

WELLS FARGO MULTI-SECTOR INCOME FUND

Form N-CSRS

July 05, 2016

[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 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, 2016

Table of Contents

ITEM 1. REPORT TO STOCKHOLDERS

Table of Contents

Semi-Annual Report

April 30, 2016

Wells Fargo Multi-Sector Income Fund (ERC)

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>	18
<u>Statement of operations</u>	19
<u>Statement of changes in net assets</u>	20
<u>Statement of cash flows</u>	21
<u>Financial highlights</u>	22
<u>Notes to financial statements</u>	23
<u>Other information</u>	28
<u>Automatic dividend reinvestment plan</u>	31
<u>List of abbreviations</u>	32

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

The views expressed and any forward-looking statements are as of April 30, 2016, unless otherwise noted, and are those of the Fund managers and/or Wells Fargo Funds Management, LLC. Discussions of individual securities, or the markets generally, or any Wells Fargo Fund are not intended as individual recommendations. Future events or results may vary significantly from those expressed in any forward-looking statements. The views expressed are subject to change at any time in response to changing circumstances in the market. Wells Fargo Funds Management, LLC and the Fund disclaim any obligation to publicly update or revise any views expressed or forward-looking statements.

NOT FDIC INSURED ; NO BANK GUARANTEE ; MAY LOSE VALUE

Table of Contents

2 Wells Fargo Multi-Sector Income Fund

Letter to shareholders (unaudited)

Karla M. Rabusch

President

Wells Fargo Funds

The U.S. Federal Reserve (Fed) embarked on a tightening cycle and raised the target federal funds rate to between 0.25% and 0.50% in December 2015.

Dear Valued Shareholder:

We are pleased to offer you this semi-annual report for the Wells Fargo Multi-Sector Income Fund for the six-month period that ended April 30, 2016. The period was marked by low interest rates, weakness in commodity prices, and moderate U.S. economic growth.

Accommodative monetary policies stole the headlines.

The U.S. Federal Reserve (Fed) embarked on a tightening cycle and raised the target federal funds rate to between 0.25% and 0.50% in December 2015. However, Fed Chair Janet Yellen has emphasized that the Fed expects to raise rates only gradually, depending on economic data. In addition, the Fed is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction, and it anticipates doing so until normalization of the level of the federal funds rate is well underway.

The European Central Bank cut all three of its short-term rates during the reporting period, increased its asset-purchase program from 60 billion euros per month to 80 billion, expanded the list of eligible securities to include investment-grade nonbank debt, and created a fund-to-lend program where banks could be paid to lend money. In Japan, the Bank of Japan (BOJ) maintained an aggressive monetary program aimed at combating deflation. The BOJ set a negative deposit rate at the end of January 2016, its latest effort to encourage banks to lend rather than hold deposits.

Global economic growth was below trend, and oil prices plummeted.

Developed countries experienced subtrend growth and subdued inflation. In the U.S., however, economic growth advanced, the unemployment rate was 5.0% as of April 2016, and inflation remained below the Fed's longer-run objective of a 2% pace. Oil prices continued to fall dramatically, reaching a secular low of \$26 per barrel in February before increasing later in the reporting period.

Positive results masked intra-period volatility.

The Barclays U.S. Aggregate Bond Index,¹ a broad measure of U.S. investment-grade bonds, finished the reporting period with a return of 2.82% and masked intra-period volatility. Corporate bond spreads widened in early 2016 due to investors' fears about falling commodity prices and a slowing Chinese economy and then retraced their path as investor worries eased. Utilities were the best-performing subsector within investment-grade corporates, while industrials outperformed financials. The energy subsector, however, lagged as Moody's downgraded a vast array of energy names in response to lower oil prices and a change in its rating methodology. Within the securitized sector, commercial mortgage-backed securities benefited from positive investor sentiment later in the period. Spreads in mortgage-backed securities (MBS) remained narrow, supported by the Fed's reinvesting principal payments from its holdings of agency MBS that were acquired under quantitative easing.

Meanwhile, the Barclays Global Aggregate Bond Index² posted a 6.09% return during the six-month period that ended April 30, 2016, and the Barclays U.S. Corporate High Yield Bond Index³ returned 2.37%. Emerging markets debt yields declined and prices rose, dramatically in some cases, and emerging markets currencies also appreciated. For example, certain emerging markets currencies, such as the Brazilian real, appreciated by approximately 10% during the reporting period.

¹ The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. You cannot invest directly in an index.

Table of Contents

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

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

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

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

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

Sincerely,

Karla M. Rabusch

President

Wells Fargo Funds

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

Notice to shareholders

On December 17, 2015, the Fund announced an open-market share repurchase program (the Buyback Program). Under the Buyback Program, the Fund may repurchase up to 10% of its outstanding shares within one year of December 17, 2015. The Fund's Board of Trustees has delegated to Wells Fargo Funds Management, LLC, the Fund's adviser, full discretion to administer the Buyback Program including the determination of the amount and timing of repurchases in accordance with the best interests of the Fund and subject to applicable legal limitations.

Notice to shareholders

Effective May 25, 2016, the Fund's Board of Trustees approved a change to the investment strategy guidelines of the Fund's high-yield sleeve. As of this date, the Fund will be allowed to hold more than 20% of its assets in securities rated CCC or lower. However, additional securities rated CCC or lower cannot be added to the Fund if, at the time of purchase, more than 20% of the sleeve's assets are rated CCC or lower.

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

² The Barclays Global Aggregate Bond Index measures global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. You cannot invest directly in an index.

³ The Barclays U.S. Corporate High Yield Bond Index is an unmanaged, U.S. dollar denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million. You cannot invest directly in an index.

Table of Contents

4 Wells Fargo Multi-Sector Income Fund

Performance highlights (unaudited)

Investment objective

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

Adviser

Wells Fargo Funds Management, LLC

Subadvisers

First International Advisors, LLC

Wells Capital Management Incorporated

Portfolio managers

Ashok Bhatia, CFA®

Christopher Y. Kauffman, CFA®

Michael Lee

Niklas Nordenfelt, CFA®

Tony Norris

Alex Perrin

Phillip Susser

Christopher Wightman

Peter Wilson

Noah Wise

Average annual total returns (%) as of April 30, 2016¹

	6 Months	1 Year	5 Year	10 Year
Based on market value	9.89	1.88	4.74	7.33
Based on net asset value (NAV)	3.22	(1.79)	4.52	6.73

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

The Fund's expense ratio for the six month ended April 30, 2016, was 1.36% which includes 0.43% of interest expense.

Comparison of NAV vs. market value²

The Fund is leveraged through a revolving credit facility and also may incur leverage by issuing preferred shares in the future. The use of leverage results in certain risks including, among others, the likelihood of greater volatility of net asset value and the market value of common shares. Foreign investments are especially volatile and can rise or fall dramatically due to differences in the political and economic conditions of the host country. These risks are generally intensified in emerging markets. Derivatives involve additional risks including interest rate risk, credit risk, the risk of improper valuation, and the risk of non-correlation to the relevant instruments that they are designed to hedge or 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. Changes in market conditions and government policies may lead to periods of heightened volatility in the bond market and reduced liquidity for certain bonds held by the Fund. In general, when interest rates rise, bond values fall and investors may lose principal value. Interest rate changes and their impact on the Fund and its share price can be sudden and unpredictable. High-yield securities have a greater risk of default and tend to be more volatile than higher-rated debt securities. The Fund is exposed to mortgage- and asset-backed securities risk. This closed-end fund is no longer offered as an initial public offering and is only available through broker/dealers on the secondary market. A closed-end fund is not required to buy its shares back from investors upon request.

¹Total returns based on market value are calculated assuming a purchase of common stock on the first day and sale on the last day of the period reported. Total returns based on NAV are calculated based on the NAV at the beginning of the period and end of 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.

²This chart does not reflect any brokerage commissions charged on the purchase and sale of the Fund's common stock. Dividends and distributions paid by the Fund are included in the Fund's average annual total returns but have the effect of reducing the Fund's NAV.

Table of Contents

Performance highlights (unaudited)

Wells Fargo Multi-Sector Income Fund 5

MANAGERS DISCUSSION

The Fund's return based on market value was 9.89% during the six-month period that ended April 30, 2016. During the same period, the Fund's return based on net asset value was 3.22%. The ERC Blended Index³ returned 4.14% for the reporting period.

Ten largest holdings (%) as of April 30, 2016⁴

Mexico, 4.75%, 6-14-2018	1.93
Brazil, 10.00%, 1-1-2017	1.89
Sprint Capital Corporation, 6.88%, 11-15-2028	1.86
Poland, 2.50%, 7-25-2026	1.82
Indonesia, 7.88%, 4-15-2019	1.77
NGPL PipeCo LLC, 7.77%, 12-15-2037	1.74
Romania, 5.85%, 4-26-2023	1.60
Poland, 3.25%, 7-25-2025	1.58
Republic of South Africa, 8.00%, 12-21-2018	1.55
Brazil, 10.00%, 1-1-2025	1.45

Overview

While returns were positive for the reporting period, the period can be broken down into two subperiods. The prices of riskier assets fell from the beginning of the reporting period through February 2016 as investors feared falling commodity prices and weakness in China. These prices then rebounded as investors regained confidence. In the meantime, perceived safe-haven assets such as U.S. Treasury bonds performed strongly in the first, risk-averse time frame and then lagged as other assets rebounded.

U.S. investment-grade corporate bonds did well, particularly during the final two months of the period. Within the securitized-bond market, higher-quality AAA-rated and AA-rated tranches bested lower-quality A-rated and BBB-rated bonds. In general, lower-rated segments within commercial mortgage-backed securities (CMBS) and residential mortgage-backed securities (MBS) also lagged higher-rated counterparts.

The high-yield market, as measured by the BofA Merrill Lynch U.S. High Yield Master II Constrained Index,⁵ declined 9.6% for the first part of the reporting period that ended February 11, 2016, before returning 13.2% for the remainder of the period. Energy and other commodity-related issues drove this volatility. The fall in commodity prices as well as technical pressure from large investment-grade issuers being downgraded into high yield aggravated this decline. Once the downgrades were absorbed by the high-yield market and commodity prices began to stabilize or rebound, the high-yield market rebounded. Non-U.S. bonds also had positive returns despite significant volatility in prices during the reporting period. Emerging markets debt yields declined and prices rose, and emerging markets currencies also appreciated.

Contributors to performance

Sector allocation added to results. An allocation to investment-grade long-term industrial bonds helped, particularly exposure to the tobacco, metals and mining, and media/entertainment subsectors. Highly rated MBS also contributed to performance because its incremental yield was more than enough to compensate for wider spreads. While high-yield bonds had more modest returns than the BBB-rated credit tier, it still was additive to results. The Fund's exposure to smaller and emerging markets economies added value during the period. Bond market exposure to Brazil, Indonesia, and South Africa was increased over the reporting period and performed particularly well. On the currency front, the allocation to emerging markets currencies (and a reduced position in the U.S. dollar) was beneficial.

Detractors from performance

Certain CMBS detracted from results because they only partially recovered from their sell-off in early 2016. Exposure to the oil-field services and insurance sectors hampered results in the investment-grade credit sector. Within the Fund's allocation to high yield, its exposure to the oil-field services, cable and satellite, and technology sectors detracted from results. Issue selection within the oil-field services sector also hurt results but was offset by solid security selection in the energy exploration and production sector and the pipeline sector. The Fund's shorter duration positioning within its non-U.S. bonds detracted from performance over the reporting period. In particular, an allocation to securities with less-than-one-year maturities in Indonesia did not perform as well as longer-dated bonds. Select corporate positions (TES Global Limited;* America Movil, S.A.B. de C.V., ADS; and Petroleos Mexicanos) also detracted from performance.

³ Source: Wells Fargo Funds Management, LLC. The ERC Blended Index consists of the Barclays Credit Bond Index (7.5%), the Barclays U.S. Securitized Index (7.5%), the BofA Merrill Lynch High Yield U.S. Corporates, Cash Pay Index (60%), the J.P. Morgan GBI-EM Global Diversified Composite Index (18%), and the J.P. Morgan Global Government Bond ex U.S. Index (7%). You cannot invest directly in an index.

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

⁵ The BofA Merrill Lynch U.S. High Yield Master II Constrained Index is a market-value-weighted index of all domestic and Yankee high-yield bonds, including deferred interest bonds and payment-in-kind securities. Issues included in the index have maturities of one year or more and have a credit rating lower than BBB-/Baa3 but are not in default. The BofA Merrill Lynch U.S. High Yield Master II Constrained Index limits any individual issuer to a maximum of 2% benchmark exposure. You cannot invest directly in an index.

Table of Contents

6 Wells Fargo Multi-Sector Income Fund	Performance highlights (unaudited)
Credit quality as of April 30, 2016 ⁶	

Effective maturity distribution as of April 30, 2016⁷

Country allocation as of April 30, 2016⁸

Management outlook

As we look ahead, we expect global growth to be mixed, with stable growth rates in the U.S. and emerging markets alongside continued weakness in Europe and Japan. Central banks continue to add liquidity, particularly the European Central Bank, which took additional steps to ease monetary policy, and the People's Bank of China, where declines in its balance sheet appear to be ending. Meanwhile, the U.S. Federal Reserve is expected to move gradually in raising rates in order to help protect economic growth and full employment. This expansion of central-bank liquidity should help support non-Treasury sectors.

In terms of our investment strategies, we expect U.S. mortgages and investment-grade corporate bonds will continue to provide investors with attractive coupon income. Our strategy focuses on A-rated and BBB-rated securities as compelling sources of yield, and our investment-grade credit exposure remains centered on industrials and financials, particularly the communications and insurance sectors. We believe overall credit fundamentals also remain sound due to continued economic growth. Lower energy and commodity prices are likely to be positive for the high-yield sector with the exception of energy exploration and development as well as metals and mining companies.

Outside the U.S., we continue to see value in the higher-yielding and smaller economies as opposed to bonds in either Japan or core Europe. We have increased the Fund's exposure to the bond markets of Latin America. We expect to add emerging markets debt to the Fund, focusing on countries where central banks can remain on hold or ease as well as where we believe currencies can appreciate. Furthermore, we see more opportunities in emerging markets currencies than in the U.S. dollar.

⁶ The credit quality distribution of portfolio holdings reflected in the chart is based on ratings from Standard & Poor's, Moody's Investors Service, and/or Fitch Ratings Ltd. Credit quality ratings apply to the underlying holdings of the Fund and not to the Fund itself. The percentages of the Fund's portfolio with the ratings depicted in the chart are calculated based on the total market value of fixed income securities held by the Fund. If a security was rated by all three rating agencies, the middle rating was utilized. If rated by two of three rating agencies, the lower rating was utilized, and if rated by one of the rating agencies, that rating was utilized. Standard & Poor's rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Standard & Poor's rates the creditworthiness of short-term notes from SP-1 (highest) to SP-3 (lowest). Moody's rates the

creditworthiness of bonds, ranging from Aaa (highest) to C (lowest). Ratings Aa to B may be modified by the addition of a number 1 (highest) to 3 (lowest) to show relative standing within the ratings categories. Moody's rates the creditworthiness of short-term U.S. tax-exempt municipal securities from MIG 1/VMIG 1 (highest) to SG (lowest). Fitch rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Credit quality distribution is subject to change and may have changed since the date specified.

⁷ Effective maturity distribution is subject to change and is calculated based on the total long-term investments of the Fund.

⁸ Amounts are calculated based on the total long-term investments of the Fund. These amounts are subject to change and may have changed since the date specified.

*This security was not held in the Fund at the end of the reporting period.

Table of Contents

Summary portfolio of investments April 30, 2016
(unaudited)

Wells Fargo Multi-Sector Income Fund 7

The Summary portfolio of investments shows the 50 largest portfolio holdings in unaffiliated issuers and any holdings exceeding 1% of the total net assets as of the report date. The remaining securities held are grouped as Other securities in each category.

