste Holdings Incorporated</i>	4.25	10-9-2019	\$ 1,082,403	1,095,381
<i>Advantage Sales & Marketing LLC <</i>	8.25	6-17-2018	452,143	453,273
<i>Albertson's LLC</i>	5.75	3-21-2016	500,000	505,355
<i>Alliance Laundry Systems LLC</i>	4.50	12-7-2018	1,906,499	1,923,181
<i>Alliance Laundry Systems LLC <</i>	9.50	12-10-2019	1,600,122	1,642,125
<i>Allison Transmission Incorporated</i>	3.21	8-7-2017	970,445	980,150
<i>Allison Transmission Incorporated</i>	4.25	8-23-2019	2,453,599	2,486,306
<i>American Capital Holdings Incorporated</i>	5.50	8-22-2016	315,167	319,501
<i>Ameristar Casinos Incorporated</i>	4.00	4-14-2018	992,686	998,474
<i>Applied Systems Incorporated <</i>	0.00	6-8-2017	420,000	422,625
<i>Applied Systems Incorporated</i>	4.25	12-8-2016	586,951	589,886
<i>Arris Group Incorporation</i>	3.50	2-7-2020	900,000	900,567
<i>Atlantic Broadband Finance LLC</i>	4.50	12-2-2019	202,126	205,496
<i>B&G Foods Incorporated</i>	4.00	11-30-2018	895,466	906,659
<i>Barrington Broadcasting Group LLC</i>	7.50	6-14-2017	3,150,335	3,163,471
<i>Capital Automotive LP <</i>	0.00	4-30-2020	1,460,000	1,503,800
<i>Capital Automotive LP <</i>	4.25	3-27-2019	3,450,475	3,475,629
<i>CBAC Borrower LLC <</i>	0.00	4-24-2020	150,000	149,250
<i>CCC Information Services Incorporated</i>	5.25	12-20-2019	199,500	201,621
<i>CCM Merger Incorporated</i>	5.50	3-1-2017	2,895,084	2,924,035
<i>CDW LLC <</i>	0.00	4-29-2020	800,000	801,504
<i>Centaur LLC</i>	5.25	2-20-2019	100,000	101,500
<i>Centaur LLC</i>	8.75	2-20-2020	1,325,000	1,344,875
<i>Charter Communications Operating LLC</i>	4.00	5-15-2019	1,856,250	1,861,280

Edgar Filing: WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND - Form N-CSRS

<i>Coinmach Corporation</i>	3.20	11-14-2014	3,287,042	3,278,824
<i>Community Health Systems Incorporated</i>	2.70	10-25-2016	472,844	474,215
<i>Covanta Energy Holdings</i>	3.50	3-28-2019	2,574,000	2,595,441
<i>Cricket Communications Incorporated</i>	4.75	10-10-2019	299,250	300,746
<i>Crown Castle International Corporation</i>	3.25	1-31-2019	6,566,875	6,597,477
<i>DaVita HealthCare Partners Incorporated</i>	4.00	11-1-2019	1,138,259	1,150,177
<i>DineEquity Incorporated</i>	3.75	10-19-2017	1,412,753	1,432,405
<i>Dunkin Brands Incorporated</i>	3.75	2-11-2020	3,119,466	3,149,257
<i>Energy Transfer Equity LP</i>	3.75	3-23-2017	450,000	451,751
<i>Entercom Radio LLC</i>	5.02	11-23-2018	1,416,584	1,434,730
<i>Federal-Mogul Corporation</i>	2.14	12-27-2014	3,402,327	3,223,161
<i>Federal-Mogul Corporation</i>	2.14	12-27-2015	3,930,516	3,723,535
<i>Focus Brands Incorporated</i>	4.27	2-21-2018	874,711	882,365
<i>Focus Brands Incorporated</i>	10.25	8-21-2018	2,023,863	2,069,400
<i>Genesys Telecommunicattion Holdings</i>				
<i>U.S. Incorporation</i>	4.00	2-7-2020	500,000	504,375
<i>Getty Images Incorporated</i>	4.75	10-18-2019	761,538	772,108