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Agency Securities:					
2.49%					
<i>FHLMC</i>	0.83-8.50%	4-25-2020 to 7-25-2048	\$ 20,185,978	\$ 13,190,681	2.29%
<i>Other securities</i>				1,273,059	0.20
Total Agency Securities (Cost \$13,630,968)				14,463,740	2.49
Asset-Backed Securities: 0.10%					
<i>Other securities</i>				606,725	0.10
Total Asset-Backed Securities (Cost \$608,247)				606,725	0.10
Common Stocks: 0.07%					
Energy: 0.07%					
Oil, Gas & Consumable Fuels: 0.07%					
<i>Other securities</i>				423,014	0.07
Materials: 0.00%					
Chemicals: 0.00%					

<i>Other securities</i>				744	0.00
Total Common Stocks (Cost \$4,298,672)				423,758	0.07
Corporate Bonds and Notes: 72.38%					
Consumer					
Discretionary: 12.60%					
Auto Components:					
0.58%					
<i>Other securities</i>				3,400,030	0.58
Distributors: 0.16%					
<i>Other securities</i>				904,500	0.16
Diversified Consumer					
Services: 0.83%					
<i>Service Corporation</i>					
<i>International</i>	7.50	4-1-2027	2,993,000	3,516,775	0.60
<i>Other securities</i>				1,319,050	0.23
				4,835,825	0.83
Hotels, Restaurants & Leisure: 2.60%					
<i>CCM Merger</i>					
<i>Incorporated 144A</i>	9.13	5-1-2019	6,270,000	6,536,475	1.13
<i>Greektown Holdings LLC</i>					
<i>144A</i>	8.88	3-15-2019	7,625,000	7,891,875	1.36
<i>Other securities</i>				640,852	0.11
				15,069,202	2.60
Household Durables:					
0.41%					
<i>Other securities</i>				2,379,950	0.41
Internet & Catalog					
Retail: 0.14%					
<i>Other securities</i>				829,298	0.14

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

Table of Contents

8 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments April 30, 2016
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Leisure Products:					
0.11%					
<i>Other securities</i>				\$ 630,000	0.11%
Media: 6.16%					
<i>CCO Holdings LLC</i>	5.13-7.38%	6-1-2020 to 5-1-2027	\$ 6,170,000	6,386,313	1.09
<i>CCO Holdings LLC</i>					
<i>144A</i>	5.38	5-1-2025	4,150,000	4,248,563	0.73
<i>CCOH Safari LLC 144A</i>	5.75	2-15-2026	3,375,000	3,484,688	0.60
<i>Gray Television</i>					
<i>Incorporated</i>	7.50	10-1-2020	4,600,000	4,818,500	0.83
<i>Other securities</i>				16,847,775	2.91
				35,785,839	6.16
Multiline Retail:					
0.11%					
<i>Other securities</i>				614,853	0.11
Specialty Retail:					
1.50%					
<i>Other securities</i>				8,719,505	1.50
Consumer Staples:					
1.13%					
Beverages: 0.14%					
<i>Other securities</i>				827,525	0.14
Food & Staples					
Retailing: 0.11%					
<i>Other securities</i>				640,945	0.11

Food Products: 0.68%

<i>Other securities</i>				3,977,583	0.68
-------------------------	--	--	--	-----------	------

Household Products:**0.07%**

<i>Other securities</i>				368,565	0.07
-------------------------	--	--	--	---------	------

Tobacco: 0.13%

<i>Other securities</i>				766,411	0.13
-------------------------	--	--	--	---------	------

Energy: 16.36%**Energy Equipment & Services: 5.42%**

<i>Bristow Group</i>					
<i>Incorporated</i>	6.25	10-15-2022	4,480,000	3,673,600	0.63
<i>Era Group Incorporated</i>	7.75	12-15-2022	4,425,000	3,827,625	0.66
<i>NGPL PipeCo LLC</i>	7.12-9.63	12-15-2017 to 6-1-2019	2,495,000	2,580,655	0.45
<i>NGPL PipeCo LLC</i>					
<i>144A</i>	7.77	12-15-2037	10,990,000	10,110,800	1.74
<i>PHI Incorporated</i>	5.25	3-15-2019	5,525,000	5,093,387	0.88
<i>Other securities</i>				6,177,344	1.06
				31,463,411	5.42

Oil, Gas & Consumable Fuels: 10.94%

<i>Rockies Express</i>					
<i>Pipeline LLC 144A</i>	5.63	4-15-2020	3,625,000	3,597,813	0.62
<i>Rockies Express</i>					
<i>Pipeline LLC 144A</i>	6.88	4-15-2040	5,199,000	4,575,120	0.79
<i>Rockies Express</i>					
<i>Pipeline LLC 144A</i>	7.50	7-15-2038	2,390,000	2,139,050	0.37
<i>Sabine Pass</i>					
<i>Liquefaction LLC</i>	5.63-5.75	2-1-2021 to 3-1-2025	4,645,000	4,536,901	0.78
<i>Sabine Pass</i>					
<i>Liquefaction LLC</i>	6.25	3-15-2022	3,550,000	3,594,375	0.62
<i>Sabine Pass LNG LP</i>	6.50-7.50	11-30-2016 to 11-1-2020	6,455,000	6,667,144	1.15

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

Table of Contents

Summary portfolio of investments April 30, 2016
(unaudited)

Wells Fargo Multi-Sector Income Fund 9

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Oil, Gas & Consumable Fuels (continued)					
<i>Other securities</i>				\$ 38,429,291	6.61%
				63,539,694	10.94
Financials: 14.61%					
Banks: 0.91%					
<i>Other securities</i>				5,282,402	0.91
Capital Markets: 1.13%					
<i>Other securities</i>				6,532,871	1.13
Consumer Finance: 3.48%					
<i>Navient Corporation</i>	8.00%	3-25-2020	\$ 3,280,000	3,411,200	0.59
<i>Springleaf Finance Corporation</i>	5.75-8.25	9-15-2016 to 10-1-2023	4,870,000	4,810,019	0.82
<i>Springleaf Finance Corporation</i>	6.90	12-15-2017	4,550,000	4,754,750	0.82
<i>Other securities</i>				7,247,132	1.25
				20,223,101	3.48
Diversified Financial Services: 1.82%					
<i>Denali Borrower LLC 144A</i>	5.63	10-15-2020	3,510,000	3,694,275	0.64
<i>Other securities</i>				6,885,784	1.18
				10,580,059	1.82
Insurance: 1.73%					

<i>Other securities</i>				10,031,892	1.73
Real Estate Management & Development: 0.55%					
<i>Other securities</i>				3,205,000	0.55
REITs: 4.99%					
<i>DuPont Fabros Technology Incorporated LP</i>					
	5.63	6-15-2023	2,975,000	3,071,688	0.53
<i>DuPont Fabros Technology Incorporated LP</i>					
	5.88	9-15-2021	4,655,000	4,887,750	0.84
<i>Iron Mountain Incorporated</i>					
	5.75	8-15-2024	4,990,000	5,127,225	0.88
<i>Iron Mountain Incorporated</i>					
	6.00	10-1-2020 to 8-15-2023	3,190,000	3,380,250	0.58
<i>Other securities</i>				12,521,692	2.16
				28,988,605	4.99
Health Care: 7.21%					
Biotechnology: 0.14%					
<i>Other securities</i>				801,195	0.14
Health Care Equipment & Supplies: 1.06%					
<i>Other securities</i>				6,175,732	1.06
Health Care Providers & Services: 4.12%					
<i>Select Medical Corporation</i>					
	6.38	6-1-2021	6,215,000	5,896,481	1.02
<i>Other securities</i>				18,030,588	3.10
				23,927,069	4.12

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

Table of Contents

10 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments April 30, 2016
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Health Care Technology: 0.87%					
<i>Emdeon Incorporated 144A</i>	6.00%	2-15-2021	\$ 500,000	\$ 503,750	0.08%
<i>Emdeon Incorporated</i>	11.00	12-31-2019	4,325,000	4,573,688	0.79
				5,077,438	0.87
Life Sciences Tools & Services: 0.15%					
<i>Other securities</i>				843,673	0.15
Pharmaceuticals: 0.87%					
<i>Other securities</i>				5,074,613	0.87
Industrials: 4.31%					
Aerospace & Defense: 0.18%					
<i>Other securities</i>				1,034,563	0.18
Airlines: 0.36%					
<i>Other securities</i>				2,110,137	0.36
Commercial Services & Supplies: 1.32%					
<i>Other securities</i>				7,687,731	1.32
Construction & Engineering: 0.86%					
<i>Other securities</i>				5,002,432	0.86
Professional Services: 0.15%					
<i>Other securities</i>				842,433	0.15

Road & Rail: 0.11%

<i>Other securities</i>				652,072	0.11
-------------------------	--	--	--	---------	------

Trading Companies & Distributors: 1.33%

<i>Ashtead Capital Incorporated 144A</i>	6.50	7-15-2022	4,100,000	4,325,500	0.75
--	------	-----------	-----------	-----------	------

<i>Other securities</i>				3,364,775	0.58
-------------------------	--	--	--	-----------	------

				7,690,275	1.33
--	--	--	--	-----------	------

Information Technology: 4.20%

**Communications Equipment:
0.32%**

<i>Other securities</i>				1,864,513	0.32
-------------------------	--	--	--	-----------	------

Electronic Equipment, Instruments & Components: 1.40%

<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	5,275,000	5,736,563	0.99
-----------------------------------	------	-----------	-----------	-----------	------

<i>Other securities</i>				2,376,350	0.41
-------------------------	--	--	--	-----------	------

				8,112,913	1.40
--	--	--	--	-----------	------

**Internet Software & Services:
0.20%**

<i>Other securities</i>				1,153,250	0.20
-------------------------	--	--	--	-----------	------

IT Services: 0.24%

<i>Other securities</i>				1,363,250	0.24
-------------------------	--	--	--	-----------	------

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

Table of Contents

Summary portfolio of investments April 30, 2016
(unaudited)

Wells Fargo Multi-Sector Income Fund 11

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Semiconductors & Semiconductor Equipment: 0.55%					
<i>Other securities</i>				\$ 3,204,879	0.55%
Software: 0.61%					
<i>Other securities</i>				3,543,782	0.61
Technology Hardware, Storage & Peripherals: 0.88%					
<i>NCR Corporation</i>	6.38%	12-15-2023	\$ 3,950,000	4,108,000	0.71
<i>Other securities</i>				1,015,620	0.17
				5,123,620	0.88
Materials: 1.59%					
Chemicals: 0.14%					
<i>Other securities</i>				822,819	0.14
Containers & Packaging: 1.41%					
<i>Other securities</i>				8,217,036	1.41
Metals & Mining: 0.04%					
<i>Other securities</i>				204,125	0.04
Telecommunication Services: 7.93%					
Diversified Telecommunication Services: 2.83%					
<i>Other securities</i>				16,431,266	2.83
Wireless Telecommunication Services: 5.10%					
	6.63	11-15-2020	3,300,000	3,415,500	0.59

MetroPCS Wireless

Incorporated

Sprint Capital

Corporation

6.88

11-15-2028

14,540,000

10,795,911

1.86

Sprint Capital

Corporation

8.75

3-15-2032

2,575,000

2,047,125

0.35

T-Mobile USA

Incorporated

6.00-6.84

4-28-2019 to 1-15-2026

4,770,000

5,035,261

0.87

T-Mobile USA

Incorporated

6.73

4-28-2022

3,490,000

3,678,390

0.63

Other securities

4,642,739

0.80

29,614,926

5.10

Utilities: 2.44%

Electric Utilities:

0.47%

Other securities

2,719,958

0.47

Gas Utilities: 0.30%

Other securities

1,755,743

0.30

Independent Power & Renewable Electricity Producers: 1.42%

Other securities

8,235,846

1.42

Multi-Utilities: 0.25%

Other securities

1,442,991

0.25

Total Corporate Bonds and Notes (Cost \$425,326,379)

420,327,346

72.38

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

Table of Contents

12 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments April 30, 2016
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Foreign Corporate Bonds and Notes @ : 2.64%					
Consumer Discretionary: 0.06%					
Auto Components: 0.02%					
<i>Other securities</i>				\$ 121,524	0.02%
Internet & Catalog Retail: 0.04%					
<i>Other securities</i>				234,782	0.04
Consumer Staples: 0.14%					
Food Products: 0.14%					
<i>Other securities</i>				788,689	0.14
Energy: 0.27%					
Energy Equipment & Services: 0.02%					
<i>Other securities</i>				120,814	0.02
Oil, Gas & Consumable Fuels: 0.25%					
<i>Other securities</i>				1,443,366	0.25
Financials: 1.70%					
Banks: 1.61%					
<i>KfW (TRY)</i>	5.00%	1-16-2017	11,400,000	3,937,058	0.68
<i>Other securities</i>				5,405,843	0.93
				9,342,901	1.61

Diversified Financial

Services: 0.09%

<i>Other securities</i>		546,473	0.09
-------------------------	--	---------	------

Materials: 0.12%

Chemicals: 0.12%

<i>Other securities</i>		686,201	0.12
-------------------------	--	---------	------

Telecommunication Services: 0.35%

Diversified Telecommunication Services: 0.07%

<i>Other securities</i>		401,031	0.07
-------------------------	--	---------	------

Wireless Telecommunication Services: 0.28%

<i>Other securities</i>		1,620,697	0.28
-------------------------	--	-----------	------

Total Foreign Corporate Bonds and Notes (Cost \$19,899,745)		15,306,478	2.64
--	--	------------	------

Foreign Government Bonds @: 25.25%

<i>Brazil (BRL)</i>	10.00	1-1-2017	38,525,000	10,983,811	1.89
<i>Brazil (BRL)</i>	10.00	1-1-2025	32,800,000	8,410,217	1.45
<i>Colombia (COP)</i>	7.00	5-4-2022	18,650,000,000	6,303,136	1.09
<i>Colombia (COP)</i>	7.75	4-14-2021	5,250,000,000	1,877,047	0.32
<i>Hungary (HUF)</i>	6.75	11-24-2017	1,305,000,000	5,211,478	0.90
<i>Indonesia (IDR)</i>	7.88	4-15-2019	133,640,000,000	10,276,843	1.77
<i>Indonesia (IDR)</i>	10.00	7-15-2017	50,000,000,000	3,929,747	0.68

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

Table of Contents

Summary portfolio of investments April 30, 2016
(unaudited)

Wells Fargo Multi-Sector Income Fund 13

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Foreign Government Bonds @ (continued)					
<i>Malaysia (MYR)</i>	3.66%	10-15-2020	20,700,000	\$ 5,334,310	0.92%
<i>Malaysia (MYR)</i>	4.18	7-15-2024	19,850,000	5,164,089	0.89
<i>Mexico (MXN)</i>	4.75	6-14-2018	191,800,000	11,219,820	1.93
<i>Mexico (MXN)</i>	10.00	12-5-2024	62,120,000	4,653,480	0.80
<i>Mexico (MXN)</i>	10.00	12-5-2024	14,100,000	1,056,247	0.18
<i>Poland (PLN)</i>	2.50	7-25-2026	42,500,000	10,568,064	1.82
<i>Poland (PLN)</i>	3.25	7-25-2025	34,100,000	9,168,705	1.58
<i>Queensland Treasury (AUD)</i>	5.75	7-22-2024	4,100,000	3,783,050	0.65
<i>Republic of South Africa (ZAR)</i>	7.75	2-28-2023	103,000,000	6,846,648	1.18
<i>Republic of South Africa (ZAR)</i>	8.00	12-21-2018	129,000,000	9,020,054	1.55
<i>Romania (RON)</i>	5.85	4-26-2023	31,550,000	9,311,141	1.60
<i>State of New South Wales</i>					
<i>Australia (AUD)</i>	5.00	8-20-2024	3,900,000	3,498,309	0.60
<i>Thailand (THB)</i>	3.25	6-16-2017	110,000,000	3,216,311	0.56
<i>Thailand (THB)</i>	3.85	12-12-2025	108,500,000	3,664,421	0.63
<i>Turkey (TRY)</i>	6.30	2-14-2018	7,325,000	2,502,752	0.43
<i>Turkey (TRY)</i>	9.00	3-8-2017	13,600,000	4,855,754	0.84
<i>Other securities</i>				5,774,007	0.99
Total Foreign Government Bonds (Cost \$168,396,630)				146,629,441	25.25
Loans: 15.23%					
Consumer Discretionary:					
3.42%					
Auto Components: 0.58%					
<i>Other securities</i>				3,360,716	0.58
Distributors: 0.51%					
<i>Other securities</i>				2,941,234	0.51

Hotels, Restaurants & Leisure:

0.12%

<i>Other securities</i>	733,263	0.12
-------------------------	---------	------

Household Products: 0.03%

<i>Other securities</i>	164,017	0.03
-------------------------	---------	------

Leisure Products: 0.36%

<i>Other securities</i>	2,078,429	0.36
-------------------------	-----------	------

Media: 1.28%

<i>Other securities</i>	7,421,226	1.28
-------------------------	-----------	------

Multiline Retail: 0.03%

<i>Other securities</i>	196,155	0.03
-------------------------	---------	------

Specialty Retail: 0.51%

<i>Other securities</i>	2,954,040	0.51
-------------------------	-----------	------

Consumer Staples: 0.15%

Food Products: 0.15%

<i>Other securities</i>	893,762	0.15
-------------------------	---------	------

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

Table of Contents

14 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments April 30, 2016
(unaudited)

Security name	Value	Percent of net assets
Energy: 0.49%		
Energy Equipment & Services: 0.49%		
<i>Other securities</i>	\$ 2,858,625	0.49%
Financials: 2.12%		
Capital Markets: 0.36%		
<i>Other securities</i>	2,104,240	0.36
Consumer Finance: 0.03%		
<i>Other securities</i>	200,750	0.03
Diversified Financial Services: 0.69%		
<i>Other securities</i>	4,034,698	0.69
Insurance: 0.26%		
<i>Other securities</i>	1,492,133	0.26
Real Estate Management & Development: 0.75%		
<i>Other securities</i>	4,333,138	0.75
REITs: 0.03%		
<i>Other securities</i>	150,782	0.03
Health Care: 1.48%		
Health Care Equipment & Supplies: 0.15%		
<i>Other securities</i>	847,846	0.15
Health Care Providers & Services: 0.75%		

<i>Other securities</i>	4,339,412	0.75
Health Care Technology: 0.20%		
<i>Other securities</i>	1,162,651	0.20
Pharmaceuticals: 0.38%		
<i>Other securities</i>	2,231,790	0.38
Industrials: 1.69%		
Aerospace & Defense: 0.52%		
<i>Other securities</i>	3,005,903	0.52
Chemicals: 0.05%		
<i>Other securities</i>	269,980	0.05
Commercial Services & Supplies: 0.68%		
<i>Other securities</i>	3,952,176	0.68
Electrical Equipment: 0.17%		
<i>Other securities</i>	971,107	0.17
Machinery: 0.11%		
<i>Other securities</i>	632,648	0.11

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

Table of Contents

Summary portfolio of investments April 30, 2016
(unaudited)

Wells Fargo Multi-Sector Income Fund 15

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Transportation Infrastructure: 0.16%					
<i>Other securities</i>				\$ 952,313	0.16%
Information Technology: 2.65%					
Internet Software & Services: 0.48%					
<i>Other securities</i>				2,774,738	0.48
Semiconductors & Semiconductor Equipment: 0.25%					
<i>Other securities</i>				1,450,177	0.25
Software: 0.11%					
<i>Other securities</i>				683,485	0.11
Technology Hardware, Storage & Peripherals: 1.81%					
<i>Dell Incorporated ±</i>	4.00%	4-29-2020	\$ 8,231,686	8,228,722	1.42
<i>Other securities</i>				2,274,588	0.39
				10,503,310	1.81
Materials: 0.03%					
Containers & Packaging: 0.03%					
<i>Other securities</i>				168,014	0.03
Telecommunication Services: 1.74%					
Diversified Telecommunication Services: 1.10%					
<i>Other securities</i>				6,383,086	1.10

Wireless Telecommunication Services: 0.64%

<i>Other securities</i>				3,742,012	0.64
-------------------------	--	--	--	-----------	------

Utilities: 1.46%

Electric Utilities: 1.37%

<i>Texas Competitive Electric Holdings Company LLC ±(s)</i>	4.66	10-10-2016	20,096,983	6,697,320	1.15
<i>Other securities</i>				1,270,150	0.22
				7,967,470	1.37

Independent Power & Renewable Electricity Producers: 0.09%

<i>Other securities</i>				493,730	0.09
-------------------------	--	--	--	---------	------

Total Loans (Cost \$102,342,187)				88,449,056	15.23
---	--	--	--	------------	-------

Municipal Obligations: 0.05%

New York: 0.05%

<i>Other securities</i>				269,109	0.05
-------------------------	--	--	--	---------	------

Total Municipal Obligations (Cost \$270,000)				269,109	0.05
---	--	--	--	---------	------

Non-Agency Mortgage-Backed Securities: 5.95%

<i>Other securities</i>				34,568,732	5.95
-------------------------	--	--	--	------------	------

Total Non-Agency Mortgage-Backed Securities (Cost \$34,661,152)				34,568,732	5.95
--	--	--	--	------------	------

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

Table of Contents

16 Wells Fargo Multi-Sector Income Fund

Summary portfolio of investments April 30, 2016
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Yankee Corporate Bonds and Notes: 8.03%					
Consumer Discretionary: 0.50%					
Media: 0.50%					
<i>Other securities</i>				\$ 2,923,698	0.50%
Consumer Staples: 0.49%					
Beverages: 0.35%					
<i>Other securities</i>				2,064,682	0.35
Tobacco: 0.14%					
<i>Other securities</i>				792,298	0.14
Energy: 1.20%					
Oil, Gas & Consumable Fuels: 1.20%					
<i>Teekay Corporation</i>	8.50%	1-15-2020	\$ 4,475,000	3,412,188	0.59
<i>Other securities</i>				3,555,365	0.61
				6,967,553	1.20
Financials: 0.99%					
Banks: 0.79%					
<i>Other securities</i>				4,578,249	0.79
Diversified Financial Services: 0.20%					
<i>Other securities</i>				1,187,101	0.20
Health Care: 1.06%					

Pharmaceuticals: 1.06%

<i>Other securities</i>	6,129,524	1.06
-------------------------	-----------	------

Industrials: 0.64%

Building Products: 0.04%

<i>Other securities</i>	222,600	0.04
-------------------------	---------	------

**Commercial Services & Supplies:
0.42%**

<i>Other securities</i>	2,456,000	0.42
-------------------------	-----------	------

Machinery: 0.04%

<i>Other securities</i>	236,175	0.04
-------------------------	---------	------

Road & Rail: 0.14%

<i>Other securities</i>	820,219	0.14
-------------------------	---------	------

Information Technology: 0.27%

**Communications Equipment:
0.14%**

<i>Other securities</i>	794,905	0.14
-------------------------	---------	------

**Internet Software & Services:
0.13%**

<i>Other securities</i>	765,215	0.13
-------------------------	---------	------

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

Table of Contents

Summary portfolio of investments April 30, 2016
(unaudited)

Wells Fargo Multi-Sector Income Fund 17

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Materials: 0.99%					
Containers & Packaging: 0.57%					
<i>Other securities</i>				\$ 3,308,612	0.57%
Metals & Mining: 0.42%					
<i>Other securities</i>				2,403,339	0.42
Telecommunication Services: 1.77%					
Diversified Telecommunication Services: 1.54%					
<i>Intelsat Jackson Holdings SA</i>	5.50%	8-1-2023	\$ 6,775,000	4,280,953	0.74
<i>Other securities</i>				4,636,362	0.80
				8,917,315	1.54
Wireless Telecommunication Services: 0.23%					
<i>Other securities</i>				1,363,864	0.23
Utilities: 0.12%					
Electric Utilities: 0.12%					
<i>Other securities</i>				684,125	0.12
Total Yankee Corporate Bonds and Notes (Cost \$55,735,817)				46,615,474	8.03
	Yield		Shares		
Short-Term Investments: 4.71%					
Investment Companies: 4.71%					
<i>Wells Fargo Cash Investment Money</i>					
<i>Market Fund Select Class (l)(u)##</i>	0.43		27,383,187	27,383,187	4.71

Total Short-Term Investments		
(Cost \$27,383,187)	27,383,187	4.71
Total investments in securities (Cost	795,043,046	136.90
\$852,552,984) *		
<i>Other assets and liabilities, net</i>	(214,298,166)	(36.90)
Total net assets	\$ 580,744,880	100.00%

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

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

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

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

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

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

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

* Cost for federal income tax purposes is \$858,011,810 and unrealized gains (losses) consists of:

Gross unrealized gains	\$ 18,596,508
Gross unrealized losses	(81,565,272)
Net unrealized losses	\$ (62,968,764)

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

Table of Contents

18 Wells Fargo Multi-Sector Income Fund

Statement of assets and liabilities April 30, 2016
(unaudited)**Assets**

Investments

In unaffiliated securities, at value (cost \$825,169,797) \$ 767,659,859

In affiliated securities, at value (cost \$27,383,187) 27,383,187

Total investments, at value (cost \$852,552,984) 795,043,046

Cash 176,122

Foreign currency, at value (cost \$463,952) 471,763

Receivable for investments sold 5,373,988

Principal paydown receivable 9,039

Receivable for interest 12,661,604

Prepaid expenses and other assets 4,222

Total assets 813,739,784

Liabilities

Dividends payable 4,063,171

Payable for investments purchased 8,139,635

Secured borrowing payable 220,167,345

Advisory fee payable 367,980

Administration fee payable 33,453

Accrued expenses and other liabilities 223,320

Total liabilities 232,994,904

Total net assets \$ 580,744,880**NET ASSETS CONSIST OF**

Paid-in capital \$ 748,967,586

Overdistributed net investment income (5,807,048)

Accumulated net realized losses on investments (105,064,485)

Net unrealized losses on investments (57,351,173)

Total net assets \$ 580,744,880**NET ASSET VALUE PER SHARE**

Based on \$580,744,880 divided by 42,018,309 shares issued and outstanding (100,000,000 shares authorized) \$ 13.82

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

Table of Contents

Statement of operations six months ended April 30, 2016 (unaudited) Wells Fargo Multi-Sector Income Fund 19

Investment income

Interest (net of foreign withholding taxes of \$87,424)	\$ 26,880,766
Dividends	45,108
Income from affiliated securities	40,860
Total investment income	26,966,734

Expenses

Advisory fee	2,139,617
Administration fee	194,511
Custody and accounting fees	103,034
Professional fees	37,183
Shareholder report expenses	50,128
Trustees fees and expenses	8,989
Transfer agent fees	19,177
Interest expense	1,201,929
Other fees and expenses	18,559
Total expenses	3,773,127

Net investment income 23,193,607

REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS

Net realized gains (losses) on:	
Unaffiliated securities	(6,445,133)
Forward foreign currency contract transactions	(729,490)

Net realized losses on investments (7,174,623)

Net change in unrealized gains (losses) on:	
Unaffiliated securities	(2,627,881)
Forward foreign currency contract transactions	924,680

Net change in unrealized gains (losses) on investments (1,703,201)

Net realized and unrealized gains (losses) on investments (8,877,824)

Net increase in net assets resulting from operations \$ 14,315,783

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

Table of Contents

20 Wells Fargo Multi-Sector Income Fund		Statement of changes in net assets	
	Six months ended April 30, 2016 (unaudited)	Year ended October 31, 2015	
Operations			
Net investment income	\$ 23,193,607	\$	46,469,815
Net realized losses on investments	(7,174,623)		(15,988,489)
Net change in unrealized gains (losses) on investments	(1,703,201)		(67,320,520)
Net increase (decrease) in net assets resulting from operations	14,315,783		(36,839,194)
Distributions to shareholders from			
Net investment income	(24,389,667)		(36,559,777)
Tax basis return of capital	0		(12,379,627)
Total distributions to shareholders	(24,389,667)		(48,939,404)
Capital share transactions			
Cost of shares repurchased	(36,691)	(407,024)	0
Net increase (decrease) in net assets resulting from capital share transactions		(407,024)	0
Total decrease in net assets	(10,480,908)		(85,778,598)
Net assets			
Beginning of period	591,225,788		677,004,386
End of period	\$ 580,744,880		\$ 591,225,788
Overdistributed net investment income	\$ (5,807,048)		\$ (4,610,988)

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

Table of Contents

Statement of cash flows six months ended April 30,
2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 21

Cash flows from operating activities:

Net increase in net assets resulting from operations \$ 14,315,783

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

Purchase of investment securities	(98,418,886)
Proceeds from the sales of investment securities	122,499,419
Paydowns	3,519,089
Amortization	(1,690,711)
Purchase of short-term investment securities, net	(12,811,410)
Increase in receivable for investments sold	(490,180)
Increase in principal paydown receivable	(1,847)
Decrease in receivable for interest	420,643
Decrease in prepaid expenses and other assets	11,469
Decrease in payable for investments purchased	(1,800,289)
Decrease in advisory fee payable	(27,280)
Decrease in administration fee payable	(2,480)
Increase in accrued expenses and other liabilities	43,103
Net realized losses on investments	7,174,623
Net change in unrealized gains (losses) on investments	1,703,201

Net cash provided by operating activities 34,444,247

Cash flows from financing activities:

Cost of shares repurchased	(407,024)
Cash distributions paid	(24,393,215)
Decrease in secured borrowing payable	(9,975,745)

Net cash used in financing activities (34,775,984)

Net decrease in cash (331,737)

Cash (including foreign currency):

Beginning of period \$ 979,622

End of period \$ 647,885

Supplemental cash disclosure

Cash paid for interest \$ 1,177,674

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

Table of Contents

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

Financial highlights

	Six months ended April 30, 2016 (unaudited)	2015	Year ended October 31			
			2014	2013	2012	2011
Net asset value, beginning of period	\$14.06	\$16.10	\$16.40	\$17.01	\$16.16	\$16.67
Net investment income	0.55	1.10 ¹	1.14 ¹	1.18	1.16	1.11
Net realized and unrealized gains (losses) on investments	(0.21)	(1.98)	(0.24)	(0.59)	0.89	(0.39)
Total from investment operations	0.34	(0.88)	0.90	0.59	2.05	0.72
Distributions to shareholders from						
Net investment income	(0.58)	(0.87)	(0.91)	(1.20)	(1.20)	(1.23)
Tax basis return of capital	0.00	(0.29)	(0.29)	0.00	0.00	0.00
Total distributions to shareholders	(0.58)	(1.16)	(1.20)	(1.20)	(1.20)	(1.23)
Anti-dilutive effect of shares repurchased	0.00^{1,2}	0.00	0.00	0.00	0.00	0.00
Net asset value, end of period	\$13.82	\$14.06	\$16.10	\$16.40	\$17.01	\$16.16
Market value, end of period	\$12.57	\$12.02	\$14.19	\$14.47	\$16.54	\$14.97
Total return based on market value³	9.89%	(7.34)%	6.55%	(5.44)%	19.33%	0.33%
Ratios to average net assets (annualized)						
Net expenses ⁴	1.36%	1.24%	1.21%	1.24%	1.24%	1.14%

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

Net investment income ⁴	8.37%	7.33%	6.95%	7.04%	7.13%	6.75%
Supplemental data						
Portfolio turnover rate	11%	31%	41%	40%	78%	35%
Net assets, end of period (000s omitted)	\$580,745	\$591,226	\$677,004	\$689,573	\$715,368	\$679,497
Borrowings outstanding, end of period (000s omitted)	\$220,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000
Asset coverage per \$1,000 of borrowing, end of period	\$3,640	\$3,570	\$3,944	\$3,998	\$4,110	\$3,954

¹ Calculated based upon average shares outstanding

² Amount is less than \$0.005.

³ Total return is calculated assuming a purchase of common stock on the first day and sale on the last day of the period reported. Dividends and distributions, if any, are assumed for purposes of these calculations to be reinvested at prices obtained under the Fund's Automatic Dividend Reinvestment Plan. Total return does not reflect brokerage commissions that a shareholder would pay on the purchase and sale of shares. Returns for periods of less than one year are not annualized.

⁴ Ratios include interest expense relating to interest associated with borrowings and/or leverage transactions as follows:

Six months ended April 30, 2016 (unaudited)	0.43%
Year ended October 31, 2015	0.24%
Year ended October 31, 2014	0.07%
Year ended October 31, 2013	0.07%
Year ended October 31, 2012	0.11%
Year ended October 31, 2011	0.09%

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

Table of Contents

Notes to financial statements (unaudited)

Wells Fargo Multi-Sector Income Fund 23

1. ORGANIZATION

The Wells Fargo Multi-Sector Income Fund (the Fund) was organized as a statutory trust under the laws of the state of Delaware on April 10, 2003 and is registered as a diversified closed-end management investment company under the Investment Company Act of 1940, as amended. As an investment company, the Fund follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services—Investment Companies*.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Securities valuation

All investments are valued each business day as of the close of regular trading on the New York Stock Exchange (generally 4 p.m. Eastern Time), although the Fund may deviate from this calculation time under unusual or unexpected circumstances.