Table of Contents

18 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Term Loans (continued)				
<i>Goodyear Tire & Rubber Company</i>	4.75%	4-30-2019	\$ 6,200,000	\$ 6,247,306
<i>HHI Holdings LLC</i>	5.00	10-5-2018	1,658,619	1,682,470
<i>Hub International Limited <</i>	0.00	6-25-2017	700,000	706,125
<i>Interactive Data Corporation</i>	3.75	2-11-2018	3,349,546	3,383,041
<i>Kronos Incorporated</i>	4.50	10-30-2019	493,390	499,311
<i>Level 3 Financing Incorporated</i>	4.75	2-1-2016	1,735,140	1,757,194
<i>Light Tower Fiber LLC <</i>	0.00	3-29-2021	50,000	50,938
<i>LIN Television Corporation</i>	4.00	12-21-2018	746,225	751,822
<i>Local TV Finance LLC</i>	4.20	5-7-2015	3,045,848	3,066,164
<i>Lord & Taylor LLC</i>	6.75	1-11-2019	451,098	453,918
<i>LPL Holdings Incorporation</i>	4.00	3-29-2019	3,737,250	3,773,464
<i>MedAssets Incorporated</i>	4.00	12-13-2019	370,842	375,129
<i>MGM Resorts International</i>	4.25	12-20-2019	997,500	1,011,425
<i>Mission Broadcasting Incorporated</i>	4.50	12-3-2019	287,331	290,922
<i>Nexstar Broadcasting Incorporated</i>	4.50	12-3-2019	679,648	688,143
<i>Nielsen Finance LLC <</i>	2.95	5-2-2016	485,278	491,344
<i>Novelis Incorporated</i>	3.75	3-10-2017	984,985	1,000,991
<i>nTelos Incorporated</i>	5.75	11-9-2019	1,728,795	1,694,219
<i>Nusil Technology LLC</i>	5.00	4-7-2017	398,910	401,028
<i>Penn National Gaming Incorporated</i>	3.75	7-14-2018	2,043,385	2,062,552
<i>Philadelphia Energy Solutions LLC <</i>	0.00	3-19-2018	2,700,000	2,747,250
<i>Phillips Van Heusen Corporation</i>	3.25	12-19-2019	675,000	680,454
<i>Prestige Brands Incorporation</i>	3.75	1-31-2019	219,129	222,324
<i>Progressive Waste Solutions Limited</i>	3.50	10-24-2019	1,604,508	1,623,232
<i>Rexnord LLC</i>	3.75	4-2-2018	912,607	921,268
<i>Riverbed Technology Incorporation</i>	4.00	12-18-2019	149,768	152,389
<i>SBA Senior Finance II LLC</i>	3.75	6-30-2018	725,744	729,917
<i>SBA Senior Finance II LLC</i>	3.75	9-20-2019	150,097	150,894
<i>Springleaf Finance Corporation</i>	5.50	5-10-2017	566,545	568,318
<i>Starwood Property Trust Incorporated</i>	3.50	2-11-2020	350,000	350,875
<i>Syniverse Holdings Incorporated</i>	1.00	4-23-2019	175,000	175,548
<i>Syniverse Holdings Incorporation</i>	5.00	4-23-2019	992,500	1,000,361
<i>Tallgrass Energy Partners LP <</i>	5.71	11-13-2018	3,421,016	3,442,398
<i>Telesat Holdings Incorporated</i>	3.50	3-28-2019	2,630,125	2,650,798
	5.00	12-12-2019	1,105,295	1,122,858

*Tempur-Pedic International
Incorporation*

<i>Texas Competitive Electric Holdings LLC</i>	3.73	10-10-2014	20,096,983	15,089,418
<i>Total Safety US Incorporated</i>	9.25	8-21-2020	289,275	295,061
<i>Transdigm Incorporated</i>	3.75	2-28-2020	3,482,186	3,529,091
<i>Tronox Incorporated</i>	4.50	2-8-2018	1,900,000	1,926,714
<i>United Surgical Partners International Incorporated <</i>	0.00	2-4-2019	300,000	301,500
<i>United Surgical Partners International Incorporated</i>	4.25	4-19-2017	1,926,844	1,938,887
<i>United Surgical Partners International Incorporated</i>	4.75	4-3-2019	1,311,783	1,318,342
<i>Valeant Pharmaceuticals International Incorporated Series C</i>	3.50	12-11-2019	202,080	204,303
<i>Valeant Pharmaceuticals International Incorporated Series D</i>	3.50	2-13-2019	1,691,511	1,708,426
<i>Washington Multifamily Laundry Systems LLC</i>	5.25	2-21-2019	1,495,000	1,509,950
<i>Wendys International Incorporated</i>	4.75	5-15-2019	2,786,000	2,800,794
Total Term Loans (Cost \$139,814,595)				138,544,787