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

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

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

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

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

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

Foreign currency translation

The accounting records of the Fund are maintained in U.S. dollars. The values of other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Management Valuation Team. Purchases and sales of securities, and income and expenses are converted at the rate of exchange on the respective dates of such transactions. Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized

Table of Contents

24 Wells Fargo Multi-Sector Income Fund Notes to financial statements (unaudited)
 foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting from changes in exchange rates. The changes in net assets arising from changes in exchange rates and the changes in net assets resulting from changes in market prices of securities are not separately presented. Such changes are included in with net realized and unrealized gains or losses from investments.

Forward foreign currency contracts

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

When-issued transactions

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

Loans

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

Security transactions and income recognition

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

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

Dividend income is recognized on the ex-dividend date.

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

Distributions to shareholders

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

Federal and other taxes

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

Table of Contents

Notes to financial statements (unaudited)

Wells Fargo Multi-Sector Income Fund 25

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.

Capital loss carryforwards that do not expire are required to be utilized prior to capital loss carryforwards that expire. As of October 31, 2015, capital loss carryforwards available to offset future net realized capital gains were as follows through the indicated expiration dates:

2018	Short-term	No expiration	Long-term
\$86,701,155	\$4,490,558		\$1,934,103

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.

The following is a summary of the inputs used in valuing the Fund's assets and liabilities as of April 30, 2016:

Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
----------------------------	--	---	-------

Assets**Investments in:**

Agency securities	\$	0	\$	14,463,740	\$	0	\$	14,463,740
Asset-backed securities		0		606,725		0		606,725
Common stocks								
<i>Energy</i>		423,014		0		0		423,014
<i>Materials</i>		744		0		0		744
Corporate bonds and notes		0		420,327,346		0		420,327,346
Foreign corporate bonds and notes		0		15,306,478		0		15,306,478
Foreign government bonds		0		146,629,441		0		146,629,441
Loans		0		70,857,418		17,591,638		88,449,056
Municipal obligations		0		269,109		0		269,109
Non-agency mortgage-backed securities		0		34,568,732		0		34,568,732
Yankee corporate bonds and notes		0		45,886,193		729,281		46,615,474
Short-term investments								
<i>Investment companies</i>		27,383,187		0		0		27,383,187
Total assets	\$	27,806,945	\$	748,915,182	\$	18,320,919	\$	795,043,046

Table of Contents**26 Wells Fargo Multi-Sector Income Fund**

Notes to financial statements (unaudited)

The Fund recognizes transfers between levels within the fair value hierarchy at the end of the reporting period. At April 30, 2016, 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:

	Loans	Yankee corporate bonds and notes	Total
Balance as of October 31, 2015	\$ 16,654,991	\$ 729,281	\$ 17,384,272
Accrued discounts (premiums)	22,561	95,094	117,655
Realized gains (losses)	9,160	0	9,160
Change in unrealized gains (losses)	(172,922)	(95,094)	(268,016)
Purchases	1,844,238	0	1,844,238
Sales	(1,390,063)	0	(1,390,063)
Transfers into Level 3	2,488,206	0	2,488,206
Transfers out of Level 3	(1,864,533)	0	(1,864,533)
Balance as of April 30, 2016	\$ 17,591,638	\$ 729,281	\$ 18,320,919
Change in unrealized gains (losses) relating to securities still held at April 30, 2016	\$ (161,082)	\$ (95,094)	\$ (256,176)

The investment types categorized above were valued using indicative broker quotes. These indicative broker quotes are 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.

4. TRANSACTIONS WITH AFFILIATES**Advisory fee**

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

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

Administration fee

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

5. CAPITAL SHARE TRANSACTIONS

The Fund has authorized capital of 100,000,000 shares with no par value. For the six months ended April 30, 2016 and the year ended October 31, 2015, the Fund did not issue any shares.

On December 17, 2015, the Fund announced an open-market share repurchase program (the Buyback Program). Under the Buyback Program, the Fund may repurchase up to 10% of its outstanding shares within one year of December 17, 2015. The Fund's Board of Trustees has delegated to Funds Management full discretion to administer the Buyback Program including the determination of the amount and timing of repurchases in accordance with the best interests of the Fund and subject to applicable legal limitations. During the six months ended April 30, 2016, the Fund purchased 36,691 of its shares on the open market at a total cost of \$407,024 (average price per share of \$11.08). The average discount of these repurchased shares was 14.06%.

Table of Contents

Notes to financial statements (unaudited)

Wells Fargo Multi-Sector Income Fund 27

6. BORROWINGS

As of April 30, 2016, the Fund has borrowed \$220 million through a revolving credit facility administered by a major financial institution (the Facility). The Facility has a commitment amount of \$230 million with no specific contract expiration date but the Facility can be terminated upon 180 days' notice. The Fund is charged interest at London Interbank Offered Rate (LIBOR) plus 0.70% and a commitment fee of 0.30% of the average daily unutilized amount of the commitment which may be waived if the amount drawn on the Facility is over 75% of the committed amount.

During the six months ended April 30, 2016, the Fund had average borrowings outstanding of \$224,780,220 at an average rate of 1.08% and paid interest in the amount of \$1,201,929, which represents 0.43% of its average daily net assets (on an annualized basis).

7. INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments, excluding U.S. government obligations (if any) and short-term securities, for the six months ended April 30, 2016 were \$87,635,109 and \$80,281,002, respectively.

As of April 30, 2016, the Fund had unfunded term loan commitments of \$1,972,531.

8. DERIVATIVE TRANSACTIONS

During the six months ended April 30, 2016, the Fund entered into forward foreign currency contracts for economic hedging purposes.

As of April 30, 2016, the Fund did not have any open forward foreign currency contracts but had average contract amounts of \$1,372,192 and \$7,279,843 in forward foreign currency contracts to buy and forward foreign currency contracts to sell, respectively, during the six months ended April 30, 2016.

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

9. INDEMNIFICATION

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

10. SUBSEQUENT DISTRIBUTIONS

The Fund declared the following distributions to shareholders:

Declaration date	Record date	Payable date	Per share amount
April 29, 2016	May 16, 2016	June 1, 2016	\$0.0967
May 25, 2016	June 15, 2016	July 1, 2016	\$0.0923

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

Table of Contents**28 Wells Fargo Multi-Sector Income Fund
PROXY VOTING INFORMATION**

Other information (unaudited)

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

ANNUAL MEETING OF SHAREHOLDERS

On February 8, 2016, 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 Gordon	31,068,743
Shares voted Withhold		6,168,246
Shares voted For	Timothy Penny	31,173,794
Shares voted Withhold		6,063,195
Shares voted For	Michael Scofield	31,099,244
Shares voted Withhold		6,137,745

PORTFOLIO HOLDINGS INFORMATION

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

Table of Contents

Other information (unaudited)

Wells Fargo Multi-Sector Income Fund 29

BOARD OF TRUSTEES AND OFFICERS

The following table provides basic information about the Board of Trustees (the Trustees) and Officers of the Fund. Each of the Trustees and Officers¹ listed below acts in identical capacities for each fund in the Wells Fargo family of funds, which consists of 141 mutual funds comprising the Wells Fargo Funds Trust, Wells Fargo Variable Trust, Wells Fargo Master Trust, and four closed-end funds, including the Fund (collectively the Fund Complex). The mailing address of each Trustee and Officer is 525 Market Street, 12th Floor, San Francisco, CA 94105. The Board of Trustees is classified into three classes of which one is elected annually. Each Trustee serves a three-year term concurrent with the class from which the Trustee is elected. Each Officer serves an indefinite term.

Independent Trustees

Name and year of birth	Position held and length of service	Principal occupations during past five years or longer	Current other public company or investment company directorships
William R. Ebsworth (Born 1957)	Trustee, since 2015	Retired. From 1984 to 2013, equities analyst, portfolio manager, research director and chief financial officer at Fidelity Management and Research Company in Boston, Tokyo, and Hong Kong and retired in 2013 as Chief Investment Officer of Fidelity Strategic Advisers, Inc. where he lead a team of investment professionals managing client assets. Prior thereto, Board member of Hong Kong Securities Clearing Co., Hong Kong Options Clearing Corp., the Thailand International Fund, Ltd., Fidelity Investments Life Insurance Company, and Empire Fidelity Investments Life Insurance Company. Mr. Ebsworth is a CFA® charterholder and an Adjunct Lecturer, Finance, at Babson College.	Asset Allocation Trust
Jane A. Freeman (Born 1953)	Trustee, since 2015	Retired. From 2012 to 2014 and 1999 to 2008, Chief Financial Officer of Scientific Learning Corporation. From 2008 to 2012, Ms. Freeman provided consulting services related to strategic business projects. Prior to 1999, Portfolio Manager at Rockefeller & Co. and Scudder, Stevens & Clark. Board member of the Harding Loevner Funds from 1996 to 2014, serving as both Lead Independent Director and chair of the Audit Committee. Board member of the Russell Exchange Traded Funds Trust from 2011 to 2012 and the chair of the Audit Committee. Ms. Freeman is Chair of Taproot Foundation (non-profit organization), a Board Member	Asset Allocation Trust

		of Ruth Bancroft Garden (non-profit organization) and an inactive chartered financial analyst.	
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. Chairman of the Board of CIGNA Corporation since 2009, and Director since 2005. From 2003 to 2011, Director of Deluxe Corporation. Prior thereto, President and CEO of BellSouth Advertising and Publishing Corp. from 2005 to 2007, President and CEO of BellSouth Enterprises from 2004 to 2005 and President of BellSouth Consumer Services from 2000 to 2003. Emeritus member of the Iowa State University Foundation Board of Governors. Emeritus Member of the Advisory Board of Iowa State University School of Business. Advisory Board Member, Palm Harbor Academy (charter school). Advisory Board Member, Child Evangelism Fellowship (non-profit). Mr. Harris is a certified public accountant (inactive status).	CIGNA Corporation; Asset Allocation Trust
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
David F. Larcker (Born 1950)	Trustee, since 2010	James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, Director of the Corporate Governance Research Initiative and Senior Faculty of The Rock Center for Corporate Governance since 2006. From 2005 to 2008, Professor of Accounting at the Graduate School of Business, Stanford University. Prior thereto, Ernst & Young Professor of Accounting at The Wharton School, University of Pennsylvania from 1985 to 2005.	Asset Allocation Trust

Table of Contents

30 Wells Fargo Multi-Sector Income Fund			Other information (unaudited)
Name and year of birth	Position held and length of service	Principal occupations during past five years or longer	Current other public company or investment company directorships
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 Chief Executive Officer of Southern Minnesota Initiative Foundation, a non-profit organization, since 2007 and Senior Fellow at the Humphrey Institute Policy Forum at the University of Minnesota since 1995. Member of the Board of Trustees of NorthStar Education Finance, Inc., a non-profit organization, since 2007.	Asset Allocation Trust
Michael S. Scofield (Born 1943)	Trustee, since 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 complex (and its predecessors) from 1984 to 2010. Chairman of the Evergreen Funds from 2000-2010. Former Trustee of the Mentor Funds. Retired Attorney, Law Offices of Michael S. Scofield.	Asset Allocation Trust

Officers

Name and year of birth	Position held and length of service	Principal occupations during past five years or longer
Karla M. Rabusch (Born 1959)	President, since 2010	Executive Vice President of Wells Fargo Bank, N.A. and President of Wells Fargo Funds Management, LLC since 2003.
Jeremy DePalma ¹ (Born 1974)	Treasurer, since 2012	Senior Vice President of Wells Fargo Funds Management, LLC since 2009. Senior Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010 and head of the Fund Reporting and Control Team within Fund Administration from 2005 to 2010.

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

C. David Messman (Born 1960)	Secretary, since 2010; Chief Legal Officer, since 2010	Senior Vice President and Secretary of Wells Fargo Funds Management, LLC since 2001. Assistant General Counsel of Wells Fargo Bank, N.A. since 2013 and Vice President and Managing Counsel of Wells Fargo Bank, N.A. from 1996 to 2013.
Michael Whitaker (Born 1967)	Chief Compliance Officer, since 2016*	Executive Vice President of Wells Fargo Funds Management, LLC since 2016. Chief Compliance Officer of Fidelity's Fixed Income Funds and Asset Allocation Funds from 2008 to 2016, Compliance Officer of FMR Co., Inc. from 2014 to 2016, Fidelity Investments Money Management, Inc. from 2014 to 2016, Fidelity Investments from 2007 to 2016.
Debra Ann Early (Born 1964)	Chief Compliance Officer, since 2010**	Executive Vice President of Wells Fargo Funds Management, LLC since 2014, Senior Vice President and Chief Compliance Officer from 2007 to 2014.
David Berardi (Born 1975)	Assistant Treasurer, since 2009	Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Manager of Fund Reporting and Control for Evergreen Investment Management Company, LLC from 2004 to 2010.

¹ Jeremy DePalma acts as Treasurer of 69 funds and Assistant Treasurer of 72 funds in the Fund Complex.

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

** Debra Ann Early was the Chief Compliance Officer until May 15, 2016.

Table of Contents

Automatic dividend reinvestment plan

Wells Fargo Multi-Sector Income Fund 31

AUTOMATIC DIVIDEND REINVESTMENT PLAN

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

Table of Contents

32 Wells Fargo Multi-Sector Income Fund

List of abbreviations

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

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

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

SAVRS	Select auction variable rate securities
SBA	Small Business Authority
SDR	Swedish depositary receipt
SEK	Swedish krona
SFHR	Single-family housing revenue
SFMR	Single-family mortgage revenue
SGD	Singapore dollar
SPA	Standby purchase agreement
SPDR	Standard & Poor's Depositary Receipts
SPEAR	Short Puttable Exempt Adjustable Receipts
STRIPS	Separate trading of registered interest and principal securities
TAN	Tax anticipation notes
TBA	To be announced
THB	Thai baht
TIPS	Treasury inflation-protected securities
TRAN	Tax revenue anticipation notes
TRY	Turkish lira
TTFA	Transportation Trust Fund Authority
TVA	Tennessee Valley Authority
ZAR	South African rand

Table of Contents

Transfer Agent, Registrar, Shareholder Servicing

Agent & Dividend Disbursing Agent

Computershare Trust Company, N.A.

P.O. Box 30170

College Station, TX 77842-3170

1-800-730-6001

Website: wellsfargofunds.com

Wells Fargo Funds Management, LLC, is a subsidiary of Wells Fargo & Company and is an affiliate of Wells Fargo & Company's broker/dealer subsidiaries. Certain material contained in this report may be considered marketing material and has been reviewed by Wells Fargo Funds Distributor, LLC, Member FINRA, an affiliate of Wells Fargo & Company.

NOT FDIC INSURED ; NO BANK GUARANTEE ; MAY LOSE VALUE

© 2016 Wells Fargo Funds Management, LLC. All rights reserved.