Table of Contents

Portfolio of investments April 30, 2013 (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 19

Security name	Interest rate	Maturity date	Principal	Value
Yankee Corporate Bonds and Notes:				
6.82%				
Consumer Discretionary: 0.59%				
Diversified Consumer Services: 0.11%				
<i>Anglo American Capital Company 144A</i>	4.13%	9-27-2022	\$ 750,000	\$ 784,007
Media: 0.48%				
<i>Grupo Televisa SA</i>	6.00	5-15-2018	750,000	881,721
<i>Myriad International Holdings BV 144A</i>	6.38	7-28-2017	750,000	850,350
<i>Videotron Limited</i>	5.00	7-15-2022	200,000	206,000
<i>Videotron Limited</i>	9.13	4-15-2018	775,000	815,688
<i>WPP Finance 2010 Company</i>	3.63	9-7-2022	750,000	764,413
				3,518,172
Consumer Staples: 0.47%				
Beverages: 0.11%				
<i>Pernod Ricard SA 144A</i>	4.45	1-15-2022	760,000	847,935
Food Products: 0.25%				
<i>BRF SA 144A</i>	5.88	6-6-2022	750,000	853,500
<i>BRF SA</i>	5.88	6-6-2022	850,000	967,300
				1,820,800
Tobacco: 0.11%				
<i>BAT International Finance plc 144A</i>	3.25	6-7-2022	750,000	792,175
Energy: 0.89%				
Energy Equipment & Services: 0.11%				
<i>Ensco plc</i>	4.70	3-15-2021	750,000	853,199

Oil, Gas & Consumable Fuels: 0.78%

<i>Griffin Coal Mining Company Limited 144A(s)</i>	9.50	12-1-2016	1,685,411	1,419,959
<i>Griffin Coal Mining Company Limited (s)</i>	9.50	12-1-2016	137,792	116,090
<i>Petrobras International Finance Company</i>	5.38	1-27-2021	670,000	739,953
<i>Petroleos Mexicanos</i>	4.88	1-24-2022	750,000	853,125
<i>Petroplus Finance Limited</i>	5.75	1-20-2020	650,000	733,767
<i>TNK BP Finance SA</i>	6.63	3-20-2017	1,150,000	1,311,000
<i>Woodside Finance Limited 144A</i>	8.75	3-1-2019	405,000	542,082
				5,715,976

Financials: 1.56%**Commercial Banks: 0.89%**

<i>Banco de Brasil 144A</i>	5.88	1-26-2022	750,000	815,625
<i>Banco del Estado de Chile 144A</i>	3.88	2-8-2022	650,000	687,200
<i>Export Import Bank of Korea</i>	5.00	4-11-2022	750,000	868,553
<i>ITAU Unibanco Holdings SA 144A</i>	5.13	5-13-2023	1,650,000	1,713,938
<i>Macquarie Bank Limited 144A</i>	5.00	2-22-2017	750,000	836,172
<i>Royal Bank of Scotland plc</i>	4.38	3-16-2016	750,000	818,338
<i>Standard Chartered Bank 144A</i>	6.40	9-26-2017	650,000	766,636
				6,506,462

Table of Contents

20 Wells Fargo Advantage Multi-Sector Income Fund

Portfolio of investments April 30, 2013 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Consumer Finance: 0.53%				
<i>Wind Acquisition Finance SpA 144A</i>	11.75%	7-15-2017	\$ 3,660,000	\$ 3,925,350
Diversified Financial Services: 0.14%				
<i>Corporación Andina de Fomento</i>	4.38	6-15-2022	958,000	1,044,551
<i>Preferred Term Securities XII Limited (s)(i)</i>	0.00	12-24-2033	635,000	6
				1,044,557
Industrials: 0.28%				
Airlines: 0.07%				
<i>Aguila 3 SA</i>	7.88	1-31-2018	500,000	538,750
Commercial Services & Supplies: 0.09%				
<i>Tyco Electronics Group SA</i>	3.50	2-3-2022	625,000	646,290
Road & Rail: 0.12%				
<i>Canadian Pacific Railway Company</i>	4.50	1-15-2022	750,000	840,251
Information Technology: 0.52%				
Computers & Peripherals: 0.41%				
<i>Seagate Technology HDD Holdings</i>	6.80	10-1-2016	650,000	734,500
<i>Seagate Technology HDD Holdings</i>	6.88	5-1-2020	300,000	325,875
<i>Seagate Technology HDD Holdings</i>	7.00	11-1-2021	375,000	413,438
<i>Seagate Technology HDD Holdings</i>	7.75	12-15-2018	1,385,000	1,526,963
				3,000,776
Internet Software & Services: 0.11%				
<i>Tencent Holdings Limited 144A</i>	4.63	12-12-2016	750,000	819,261
Materials: 0.76%				