242224 06-16

SMSI/SAR159 04-16

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

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

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 1

Security name	Interest rate	Maturity date	Principal	Value
Agency Securities: 2.49%				
<i>FHLMC ±</i>	4.24%	9-1-2032	\$ 1,202,023	\$ 1,273,768
<i>FHLMC</i>	8.50	7-1-2028	52,331	64,149
<i>FHLMC</i>	8.50	3-1-2030	30,926	31,431
<i>FHLMC Series 1383 ±</i>	2.66	2-1-2037	385,831	407,570
<i>FHLMC Series 196 Class A ±</i>	1.23	12-15-2021	26,173	26,463
<i>FHLMC Series 2011-K16 Class B ±144A</i>	4.75	11-25-2046	1,000,000	1,086,664
<i>FHLMC Series 2011-K701 Class B ±144A</i>	4.29	7-25-2048	165,000	169,074
<i>FHLMC Series 2011-K702 Class B ±144A</i>	4.77	4-25-2044	740,000	769,287
<i>FHLMC Series 2012-K17 Class B ±144A</i>	4.35	12-25-2044	675,000	724,831
<i>FHLMC Series 2012-K18 Class B ±144A</i>	4.26	1-25-2045	810,000	865,649
<i>FHLMC Series 2012-K501 Class C ±144A</i>	3.48	11-25-2046	800,000	802,314
<i>FHLMC Series 2012-K705 Class B ±144A</i>	4.16	9-25-2044	1,000,000	1,033,309
<i>FHLMC Series 2012-K706 Class B ±144A</i>	4.03	11-25-2044	500,000	515,414
<i>FHLMC Series 2012-K706 Class C ±144A</i>	4.03	11-25-2044	805,000	816,253
<i>FHLMC Series 2012-K707 Class B ±144A</i>	3.88	1-25-2047	930,000	956,503
<i>FHLMC Series 2012-K709 Class B ±144A</i>	3.74	4-25-2045	1,000,000	1,025,079
<i>FHLMC Series 2012-K711 Class B ±144A</i>	3.56	8-25-2045	264,000	269,113
<i>FHLMC Series 2013-K30 Class B ±144A</i>	3.67	6-25-2045	700,000	707,298
<i>FHLMC Series 2013-K713 Class B ±144A</i>	3.17	4-25-2046	1,000,000	1,006,773
<i>FHLMC Series 2390 Class FD ±</i>	0.88	12-15-2031	25,932	26,178
<i>FHLMC Series 2567 Class FH ±</i>	0.83	2-15-2033	74,422	75,195
<i>FHLMC Series K007 Class X1 ±(c)</i>	1.33	4-25-2020	943,835	31,168
<i>FHLMC Series K016 Class X1 ±(c)</i>	1.71	10-25-2021	375,846	25,706
<i>FHLMC Series K020 Class X1 ±(c)</i>	1.59	5-25-2022	6,679,659	481,492
<i>FNMA ±</i>	2.27	9-1-2037	501,259	528,986
<i>FNMA</i>	6.00	4-1-2033	65,286	68,141
<i>FNMA</i>	6.50	11-1-2032	58,102	60,997
<i>FNMA</i>	7.50	7-1-2017	1,521	1,525
<i>FNMA</i>	7.50	10-1-2028	2,264	2,277
<i>FNMA</i>	7.50	2-1-2030	30,819	31,291
<i>FNMA</i>	7.50	9-1-2030	76,483	81,712
<i>FNMA</i>	8.00	6-1-2030	9,087	9,216
<i>FNMA Series 1996-46 Class FA ±</i>	0.94	8-25-2021	15,533	15,628
<i>FNMA Series 1997-20 Class IO ±(c)</i>	1.84	3-25-2027	1,150,659	40,380
<i>FNMA Series 2001-25 Class Z</i>	6.00	6-25-2031	158,545	179,129
<i>FNMA Series 2001-35 Class F ±</i>	1.04	7-25-2031	6,957	7,063

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

<i>FNMA Series 2001-57 Class F ±</i>	0.94	6-25-2031	7,004	7,094
<i>FNMA Series 2002-77 Class FH ±</i>	0.84	12-18-2032	52,454	52,930
<i>FNMA Series 2002-97 Class FR ±</i>	0.99	1-25-2033	12,295	12,450
<i>FNMA Series G91-16 Class F ±</i>	0.89	6-25-2021	14,031	14,112
<i>FNMA Series G92-17 Class F ±</i>	1.49	3-25-2022	50,957	51,778
<i>GNMA</i>	6.50	6-15-2028	36,954	42,297
<i>GNMA</i>	7.25	7-15-2017	1,345	1,348
<i>GNMA</i>	7.25	8-15-2017	2,525	2,534
<i>GNMA</i>	7.25	8-15-2017	4,016	4,030
<i>GNMA</i>	7.25	9-15-2017	8,047	8,126
<i>GNMA</i>	7.25	10-15-2017	14,399	14,534
<i>GNMA</i>	7.25	10-15-2017	5,536	5,584
<i>GNMA</i>	7.25	11-15-2017	7,564	7,638
<i>GNMA</i>	7.25	1-15-2018	1,951	1,957

Table of Contents

2 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Agency Securities (continued)				
<i>GNMA</i>	7.25%	1-15-2018	\$ 4,954	\$ 4,971
<i>GNMA</i>	7.25	2-15-2018	9,615	9,715
<i>GNMA</i>	7.25	5-15-2018	5,596	5,616
Total Agency Securities (Cost \$13,630,968)				14,463,740
Asset-Backed Securities: 0.10%				
<i>CVS Pass-Through Trust Series T</i>	6.04	12-10-2028	543,340	606,725
Total Asset-Backed Securities (Cost \$608,247)				606,725
Shares				
Common Stocks: 0.07%				
Energy: 0.07%				
Oil, Gas & Consumable Fuels: 0.07%				
<i>Swift Energy Company (i)</i>			16,550	423,014
Materials: 0.00%				
Chemicals: 0.00%				
<i>LyondellBasell Industries NV Class A</i>			9	744
Total Common Stocks (Cost \$4,298,672)				423,758
Principal				
Corporate Bonds and Notes: 72.38%				
Consumer Discretionary: 12.60%				
Auto Components: 0.58%				
<i>Cooper Tire & Rubber Company (i)</i>	7.63	3-15-2027	\$ 1,680,000	1,789,200

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

<i>Cooper Tire & Rubber Company</i>	8.00	12-15-2019	550,000	624,250
<i>Goodyear Tire & Rubber Company</i>	7.00	5-15-2022	400,000	432,000
<i>Goodyear Tire & Rubber Company</i>	8.75	8-15-2020	468,000	554,580
				3,400,030
Distributors: 0.16%				
<i>LKQ Corporation</i>	4.75	5-15-2023	900,000	904,500
Diversified Consumer Services: 0.83%				
<i>Service Corporation International</i>	7.50	4-1-2027	2,993,000	3,516,775
<i>Service Corporation International</i>	7.63	10-1-2018	680,000	763,300
<i>Service Corporation International</i>	8.00	11-15-2021	475,000	555,750
				4,835,825
Hotels, Restaurants & Leisure: 2.60%				
<i>CCM Merger Incorporated 144A</i>	9.13	5-1-2019	6,270,000	6,536,475
<i>Greektown Holdings LLC 144A</i>	8.88	3-15-2019	7,625,000	7,891,875
<i>Hilton Worldwide Finance LLC</i>	5.63	10-15-2021	195,000	203,102
<i>Speedway Motorsports Incorporated</i>	5.13	2-1-2023	425,000	437,750
				15,069,202

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 3

Security name	Interest rate	Maturity date	Principal	Value
Household Durables: 0.41%				
<i>American Greetings Corporation</i>	7.38%	12-1-2021	\$ 2,000,000	\$ 2,060,000
<i>Tempur Sealy International Incorporated</i>	5.63	10-15-2023	105,000	109,200
<i>Tempur Sealy International Incorporated</i>	6.88	12-15-2020	200,000	210,750
				2,379,950
Internet & Catalog Retail: 0.14%				
<i>Expedia Incorporated</i>	5.95	8-15-2020	750,000	829,298
Leisure Products: 0.11%				
<i>Vista Outdoor Incorporated 144A</i>	5.88	10-1-2023	600,000	630,000
Media: 6.16%				
<i>Altice US Finance I Corporation 144A</i>	5.38	7-15-2023	1,395,000	1,424,365
<i>Cable One Incorporated 144A</i>	5.75	6-15-2022	375,000	385,313
<i>Cablevision Systems Corporation</i>	8.63	9-15-2017	1,310,000	1,388,600
<i>CCO Holdings LLC</i>	5.13	2-15-2023	300,000	307,500
<i>CCO Holdings LLC 144A</i>	5.13	5-1-2023	475,000	484,500
<i>CCO Holdings LLC</i>	5.25	9-30-2022	1,250,000	1,290,625
<i>CCO Holdings LLC 144A</i>	5.38	5-1-2025	4,150,000	4,248,563
<i>CCO Holdings LLC 144A</i>	5.50	5-1-2026	815,000	831,300
<i>CCO Holdings LLC 144A</i>	5.88	4-1-2024	750,000	785,625
<i>CCO Holdings LLC 144A</i>	5.88	5-1-2027	705,000	722,625
<i>CCO Holdings LLC</i>	6.63	1-31-2022	775,000	823,438
<i>CCO Holdings LLC</i>	7.38	6-1-2020	1,100,000	1,140,700
<i>CCOH Safari LLC 144A</i>	5.75	2-15-2026	3,375,000	3,484,688
<i>Cequel Communications Holdings I LLC 144A</i>	5.13	12-15-2021	1,335,000	1,258,238
<i>Cequel Communications Holdings I LLC 144A</i>	7.75	7-15-2025	2,030,000	2,060,450
<i>Cinemark USA Incorporated 144A</i>	4.88	6-1-2023	325,000	322,598
<i>CSC Holdings LLC</i>	7.88	2-15-2018	1,000,000	1,080,000
<i>CSC Holdings LLC</i>	8.63	2-15-2019	383,000	425,130
<i>Gray Television Incorporated</i>	7.50	10-1-2020	4,600,000	4,818,500
<i>Interpublic Group of Companies</i>	4.00	3-15-2022	750,000	783,599
<i>Lamar Media Corporation</i>	5.88	2-1-2022	690,000	722,775
<i>LIN Television Corporation</i>	6.38	1-15-2021	275,000	287,375

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

<i>Live Nation Entertainment Incorporated 144A</i>	7.00	9-1-2020	200,000	209,500
<i>National CineMedia LLC</i>	6.00	4-15-2022	1,725,000	1,806,938
<i>National CineMedia LLC</i>	7.88	7-15-2021	1,000,000	1,042,500
<i>Nexstar Broadcasting Group Incorporated 144A</i>	6.13	2-15-2022	175,000	175,438
<i>Nexstar Broadcasting Group Incorporated</i>	6.88	11-15-2020	1,750,000	1,833,125
<i>Outfront Media Capital Corporation</i>	5.63	2-15-2024	20,000	20,800
<i>Outfront Media Capital Corporation</i>	5.88	3-15-2025	775,000	809,875
<i>Time Warner Cable Incorporated</i>	4.00	1-15-2022	750,000	811,156
				35,785,839

Multiline Retail: 0.11%

<i>Macy's Retail Holdings Incorporated</i>	3.88	1-15-2022	600,000	614,853
--	------	-----------	---------	---------

Specialty Retail: 1.50%

<i>ABC Supply Company Incorporated 144A</i>	5.63	4-15-2021	450,000	465,750
<i>ABC Supply Company Incorporated 144A</i>	5.75	12-15-2023	300,000	314,250

Table of Contents

4 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Specialty Retail (continued)				
<i>Advance Auto Parts Incorporated</i>	4.50%	1-15-2022	\$ 600,000	\$ 640,349
<i>Asbury Automotive Group Incorporated</i>	6.00	12-15-2024	675,000	696,938
<i>Century Intermediate Holding Company (PIK at 10.50%) 144A(i)¥</i>	9.75	2-15-2019	300,000	303,750
<i>L Brands Incorporated</i>	6.63	4-1-2021	750,000	851,550
<i>Penske Auto Group Incorporated</i>	5.38	12-1-2024	2,150,000	2,166,125
<i>Penske Auto Group Incorporated</i>	5.75	10-1-2022	1,155,000	1,192,538
<i>Sonic Automotive Incorporated</i>	5.00	5-15-2023	1,224,000	1,217,880
<i>Sonic Automotive Incorporated</i>	7.00	7-15-2022	825,000	870,375
				8,719,505
Consumer Staples: 1.13%				
Beverages: 0.14%				
<i>Cott Beverages Incorporated</i>	6.75	1-1-2020	790,000	827,525
Food & Staples Retailing: 0.11%				
<i>SABMiller Holdings Incorporated 144A</i>	3.75	1-15-2022	600,000	640,945
Food Products: 0.68%				
<i>B&G Foods Incorporated</i>	4.63	6-1-2021	300,000	304,875
<i>Darling Ingredients Incorporated</i>	5.38	1-15-2022	180,000	187,650
<i>Kraft Foods Group Incorporated</i>	3.50	6-6-2022	750,000	795,688
<i>Pilgrim's Pride Corporation 144A</i>	5.75	3-15-2025	1,130,000	1,149,775
<i>Pinnacle Foods Incorporated 144A</i>	5.63	5-1-2024	325,000	324,594
<i>Pinnacle Foods Incorporated 144A</i>	5.88	1-15-2024	75,000	79,313
<i>Prestige Brands Incorporated 144A</i>	6.38	3-1-2024	130,000	136,500
<i>Simmons Foods Incorporated 144A</i>	7.88	10-1-2021	1,100,000	946,000
<i>Treehouse Foods Incorporated 144A</i>	6.00	2-15-2024	50,000	53,188
				3,977,583
Household Products: 0.07%				
<i>Central Garden & Pet Company</i>	6.13	11-15-2023	250,000	262,500

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

<i>Spectrum Brands Incorporated</i>	5.75	7-15-2025	100,000	106,065
				368,565
Tobacco: 0.13%				
<i>Reynolds American Incorporated 144A</i>	6.88	5-1-2020	650,000	766,411
Energy: 16.36%				
Energy Equipment & Services: 5.42%				
<i>Bristow Group Incorporated</i>	6.25	10-15-2022	4,480,000	3,673,600
<i>Cleaver Brooks Incorporated 144A</i>	8.75	12-15-2019	95,000	93,100
<i>Era Group Incorporated</i>	7.75	12-15-2022	4,425,000	3,827,625
<i>Forum Energy Technologies Incorporated</i>	6.25	10-1-2021	250,000	227,500
<i>Hilcorp Energy Company 144A</i>	5.00	12-1-2024	500,000	465,000
<i>Hilcorp Energy Company 144A</i>	5.75	10-1-2025	1,300,000	1,225,250
<i>Hilcorp Energy Company 144A</i>	7.63	4-15-2021	325,000	331,500
<i>Hornbeck Offshore Services Incorporated</i>	1.50	9-1-2019	1,350,000	826,875
<i>Hornbeck Offshore Services Incorporated</i>	5.00	3-1-2021	2,835,000	1,803,769
<i>Hornbeck Offshore Services Incorporated</i>	5.88	4-1-2020	1,860,000	1,204,350
<i>NGPL PipeCo LLC 144A</i>	7.12	12-15-2017	2,060,000	2,126,950

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 5

Security name	Interest rate	Maturity date	Principal	Value
Energy Equipment & Services (continued)				
<i>NGPL PipeCo LLC 144A</i>	7.77%	12-15-2037	\$ 10,990,000	\$ 10,110,800
<i>NGPL PipeCo LLC 144A</i>	9.63	6-1-2019	435,000	453,705
<i>PHI Incorporated</i>	5.25	3-15-2019	5,525,000	5,093,387
				31,463,411
Oil, Gas & Consumable Fuels: 10.94%				
<i>Alpha Natural Resources Incorporated (i)(s)</i>	6.25	6-1-2021	475,000	3,563
<i>Arch Coal Incorporated (s)</i>	7.00	6-15-2019	1,200,000	9,000
<i>Arch Coal Incorporated (s)</i>	7.25	6-15-2021	475,000	3,563
<i>Berry Petroleum Company LLC</i>	6.38	9-15-2022	3,175,000	809,625
<i>Berry Petroleum Company LLC</i>	6.75	11-1-2020	320,000	78,400
<i>Continental Resources Incorporated</i>	5.00	9-15-2022	825,000	765,188
<i>CSI Compressco LP</i>	7.25	8-15-2022	1,250,000	981,250
<i>Denbury Resources Incorporated</i>	4.63	7-15-2023	4,725,000	2,811,375
<i>Denbury Resources Incorporated</i>	5.50	5-1-2022	655,000	425,750
<i>Denbury Resources Incorporated</i>	6.38	8-15-2021	1,460,000	949,000
<i>El Paso LLC</i>	6.50	4-1-2020	750,000	815,502
<i>Enable Midstream Partner LP</i>	2.40	5-15-2019	2,350,000	2,131,323
<i>Enable Midstream Partner LP</i>	3.90	5-15-2024	1,500,000	1,264,952
<i>Enable Midstream Partner LP</i>	5.00	5-15-2044	275,000	204,975
<i>Energy Transfer Partners LP</i>	5.20	2-1-2022	750,000	752,234
<i>Enlink Midstream LLC</i>	4.15	6-1-2025	2,950,000	2,541,986
<i>Enlink Midstream LLC</i>	4.40	4-1-2024	3,200,000	2,771,869
<i>Exterran Partners LP</i>	6.00	4-1-2021	2,225,000	1,746,625
<i>Kinder Morgan Energy Partners LP</i>	3.95	9-1-2022	750,000	740,612
<i>Kinder Morgan Incorporated</i>	5.55	6-1-2045	925,000	861,390
<i>Kinder Morgan Incorporated</i>	6.50	9-15-2020	285,000	310,183
<i>Kinder Morgan Incorporated</i>	7.00	6-15-2017	530,000	554,014
<i>Kinder Morgan Incorporated (i)</i>	7.42	2-15-2037	800,000	799,902
<i>Kinder Morgan Incorporated</i>	7.80	8-1-2031	1,850,000	2,003,084
<i>Nabors Industries Incorporated</i>	4.63	9-15-2021	750,000	688,675
<i>Northern Tier Energy LLC</i>	7.13	11-15-2020	1,575,000	1,563,188
<i>Overseas Shipholding Group Incorporated</i>	8.13	3-30-2018	2,430,000	2,417,850
<i>Phillips 66</i>	4.30	4-1-2022	625,000	676,868
<i>Pioneer Natural Resources Company</i>	3.95	7-15-2022	750,000	777,112