Metals & Mining: 0.58%

<i>ArcelorMittal</i>	5.00	2-25-2017	725,000	769,139
<i>Gold Fields Orogen Holdings</i>	4.88	10-7-2020	1,300,000	1,250,497
<i>Novelis Incorporated</i>	8.38	12-15-2017	550,000	602,250
<i>Novelis Incorporated</i>	8.75	12-15-2020	725,000	822,875
<i>Vale Overseas Limited</i>	4.38	1-11-2022	750,000	789,399
				4,234,160

Paper & Forest Products : 0.18%

<i>Sappi Limited 144A</i>	7.50	6-15-2032	1,560,000	1,349,400
---------------------------	------	-----------	-----------	-----------

Telecommunication Services : 1.50%

**Diversified Telecommunication Services :
1.28%**

<i>Ericsson LM</i>	4.13	5-15-2022	750,000	795,495
<i>Intelsat Bermuda Limited 144A</i>	7.75	6-1-2021	1,005,000	1,062,788
<i>Intelsat Bermuda Limited 144A</i>	8.13	6-1-2023	400,000	426,000
<i>Intelsat Bermuda Limited</i>	11.25	2-4-2017	717,000	763,605
<i>Intelsat Jackson Holdings Limited</i>	7.25	4-1-2019	1,425,000	1,567,500
<i>Intelsat Jackson Holdings Limited</i>	7.50	4-1-2021	525,000	591,938

Table of Contents

Portfolio of investments April 30, 2013 (unaudited) Wells Fargo Advantage Multi-Sector Income Fund 21

Security name	Interest rate	Maturity date	Principal	Value
Diversified Telecommunication Services				
(continued)				
<i>Intelsat Jackson Holdings SA</i>	7.25%	10-15-2020	\$ 1,775,000	\$ 1,970,250
<i>Qtel International Finance Limited</i>	5.00	10-19-2025	300,000	331,500
<i>Sable International Finance Limited</i>	7.75	2-15-2017	350,000	378,000
<i>Virgin Media Finance plc</i>	6.50	1-15-2018	650,000	692,250
<i>Vivendi SA 144A</i>	4.75	4-12-2022	750,000	808,244
				9,387,570
Wireless Telecommunication Services :				
0.22%				
<i>Globo Comunicacoes Participacoes SA 144A</i>	4.88	4-11-2022	750,000	809,625
<i>Telesat Canada Incorporated 144A</i>	6.00	5-15-2017	775,000	825,375
				1,635,000
Utilities : 0.25%				
Electric Utilities : 0.25%				
<i>Comision Federal de Electricidad 144A</i>	4.88	5-26-2021	650,000	739,375
<i>Eskom Holdings Limited</i>	5.75	1-26-2021	1,000,000	1,117,500
				1,856,875
Total Yankee Corporate Bonds and Notes (Cost \$47,039,962)				50,116,966
Short-Term Investments : 3.20%				
	Yield		Shares	
Investment Companies : 3.20%				
<i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)##</i>	0.13		23,517,275	23,517,275

Total Short-Term Investments (Cost		
\$23,517,275)		23,517,275
Total investments in securities		
(Cost \$912,999,153)*	131.37%	965,357,006
<i>Other assets and liabilities, net</i>	(31.37)	(230,532,675)
Total net assets	100.00%	\$ 734,824,331

Table of Contents

22 Wells Fargo Advantage Multi-Sector Income Fund	Portfolio of investments April 30, 2013 (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.

(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

(i) Illiquid security

¥ 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.

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

@ Foreign bond principal is denominated in local currency.

⌘ Security issued in zero coupon form with no periodic interest payments.

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

(l) Investment in an affiliate

(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 loans.

* Cost for federal income tax purposes is \$917,278,172 and unrealized appreciation (depreciation) consists of:

Gross unrealized appreciation	\$ 62,219,111
Gross unrealized depreciation	(14,140,277)

Net unrealized appreciation	\$ 48,078,834
-----------------------------	---------------

Table of Contents

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

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

Table of Contents

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 24, 2013

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 24, 2013

By:

/s/ Jeremy DePalma

Jeremy DePalma

Treasurer

Date: June 24, 2013