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

<i>Rockies Express Pipeline LLC 144A</i>	5.63	4-15-2020	3,625,000	3,597,813
<i>Rockies Express Pipeline LLC 144A</i>	6.88	4-15-2040	5,199,000	4,575,120
<i>Rockies Express Pipeline LLC 144A</i>	7.50	7-15-2038	2,390,000	2,139,050
<i>Rose Rock Midstream LP</i>	5.63	11-15-2023	675,000	526,500
<i>Sabine Oil & Gas Corporation (i)(s)</i>	7.25	6-15-2019	520,000	2,600
<i>Sabine Oil & Gas Corporation (i)(s)</i>	7.50	9-15-2020	3,500,000	35,000
<i>Sabine Pass Liquefaction LLC</i>	5.63	2-1-2021	850,000	844,688
<i>Sabine Pass Liquefaction LLC</i>	5.63	4-15-2023	1,710,000	1,671,525
<i>Sabine Pass Liquefaction LLC</i>	5.63	3-1-2025	460,000	448,500
<i>Sabine Pass Liquefaction LLC</i>	5.75	5-15-2024	1,625,000	1,572,188
<i>Sabine Pass Liquefaction LLC</i>	6.25	3-15-2022	3,550,000	3,594,375
<i>Sabine Pass LNG LP</i>	6.50	11-1-2020	3,245,000	3,382,913
<i>Sabine Pass LNG LP</i>	7.50	11-30-2016	3,210,000	3,284,231
<i>SemGroup Corporation</i>	7.50	6-15-2021	2,755,000	2,424,400

Table of Contents

6 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Oil, Gas & Consumable Fuels (continued)				
<i>Southern Star Central Corporation 144A</i>	5.13%	7-15-2022	\$ 50,000	\$ 47,625
<i>Southwestern Energy Company</i>	4.10	3-15-2022	425,000	345,844
<i>Suburban Propane Partners LP</i>	7.38	8-1-2021	309,000	318,270
<i>Swift Energy Company (s)(a)</i>	7.13	6-1-2017	5,696,000	0
<i>Swift Energy Company (i)(s)(a)</i>	8.88	1-15-2020	1,075,000	0
<i>Ultra Petroleum Corporation 144A(s)</i>	5.75	12-15-2018	410,000	61,500
<i>Ultra Petroleum Corporation 144A(s)</i>	6.13	10-1-2024	8,475,000	1,271,250
<i>Weatherford International Incorporated</i>	6.35	6-15-2017	650,000	659,750
<i>Western Gas Partners LP</i>	3.95	6-1-2025	175,000	157,255
<i>Western Gas Partners LP</i>	4.00	7-1-2022	175,000	167,797
<i>Western Gas Partners LP</i>	5.38	6-1-2021	728,000	739,453
<i>Western Gas Partners LP</i>	5.45	4-1-2044	650,000	559,121
<i>Williams Partners LP</i>	3.35	8-15-2022	750,000	653,868
				63,539,694

Financials: 14.61%**Banks: 0.91%**

<i>Bank of America Corporation</i>	5.70	1-24-2022	250,000	287,210
<i>CIT Group Incorporated</i>	5.25	3-15-2018	100,000	103,125
<i>CIT Group Incorporated 144A</i>	5.50	2-15-2019	1,275,000	1,334,288
<i>CIT Group Incorporated 144A</i>	6.63	4-1-2018	550,000	579,563
<i>Citigroup Incorporated</i>	4.50	1-14-2022	250,000	273,226
<i>Citigroup Incorporated</i>	6.00	8-15-2017	650,000	686,723
<i>City National Bank</i>	5.38	7-15-2022	500,000	578,389
<i>HSBC Bank USA</i>	6.00	8-9-2017	650,000	681,805
<i>JPMorgan Chase & Company</i>	3.38	5-1-2023	750,000	758,073
				5,282,402

Capital Markets: 1.13%

<i>ACE Securities Corporation ±</i>	3.06	6-25-2033	399,612	394,096
<i>Blackstone Holdings Finance Company LLC 144A</i>	5.88	3-15-2021	750,000	870,151
<i>Goldman Sachs Group Incorporated</i>	5.75	1-24-2022	750,000	862,436
<i>Jefferies Finance LLC 144A</i>	6.88	4-15-2022	3,560,000	3,115,000

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

<i>Jefferies Finance LLC 144A</i>	7.38	4-1-2020	200,000	184,500
<i>Jefferies Finance LLC 144A</i>	7.50	4-15-2021	475,000	429,875
<i>Neuberger Berman Group LLC 144A</i>	5.88	3-15-2022	650,000	676,813
				6,532,871

Consumer Finance: 3.48%

<i>Ally Financial Incorporated</i>	5.75	11-20-2025	675,000	683,438
<i>Ally Financial Incorporated</i>	8.00	12-31-2018	780,000	853,125
<i>Ally Financial Incorporated</i>	8.00	3-15-2020	755,000	855,981
<i>Discover Financial Services</i>	5.20	4-27-2022	750,000	811,134
<i>Ford Motor Credit Company LLC</i>	5.00	5-15-2018	650,000	690,846
<i>Ford Motor Credit Company LLC</i>	8.00	12-15-2016	250,000	260,473
<i>Homer City Generation LLC 144A</i>	8.73	10-1-2026	1,236,785	717,335
<i>Navient Corporation</i>	5.88	3-25-2021	610,000	582,550
<i>Navient Corporation</i>	8.00	3-25-2020	3,280,000	3,411,200

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 7

Security name	Interest rate	Maturity date	Principal	Value
Consumer Finance (continued)				
<i>SLM Corporation</i>	8.45%	6-15-2018	\$ 1,675,000	\$ 1,792,250
<i>Springleaf Finance Corporation</i>	5.75	9-15-2016	1,100,000	1,108,131
<i>Springleaf Finance Corporation</i>	6.00	6-1-2020	1,735,000	1,661,263
<i>Springleaf Finance Corporation</i>	6.50	9-15-2017	200,000	205,750
<i>Springleaf Finance Corporation</i>	6.90	12-15-2017	4,550,000	4,754,750
<i>Springleaf Finance Corporation</i>	7.75	10-1-2021	500,000	493,750
<i>Springleaf Finance Corporation</i>	8.25	12-15-2020	175,000	181,125
<i>Springleaf Finance Corporation</i>	8.25	10-1-2023	1,160,000	1,160,000
				20,223,101
Diversified Financial Services: 1.82%				
<i>Denali Borrower LLC 144A</i>	5.63	10-15-2020	3,510,000	3,694,275
<i>General Electric Capital Corporation</i>	4.65	10-17-2021	187,000	212,473
<i>Infinity Acquisition LLC 144A(i)</i>	7.25	8-1-2022	2,160,000	1,890,000
<i>ING US Incorporated</i>	5.50	7-15-2022	750,000	841,763
<i>MGP Escrow Issuer LLC 144A</i>	5.63	5-1-2024	200,000	208,125
<i>Moody's Corporation</i>	5.50	9-1-2020	1,302,000	1,454,923
<i>NewStar Financial Incorporated</i>	7.25	5-1-2020	2,450,000	2,278,500
				10,580,059
Insurance: 1.73%				
<i>American International Group Incorporated</i>	4.88	6-1-2022	750,000	822,965
<i>Endurance Specialty Holdings Limited</i>	7.00	7-15-2034	575,000	651,196
<i>Hartford Financial Services Group Incorporated</i>	5.13	4-15-2022	650,000	734,752
<i>Hub Holdings LLC (PIK at 8.88%) 144A</i>	8.13	7-15-2019	2,900,000	2,697,000
<i>Hub International Limited 144A</i>	7.88	10-1-2021	2,295,000	2,249,100
<i>Liberty Mutual Group Incorporated 144A</i>	4.95	5-1-2022	750,000	815,284
<i>ProAssurance Corporation</i>	5.30	11-15-2023	750,000	796,502
<i>Progressive Corporation ±</i>	6.70	6-15-2067	600,000	566,340
<i>W.R. Berkley Corporation</i>	4.63	3-15-2022	650,000	698,753
				10,031,892

Real Estate Management & Development:**0.55%**

<i>Onex Corporation 144A</i>	7.75	1-15-2021	3,205,000	3,205,000
------------------------------	------	-----------	-----------	-----------

REITs: 4.99%

<i>Alexandria Real Estate Company</i>	4.60	4-1-2022	650,000	692,301
<i>American Tower Corporation</i>	5.90	11-1-2021	650,000	744,327
<i>Crown Castle International Corporation</i>	4.88	4-15-2022	460,000	499,100
<i>Crown Castle International Corporation</i>	5.25	1-15-2023	95,000	105,688
<i>DuPont Fabros Technology Incorporated LP</i>	5.63	6-15-2023	2,975,000	3,071,688
<i>DuPont Fabros Technology Incorporated LP</i>	5.88	9-15-2021	4,655,000	4,887,750
<i>Equinix Incorporated</i>	5.88	1-15-2026	425,000	449,701
<i>ESH Hospitality Incorporated 144A</i>	5.25	5-1-2025	1,825,000	1,799,906
<i>Essex Portfolio LP</i>	3.63	8-15-2022	750,000	778,430
<i>Health Care REIT Incorporated</i>	5.25	1-15-2022	650,000	720,489
<i>Iron Mountain Incorporated</i>	5.75	8-15-2024	4,990,000	5,127,225
<i>Iron Mountain Incorporated 144A</i>	6.00	10-1-2020	230,000	242,650
<i>Iron Mountain Incorporated</i>	6.00	8-15-2023	2,960,000	3,137,600

Table of Contents

8 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
REITs (continued)				
<i>Sabra Health Care Incorporated</i>	5.38%	6-1-2023	\$ 900,000	\$ 875,250
<i>Sabra Health Care Incorporated</i>	5.50	2-1-2021	1,100,000	1,111,000
<i>The Geo Group Incorporated</i>	5.13	4-1-2023	800,000	786,000
<i>The Geo Group Incorporated</i>	5.88	1-15-2022	2,740,000	2,794,800
<i>The Geo Group Incorporated</i>	5.88	10-15-2024	465,000	474,300
<i>Ventas Realty LP</i>	4.25	3-1-2022	650,000	690,400
				28,988,605
Health Care: 7.21%				
Biotechnology: 0.14%				
<i>Amgen Incorporated</i>	3.63	5-15-2022	750,000	801,195
Health Care Equipment & Supplies: 1.06%				
<i>Crimson Merger Sub Incorporated 144A</i>	6.63	5-15-2022	2,400,000	2,010,000
<i>Hill-Rom Holdings Incorporated 144A</i>	5.75	9-1-2023	200,000	207,000
<i>Hologic Incorporated 144A</i>	5.25	7-15-2022	670,000	701,825
<i>Kinetics Concepts Incorporated 144A</i>	7.88	2-15-2021	775,000	837,969
<i>Surgery Center Holdings Company 144A</i>	8.88	4-15-2021	2,425,000	2,418,938
				6,175,732
Health Care Providers & Services: 4.12%				
<i>Acadia Healthcare Company Incorporated 144A</i>	6.50	3-1-2024	190,000	200,450
<i>Centene Corporation</i>	5.75	6-1-2017	1,000,000	1,030,000
<i>Coventry Health Care Incorporated</i>	5.45	6-15-2021	750,000	848,498
<i>DaVita HealthCare Partners Incorporated</i>	5.00	5-1-2025	445,000	445,000
<i>DaVita HealthCare Partners Incorporated</i>	5.75	8-15-2022	525,000	549,938
<i>Express Scripts Holding Company</i>	3.90	2-15-2022	665,000	699,453
<i>HCA Incorporated</i>	5.25	6-15-2026	200,000	207,750
<i>HCA Incorporated</i>	6.50	2-15-2020	1,875,000	2,076,563
<i>HealthSouth Corporation</i>	5.75	11-1-2024	530,000	547,225
<i>HealthSouth Corporation</i>	5.75	9-15-2025	650,000	672,425

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

<i>Humana Incorporated</i>	7.20	6-15-2018	750,000	831,848
<i>Mednax Incorporated 144A</i>	5.25	12-1-2023	475,000	492,813
<i>Molina Healthcare Incorporated 144A</i>	5.38	11-15-2022	475,000	490,438
<i>MPH Acquisition Holdings LLC 144A</i>	6.63	4-1-2022	2,438,000	2,545,662
<i>MPT Operating Partnership LP</i>	6.38	2-15-2022	1,075,000	1,128,750
<i>MPT Operating Partnership LP</i>	6.38	3-1-2024	110,000	117,150
<i>MPT Operating Partnership LP</i>	6.88	5-1-2021	775,000	803,094
<i>Select Medical Corporation</i>	6.38	6-1-2021	6,215,000	5,896,481
<i>Team Health Incorporated 144A</i>	7.25	12-15-2023	950,000	1,008,781
<i>Tenet Healthcare Corporation</i>	6.00	10-1-2020	1,475,000	1,563,500
<i>Vizient Incorporated 144A</i>	10.38	3-1-2024	1,625,000	1,771,250
				23,927,069

Health Care Technology: 0.87%

<i>Emdeon Incorporated 144A</i>	6.00	2-15-2021	500,000	503,750
<i>Emdeon Incorporated</i>	11.00	12-31-2019	4,325,000	4,573,688
				5,077,438

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 9

Security name	Interest rate	Maturity date	Principal	Value
Life Sciences Tools & Services: 0.15%				
<i>Life Technologies Corporation</i>	6.00%	3-1-2020	\$ 750,000	\$ 843,673
Pharmaceuticals: 0.87%				
<i>Endo Finance LLC 144A</i>	5.75	1-15-2022	715,000	693,550
<i>Endo Finance LLC 144A</i>	5.88	1-15-2023	375,000	359,063
<i>Endo Finance LLC 144A</i>	6.00	2-1-2025	775,000	740,125
<i>Endo Finance LLC 144A</i>	7.75	1-15-2022	2,385,000	2,456,550
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	7.25	7-15-2022	75,000	66,188
<i>Watson Pharmaceuticals Incorporated</i>	3.25	10-1-2022	750,000	759,137
				5,074,613
Industrials: 4.31%				
Aerospace & Defense: 0.18%				
<i>BAE Systems Holdings Incorporated 144A</i>	3.80	10-7-2024	1,000,000	1,034,563
Airlines: 0.36%				
<i>Aviation Capital Group Corporation 144A</i>	6.75	4-6-2021	1,320,000	1,496,550
<i>Delta Air Lines Incorporated</i>	4.75	11-7-2021	578,856	613,587
				2,110,137
Commercial Services & Supplies: 1.32%				
<i>ADT Corporation</i>	3.50	7-15-2022	750,000	690,000
<i>Aramark Services Incorporated</i>	5.13	1-15-2024	120,000	126,900
<i>Covanta Holding Corporation</i>	5.88	3-1-2024	2,260,000	2,237,400
<i>Covanta Holding Corporation</i>	6.38	10-1-2022	1,500,000	1,545,000
<i>Covanta Holding Corporation</i>	7.25	12-1-2020	1,480,000	1,535,500
<i>Penske Truck Leasing Company 144A</i>	3.75	5-11-2017	750,000	765,426
<i>Republic Services Incorporated</i>	3.55	6-1-2022	750,000	787,505
				7,687,731

Construction & Engineering: 0.86%

<i>AECOM</i>	5.75	10-15-2022	215,000	224,138
<i>AECOM</i>	5.88	10-15-2024	2,610,000	2,740,500
<i>United Rentals North America Incorporated</i>	4.63	7-15-2023	1,200,000	1,192,500
<i>United Rentals North America Incorporated</i>	5.50	7-15-2025	850,000	845,294

5,002,432

Professional Services: 0.15%

<i>Ascent Capital Group Incorporated</i>	4.00	7-15-2020	375,000	238,359
<i>Verisk Analytics Incorporated</i>	5.80	5-1-2021	530,000	604,074

842,433

Road & Rail: 0.11%

<i>TTX Company 144A</i>	2.60	6-15-2020	650,000	652,072
-------------------------	------	-----------	---------	---------

Trading Companies & Distributors: 1.33%

<i>Ashtead Capital Incorporated 144A</i>	6.50	7-15-2022	4,100,000	4,325,500
<i>H&E Equipment Services Incorporated</i>	7.00	9-1-2022	3,250,000	3,282,500
<i>International Lease Finance Corporation 144A</i>	7.13	9-1-2018	75,000	82,275

7,690,275

Table of Contents

10 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Information Technology: 4.20%				
Communications Equipment: 0.32%				
<i>CommScope Technologies Finance LLC 144A</i>	6.00%	6-15-2025	\$ 1,100,000	\$ 1,122,000
<i>Motorola Solutions Incorporated</i>	3.75	5-15-2022	750,000	742,513
				1,864,513
Electronic Equipment, Instruments & Components: 1.40%				
<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	5,275,000	5,736,563
<i>L-3 Communications Corporation</i>	4.95	2-15-2021	750,000	806,580
<i>Zebra Technologies Corporation</i>	7.25	10-15-2022	1,450,000	1,569,770
				8,112,913
Internet Software & Services: 0.20%				
<i>Infor Software Parent LLC</i>	6.50	5-15-2022	550,000	507,656
<i>Infor Software Parent LLC (PIK at 7.88%) 144A</i>	7.13	5-1-2021	550,000	463,375
<i>Zayo Group LLC 144A</i>	6.38	5-15-2025	175,000	182,219
				1,153,250
IT Services: 0.24%				
<i>First Data Corporation 144A</i>	5.00	1-15-2024	420,000	424,200
<i>First Data Corporation 144A</i>	5.75	1-15-2024	320,000	324,800
<i>First Data Corporation 144A</i>	6.75	11-1-2020	585,000	614,250
				1,363,250
Semiconductors & Semiconductor Equipment: 0.55%				
<i>Micron Technology Incorporated 144A</i>	5.25	8-1-2023	375,000	303,004
<i>Micron Technology Incorporated 144A</i>	5.25	1-15-2024	700,000	561,750
<i>Micron Technology Incorporated</i>	5.50	2-1-2025	1,100,000	874,500
<i>Micron Technology Incorporated 144A</i>	5.63	1-15-2026	900,000	715,500

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

<i>Micron Technology Incorporated</i>	5.88	2-15-2022	850,000	750,125
				3,204,879

Software: 0.61%

<i>Activision Blizzard Incorporated 144A</i>	5.63	9-15-2021	705,000	742,013
<i>Activision Blizzard Incorporated 144A</i>	6.13	9-15-2023	175,000	190,531
<i>Boxer Parent Company Incorporated (PIK at 9.75%) 144A¥</i>	9.00	10-15-2019	2,160,000	1,587,600
<i>CA Incorporated</i>	5.38	12-1-2019	750,000	817,638
<i>SS&C Technologies Incorporated 144A</i>	5.88	7-15-2023	200,000	206,000
				3,543,782

Technology Hardware, Storage & Peripherals: 0.88%

<i>Hewlett-Packard Company</i>	4.05	9-15-2022	750,000	778,145
<i>NCR Corporation</i>	5.88	12-15-2021	230,000	237,475
<i>NCR Corporation</i>	6.38	12-15-2023	3,950,000	4,108,000
				5,123,620

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 11

Security name	Interest rate	Maturity date	Principal	Value
Materials: 1.59%				
Chemicals: 0.14%				
<i>Dow Chemical Company</i>	4.13%	11-15-2021	\$ 750,000	\$ 822,819
Containers & Packaging: 1.41%				
<i>Ball Corporation</i>	5.25	7-1-2025	190,000	199,857
<i>Berry Plastics Corporation</i>	5.13	7-15-2023	350,000	353,500
<i>Berry Plastics Corporation 144A</i>	6.00	10-15-2022	215,000	224,675
<i>Crown Cork & Seal Company Incorporated</i>	7.38	12-15-2026	35,000	38,194
<i>Crown Cork & Seal Company Incorporated (i)</i>	7.50	12-15-2096	600,000	601,500
<i>Owens-Illinois Incorporated 144A</i>	5.38	1-15-2025	575,000	588,656
<i>Owens-Illinois Incorporated 144A</i>	5.88	8-15-2023	425,000	457,141
<i>Owens-Illinois Incorporated 144A</i>	6.38	8-15-2025	2,950,000	3,178,625
<i>Owens-Illinois Incorporated</i>	7.80	5-15-2018	1,295,000	1,421,263
<i>Sealed Air Corporation 144A</i>	5.13	12-1-2024	1,100,000	1,153,625
				8,217,036
Metals & Mining: 0.04%				
<i>Indalex Holdings Corporation (i)(s)(a)</i>	11.50	2-1-2020	3,170,000	0
<i>Kaiser Aluminum Corporation 144A%%</i>	5.88	5-15-2024	200,000	204,125
				204,125
Telecommunication Services: 7.93%				
Diversified Telecommunication Services: 2.83%				
<i>AT&T Incorporated</i>	3.80	3-15-2022	750,000	794,648
<i>CenturyLink Incorporated</i>	5.80	3-15-2022	600,000	592,500
<i>Citizens Communications Company</i>	7.88	1-15-2027	355,000	291,100
<i>Frontier Communications Corporation</i>	8.13	10-1-2018	845,000	910,488
<i>Frontier Communications Corporation</i>	8.25	4-15-2017	1,040,000	1,092,915
<i>Frontier Communications Corporation</i>	8.50	4-15-2020	525,000	555,188
<i>GCI Incorporated</i>	6.75	6-1-2021	2,350,000	2,373,500
<i>GCI Incorporated</i>	6.88	4-15-2025	1,385,000	1,398,850

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

<i>Level 3 Financing Incorporated</i>	5.13	5-1-2023	975,000	992,063
<i>Level 3 Financing Incorporated</i>	5.38	8-15-2022	300,000	306,750
<i>Level 3 Financing Incorporated 144A</i>	5.38	1-15-2024	700,000	714,000
<i>Level 3 Financing Incorporated</i>	5.38	5-1-2025	975,000	992,063
<i>Level 3 Financing Incorporated</i>	5.63	2-1-2023	350,000	359,625
<i>Level 3 Financing Incorporated</i>	6.13	1-15-2021	175,000	183,313
<i>Level 3 Financing Incorporated 144A</i>	5.25	3-15-2026	650,000	659,750
<i>Qwest Corporation (i)</i>	7.63	8-3-2021	230,000	236,038
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	6,805,000	3,368,475
<i>Windstream Corporation</i>	6.38	8-1-2023	800,000	610,000
				16,431,266

Wireless Telecommunication Services:

5.10%

<i>Crown Castle Towers LLC 144A</i>	6.11	1-15-2040	750,000	830,586
<i>MetroPCS Wireless Incorporated</i>	6.63	11-15-2020	3,300,000	3,415,500
<i>SBA Communications Corporation</i>	4.88	7-15-2022	640,000	644,403

Table of Contents

12 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Wireless Telecommunication Services				
(continued)				
<i>SBA Communications Corporation</i>	5.63%	10-1-2019	\$ 160,000	\$ 166,000
<i>SBA Communications Corporation</i>	5.75	7-15-2020	2,000,000	2,065,000
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	14,540,000	10,795,911
<i>Sprint Capital Corporation</i>	8.75	3-15-2032	2,575,000	2,047,125
<i>Sprint Communications Incorporated</i>	7.00	8-15-2020	225,000	186,750
<i>Sprint Corporation</i>	7.13	6-15-2024	600,000	450,000
<i>Sprint Corporation</i>	7.63	2-15-2025	400,000	300,000
<i>T-Mobile USA Incorporated</i>	6.00	3-1-2023	300,000	315,000
<i>T-Mobile USA Incorporated</i>	6.13	1-15-2022	85,000	89,410
<i>T-Mobile USA Incorporated</i>	6.25	4-1-2021	165,000	172,013
<i>T-Mobile USA Incorporated</i>	6.38	3-1-2025	825,000	866,250
<i>T-Mobile USA Incorporated</i>	6.46	4-28-2019	160,000	163,200
<i>T-Mobile USA Incorporated</i>	6.50	1-15-2024	80,000	85,200
<i>T-Mobile USA Incorporated</i>	6.50	1-15-2026	500,000	530,000
<i>T-Mobile USA Incorporated</i>	6.54	4-28-2020	165,000	170,156
<i>T-Mobile USA Incorporated</i>	6.63	4-28-2021	925,000	974,719
<i>T-Mobile USA Incorporated</i>	6.63	4-1-2023	505,000	539,088
<i>T-Mobile USA Incorporated</i>	6.73	4-28-2022	3,490,000	3,678,390
<i>T-Mobile USA Incorporated</i>	6.84	4-28-2023	1,060,000	1,130,225
				29,614,926
Utilities: 2.44%				
Electric Utilities: 0.47%				
<i>Great Plains Energy Incorporated</i>	4.85	6-1-2021	750,000	817,026
<i>Otter Tail Corporation (i)</i>	9.00	12-15-2016	1,835,000	1,902,932
				2,719,958
Gas Utilities: 0.30%				
<i>AmeriGas Finance LLC</i>	6.75	5-20-2020	1,700,000	1,755,743
Independent Power & Renewable Electricity Producers: 1.42%				

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

<i>Calpine Corporation 144A</i>	6.00	1-15-2022	515,000	543,969
<i>Calpine Corporation 144A</i>	7.88	1-15-2023	530,000	565,775
<i>NSG Holdings LLC 144A</i>	7.75	12-15-2025	2,352,652	2,505,575
<i>Reliant Energy Incorporated (i)</i>	9.24	7-2-2017	394,314	386,427
<i>Reliant Energy Incorporated</i>	9.68	7-2-2026	410,000	393,600
<i>TerraForm Power Operating LLC 144A</i>	5.88	2-1-2023	2,800,000	2,443,000
<i>TerraForm Power Operating LLC 144A</i>	6.13	6-15-2025	1,625,000	1,397,500
				8,235,846
Multi-Utilities: 0.25%				
<i>Ameren Illinois Company</i>	9.75	11-15-2018	500,000	596,936
<i>CMS Energy Corporation</i>	5.05	3-15-2022	750,000	846,055
				1,442,991
Total Corporate Bonds and Notes (Cost \$425,326,379)				420,327,346

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 13

Security name	Interest rate	Maturity date	Principal	Value
Foreign Corporate Bonds and Notes @:				
2.64%				
Consumer Discretionary: 0.06%				
Auto Components: 0.02%				
<i>HP Pelzer Holding GmbH (EUR)</i>	7.50%	7-15-2021	\$ 100,000	\$ 121,524
Internet & Catalog Retail: 0.04%				
<i>Priceline Group Incorporated (EUR)</i>	2.38	9-23-2024	200,000	234,782
Consumer Staples: 0.14%				
Food Products: 0.14%				
<i>BRF S.A. 144A (BRL)</i>	7.75	5-22-2018	3,100,000	788,689
Energy: 0.27%				
Energy Equipment & Services: 0.02%				
<i>Rapid Holding GmbH 144A (EUR)</i>	6.63	11-15-2020	100,000	120,814
Oil, Gas & Consumable Fuels: 0.25%				
<i>Petroleos Mexicanos 144A (MXN)</i>	7.19	9-12-2024	28,200,000	1,443,366
Financials: 1.70%				
Banks: 1.61%				
<i>Eurofima (AUD)</i>	6.25	12-28-2018	2,450,000	2,035,421
<i>European Investment Bank (ZAR)</i>	9.00	3-31-2021	17,400,000	1,223,073
<i>KfW (TRY)</i>	5.00	1-16-2017	11,400,000	3,937,058
<i>KfW (AUD)</i>	5.00	3-19-2024	1,300,000	1,130,128
<i>Landwirtschaftliche Rentenbank (ZAR)</i>	8.25	5-23-2022	15,000,000	1,017,221
				9,342,901
Diversified Financial Services: 0.09%				
<i>AA Bond Company Limited (GBP)</i>	4.25	7-31-2043	200,000	299,159

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

<i>TES Finance plc (GBP)</i>	6.75	7-15-2020	200,000	247,314
				546,473
Materials: 0.12%				
Chemicals: 0.12%				
<i>Albemarle Corporation (EUR)</i>	1.88	12-8-2021	600,000	686,201
Telecommunication Services: 0.35%				
Diversified Telecommunication Services: 0.07%				
<i>Verizon Communications Incorporated (EUR)</i>	3.25	2-17-2026	300,000	401,031
Wireless Telecommunication Services: 0.28%				
<i>America Movil SAB de CV (MXN)</i>	7.13	12-9-2024	28,850,000	1,620,697
Total Foreign Corporate Bonds and Notes (Cost \$19,899,745)				15,306,478
Foreign Government Bonds @: 25.25%				
<i>Brazil (BRL)</i>	10.00	1-1-2017	38,525,000	10,983,811
<i>Brazil (BRL)</i>	10.00	1-1-2025	32,800,000	8,410,217

Table of Contents

14 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Foreign Government Bonds @				
(continued)				
<i>Colombia (COP)</i>	7.00%	5-4-2022	\$ 18,650,000,000	\$ 6,303,136
<i>Colombia (COP)</i>	7.75	4-14-2021	5,250,000,000	1,877,047
<i>Hungary (HUF)</i>	6.75	11-24-2017	1,305,000,000	5,211,478
<i>Indonesia (IDR)</i>	7.88	4-15-2019	133,640,000,000	10,276,843
<i>Indonesia (IDR)</i>	10.00	7-15-2017	50,000,000,000	3,929,747
<i>Korea (KRW)</i>	5.25	3-10-2027	2,830,000,000	3,322,207
<i>Malaysia (MYR)</i>	3.66	10-15-2020	20,700,000	5,334,310
<i>Malaysia (MYR)</i>	4.18	7-15-2024	19,850,000	5,164,089
<i>Mexico (MXN)</i>	4.75	6-14-2018	191,800,000	11,219,820
<i>Mexico (MXN)</i>	6.50	6-10-2021	40,000,000	2,451,800
<i>Mexico (MXN)</i>	10.00	12-5-2024	62,120,000	4,653,480
<i>Mexico (MXN)</i>	10.00	12-5-2024	14,100,000	1,056,247
<i>Poland (PLN)</i>	2.50	7-25-2026	42,500,000	10,568,064
<i>Poland (PLN)</i>	3.25	7-25-2025	34,100,000	9,168,705
<i>Queensland Treasury (AUD)</i>	5.75	7-22-2024	4,100,000	3,783,050
<i>Republic of South Africa (ZAR)</i>	7.75	2-28-2023	103,000,000	6,846,648
<i>Republic of South Africa (ZAR)</i>	8.00	12-21-2018	129,000,000	9,020,054
<i>Romania (RON)</i>	5.85	4-26-2023	31,550,000	9,311,141
<i>State of New South Wales Australia (AUD)</i>	5.00	8-20-2024	3,900,000	3,498,309
<i>Thailand (THB)</i>	3.25	6-16-2017	110,000,000	3,216,311
<i>Thailand (THB)</i>	3.85	12-12-2025	108,500,000	3,664,421
<i>Turkey (TRY)</i>	6.30	2-14-2018	7,325,000	2,502,752
<i>Turkey (TRY)</i>	9.00	3-8-2017	13,600,000	4,855,754
Total Foreign Government Bonds				
(Cost \$168,396,630)				146,629,441

Loans: 15.23%**Consumer Discretionary: 3.42%****Auto Components: 0.58%**

<i>Allison Transmission Incorporated ±</i>	3.75	8-23-2019	3,358,600	3,360,716
--	------	-----------	-----------	-----------

Distributors: 0.51%

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

<i>Spin Holdco Incorporated ±</i>	4.25	11-14-2019	3,002,546	2,941,234
Hotels, Restaurants & Leisure:				
0.12%				
<i>CCM Merger Incorporated ±</i>	4.50	8-8-2021	633,825	635,213
<i>TGI Friday s Incorporated ±</i>	5.25	7-15-2020	98,050	98,050
				733,263
Household Products: 0.03%				
<i>Anchor Glass Container Corporation ±</i>	4.25	7-1-2022	163,710	164,017
Leisure Products: 0.36%				
<i>AMF Bowling Centers Incorporated ±</i>	7.25	9-18-2021	1,716,282	1,707,701
<i>Life Time Fitness Incorporated ±</i>	4.25	6-10-2022	373,059	370,728
				2,078,429
Media: 1.28%				
<i>Altice US Finance I Corporation ±</i>	4.25	12-14-2022	421,699	421,066
<i>Cablevision Systems Corporation ±</i>	5.00	10-9-2022	700,000	702,191

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 15

Security name	Interest rate	Maturity date	Principal	Value
Media (continued)				
<i>Charter Communications Operating LLC</i>				
±%%<	3.50%	1-24-2023	\$ 920,000	\$ 923,616
<i>Entercom Radio LLC</i> ±	4.00	11-23-2018	1,026,127	1,022,710
<i>Learfield Communications Incorporated</i> ±	4.25	10-9-2020	1,433,762	1,429,289
<i>Learfield Communications Incorporated</i> ±	8.75	10-9-2021	2,669,807	2,656,458
<i>Mission Broadcasting Incorporated</i> ±	3.75	10-1-2020	124,911	124,599
<i>Nexstar Broadcasting Incorporated</i> ±	3.75	10-1-2020	141,651	141,297
				7,421,226
Multiline Retail: 0.03%				
<i>Doosan Infracore International Incorporated</i>				
±	4.50	5-28-2021	199,227	196,155
Specialty Retail: 0.51%				
<i>Focus Brands Incorporated</i> ±	4.25	2-21-2018	656,285	657,105
<i>Focus Brands Incorporated</i> ±	10.25	8-21-2018	2,023,863	2,021,333
<i>Staples Incorporated</i> ±	4.75	2-2-2022	275,000	275,602
				2,954,040
Consumer Staples: 0.15%				
Food Products: 0.15%				
<i>B&G Foods Incorporated</i> ±	3.76	11-2-2022	640,110	643,310
<i>Pinnacle Foods Incorporated</i> ±	3.75	1-13-2023	249,375	250,452
				893,762
Energy: 0.49%				
Energy Equipment & Services: 0.49%				
<i>Hummel Station LLC</i> ±	7.00	10-27-2022	3,025,000	2,858,625
Financials: 2.12%				

Capital Markets: 0.36%

<i>American Capital Limited ±</i>	3.50	8-22-2017	1,373,348	1,367,346
<i>La Quinta Intermediate Holdings LLC ±</i>	3.75	4-14-2021	748,116	736,894
				2,104,240

Consumer Finance: 0.03%

<i>KAR Auction Services Incorporated ±</i>	4.25	3-9-2023	200,000	200,750
--	------	----------	---------	---------

Diversified Financial Services: 0.69%

<i>American Beacon Advisors Incorporated ±</i>	5.50	4-30-2022	2,336,206	2,311,395
<i>American Beacon Advisors Incorporated ±(i)</i>	9.75	3-3-2023	440,000	402,600
<i>Ipreo Holdings LLC ±</i>	4.00	8-6-2021	142,833	135,870
<i>LPL Holdings Incorporated ±</i>	4.75	11-20-2022	1,196,801	1,184,833
				4,034,698

Insurance: 0.26%

<i>Asurion LLC ±</i>	8.50	3-3-2021	360,000	345,085
<i>Hub International Limited ±</i>	4.25	10-2-2020	272,053	268,767
<i>Solera Holdings Incorporated ±</i>	5.75	3-3-2023	875,000	878,281
				1,492,133

Table of Contents

16 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Real Estate Management & Development: 0.75%				
<i>Capital Automotive LP ±</i>	4.00%	4-10-2019	\$ 2,472,998	\$ 2,479,181
<i>Capital Automotive LP ±</i>	6.00	4-30-2020	1,849,333	1,853,957
				4,333,138
REITs: 0.03%				
<i>MGM Growth Properties LLC ±</i>	4.00	4-25-2023	150,000	150,782
Health Care: 1.48%				
Health Care Equipment & Supplies: 0.15%				
<i>DJO Finance LLC ±</i>	4.25	6-8-2020	565,725	549,460
<i>Prestige Brands Incorporated ±</i>	3.52	9-3-2021	297,826	298,386
				847,846
Health Care Providers & Services: 0.75%				
<i>Acadia Healthcare Company Incorporated ±</i>	4.25	2-11-2022	158,000	159,054
<i>Acadia Healthcare Company Incorporated ±</i>	4.50	2-16-2023	947,625	953,841
<i>Community Health Systems Incorporated ±</i>	4.00	1-27-2021	945,238	930,842
<i>Surgery Center Holdings Incorporated ±</i>	5.25	11-3-2020	1,110,938	1,113,026
<i>TeamHealth Incorporated ±</i>	4.50	11-23-2022	523,688	526,961
<i>Vizient Incorporated ±%%<</i>	6.25	2-13-2023	650,000	655,688
				4,339,412
Health Care Technology: 0.20%				
<i>Alere Incorporated ±</i>	4.25	6-18-2022	101,743	100,725
<i>Emdeon Incorporated ±</i>	3.75	11-2-2018	992,327	991,712
<i>Hill-Rom Holdings Incorporated ±</i>	3.50	9-8-2022	69,938	70,214
				1,162,651
Pharmaceuticals: 0.38%				
<i>Endo Finance LLC ±</i>	3.75	9-26-2022	299,250	298,128

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

<i>Valeant Pharmaceuticals International Incorporated ±%%<</i>	4.75	12-11-2019	1,545,866	1,504,514
<i>Valeant Pharmaceuticals International Incorporated ±</i>	5.00	4-1-2022	440,604	429,148
				2,231,790
Industrials: 1.69%				
Aerospace & Defense: 0.52%				
<i>TransDigm Incorporated ±</i>	3.75	2-28-2020	3,011,172	3,005,903
Chemicals: 0.05%				
<i>The Chemours Company ±</i>	3.75	5-12-2022	277,900	269,980
Commercial Services & Supplies: 0.68%				
<i>ADS Waste Holdings Incorporated ±</i>	3.75	10-9-2019	1,016,091	1,012,280
<i>Gates Global Limited ±</i>	4.25	7-6-2021	849,460	812,143
<i>Sedgwick Claims Management Services Incorporated ±</i>	3.75	3-1-2021	528,262	517,697
<i>W3 Company ±</i>	9.25	9-13-2020	289,275	121,496
<i>WASH Multifamily Laundry Systems LLC ±</i>	4.25	5-14-2022	1,280,325	1,261,120
<i>WASH Multifamily Laundry Systems LLC ±</i>	8.00	5-12-2023	17,885	16,901

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 17

Security name	Interest rate	Maturity date	Principal	Value
Commercial Services & Supplies				
(continued)				
<i>WASH Multifamily Laundry Systems LLC</i>				
<i>±(i)</i>	8.00%	5-14-2023	\$ 102,115	\$ 96,499
<i>Waste Industries USA Incorporated ±</i>	4.25	2-27-2020	113,850	114,040
				3,952,176
Electrical Equipment: 0.17%				
<i>Nusil Technology LLC ±</i>	5.25	4-7-2017	976,910	971,107
Machinery: 0.11%				
<i>Onex Wizard Acquisition Company ±</i>	4.25	3-13-2022	634,348	632,648
Transportation Infrastructure: 0.16%				
<i>HGIM Corporation ±</i>	5.50	6-18-2020	848,037	482,321
<i>OSG Bulk Ships Incorporated ±</i>	5.25	8-5-2019	80,415	76,193
<i>OSG International Incorporated ±</i>	5.75	8-5-2019	398,279	393,799
				952,313
Information Technology: 2.65%				
Internet Software & Services: 0.48%				
<i>Black Knight InfoServ LLC ±</i>	3.75	5-27-2022	496,873	497,186
<i>CCC Information Services Incorporated ±</i>	4.00	12-20-2019	581,470	577,109
<i>Infor US Incorporated ±</i>	3.75	6-3-2020	700,498	683,280
<i>Sophia Holding Finance LP ±</i>	4.75	9-30-2022	151,075	150,698
<i>Vertafore Incorporated ±</i>	9.75	10-29-2017	510,000	509,745
<i>Zayo Group LLC ±</i>	3.75	5-6-2021	356,913	356,720
				2,774,738
Semiconductors & Semiconductor Equipment: 0.25%				
<i>Avago Technologies ±</i>	4.25	2-1-2023	1,000,000	1,000,180

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

<i>NXP Semiconductors N.V. ±</i>	3.75	12-7-2020	448,875	449,997
				1,450,177
Software: 0.11%				
<i>SS&C Technologies Incorporated ±</i>	4.01	7-8-2022	596,759	598,251
<i>SS&C Technologies Incorporated ±</i>	4.02	7-8-2022	85,021	85,234
				683,485
Technology Hardware, Storage & Peripherals: 1.81%				
<i>CDW LLC ±</i>	3.25	4-29-2020	873,251	872,491
<i>Dell Incorporated ±</i>	4.00	4-29-2020	8,231,686	8,228,722
<i>Kronos Incorporated ±</i>	4.50	10-30-2019	569,266	567,603
<i>Peak 10 Incorporated ±(i)</i>	8.25	6-17-2022	430,000	344,000
<i>Riverbed Technology Incorporated ±</i>	5.75	4-24-2022	487,724	490,494
				10,503,310
Materials: 0.03%				
Containers & Packaging: 0.03%				
<i>Owens-Illinois Incorporated ±</i>	3.50	9-1-2022	167,875	168,014

Table of Contents

18 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Telecommunication Services: 1.74%				
Diversified Telecommunication Services: 1.10%				
<i>Avaya Incorporated ±</i>	5.13%	10-26-2017	\$ 199,261	\$ 137,490
<i>Level 3 Financing Incorporated ±</i>	4.00	1-15-2020	1,700,000	1,704,675
<i>nTelos Incorporated ±</i>	5.75	11-9-2019	1,998,957	1,993,960
<i>Telesat Canada ±</i>	3.50	3-28-2019	2,551,221	2,546,961
				6,383,086
Wireless Telecommunication Services: 0.64%				
<i>LTS Buyer LLC ±</i>	4.00	4-13-2020	1,853,133	1,846,647
<i>LTS Buyer LLC ±(i)</i>	8.00	4-12-2021	566,625	560,959
<i>Syniverse Holdings Incorporated ±</i>	4.00	4-23-2019	937,955	750,364
<i>Syniverse Holdings Incorporated ±</i>	4.00	4-23-2019	165,800	132,640
<i>T-Mobile USA Incorporated ±</i>	3.50	11-9-2022	448,875	451,402
				3,742,012
Utilities: 1.46%				
Electric Utilities: 1.37%				
<i>Green Energy Partners ±(i)</i>	6.50	11-13-2021	1,330,000	1,270,150
<i>Texas Competitive Electric Holdings Company LLC ±(s)</i>	4.66	10-10-2016	20,096,983	6,697,320
				7,967,470
Independent Power & Renewable Electricity Producers: 0.09%				
<i>Calpine Corporation ±</i>	4.00	10-9-2019	493,606	493,730
Total Loans (Cost \$102,342,187)				88,449,056
Municipal Obligations: 0.05%				

New York: 0.05%

Build New York City Resource Corporation

Bronx Charter School for Excellence

<i>Project Series B (Education Revenue)</i>	5.00	4-1-2018	270,000	269,109
---	------	----------	---------	---------

**Total Municipal Obligations (Cost
\$270,000)**

269,109

Non-Agency Mortgage-Backed

Securities: 5.95%

American General Mortgage Loan Series

<i>2010 Class 1A-A3 144A±</i>	5.65	3-25-2058	20,033	20,003
-------------------------------	------	-----------	--------	--------

Argent Securities Incorporated Series

<i>2004-W5 Class AV3B ±</i>	1.34	4-25-2034	68,759	62,642
-----------------------------	------	-----------	--------	--------

Asset-Backed Funding Certificates Series

<i>2003-AHL1 Class A1</i>	4.18	3-25-2033	221,284	220,799
---------------------------	------	-----------	---------	---------

Asset-Backed Securities Corporation Home

<i>Equity Series 2002-HE3 Class M2 ±</i>	2.76	10-15-2032	115,733	115,370
--	------	------------	---------	---------

Banc of America Commercial Mortgage

<i>Securities Incorporated Series 2006-03 Class AM ±</i>	6.08	7-10-2044	1,340,000	1,332,035
--	------	-----------	-----------	-----------

Banc of America Commercial Mortgage

<i>Securities Incorporated Series 2007-1 Class AMFX ±</i>	5.48	1-15-2049	530,000	530,319
---	------	-----------	---------	---------

Banc of America Commercial Mortgage

<i>Securities Incorporated Series 2008-1 Class AM ±</i>	6.48	2-10-2051	550,000	584,022
---	------	-----------	---------	---------

Banc of America Commercial Mortgage

<i>Trust Series 2006-5 Class AM</i>	5.45	9-10-2047	750,000	757,681
-------------------------------------	------	-----------	---------	---------

Banc of America Funding Corporation

<i>Series 2005 Class 5-1A1</i>	5.50	9-25-2035	373,950	387,079
--------------------------------	------	-----------	---------	---------

Banc of America Funding Corporation

<i>Series 2009 Class R6-3A1 144A±</i>	2.21	1-26-2037	52,408	52,316
---------------------------------------	------	-----------	--------	--------

Banc of America Mortgage Securities

<i>Series 2003 Class 1A1 ±</i>	2.74	4-25-2033	346,359	322,282
--------------------------------	------	-----------	---------	---------

Banc of America Mortgage Securities

<i>Series 2003 Class A-3A1 ±</i>	2.91	2-25-2033	57,633	55,534
----------------------------------	------	-----------	--------	--------

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 19

Security name	Interest rate	Maturity date	Principal	Value
Non-Agency Mortgage-Backed Securities				
(continued)				
<i>Bear Stearns Commercial Mortgage Series 2007-PW17 Class AM ±</i>	5.92%	6-11-2050	\$ 318,000	\$ 330,027
<i>Bear Stearns Commercial Mortgage Series 2007-PW18 Class AM ±</i>	6.08	6-11-2050	100,000	104,760
<i>Bear Stearns Commercial Mortgage Series 2007-PW18 Class AMA ±</i>	6.09	6-11-2050	715,000	748,756
<i>Centex Home Equity Series 2002-A Class AF6</i>	5.54	1-25-2032	81,377	81,194
<i>Centex Home Equity Series 2002-D Class AF6 ±</i>	4.66	12-25-2032	31,189	31,481
<i>Centex Home Equity Series 2004-B Class AF6</i>	4.69	3-25-2034	218,835	222,758
<i>Citigroup Commercial Mortgage Trust Series 2012-GC8 Class C 144A±</i>	5.04	9-10-2045	1,000,000	1,052,242
<i>Citigroup Commercial Mortgage Trust Series 2015 Class A 144A±</i>	1.58	9-15-2027	595,000	589,596
<i>Citigroup Mortgage Loan Trust Incorporated Series 2003-HE3 Class A3 ±</i>	0.81	12-25-2033	54,070	52,096
<i>Commercial Mortgage Trust Series 2007-C9 144A±</i>	1.08	12-10-2049	940,000	917,590
<i>Commercial Mortgage Trust Series 2012-CR2 Class C ±</i>	5.02	8-15-2045	1,000,000	1,049,047
<i>Countrywide Asset Backed Certificates Series 2003-5 Class AF5</i>	5.43	2-25-2034	97,099	97,570
<i>Countrywide Home Loans Series 2003-48 Class 2A2 ±</i>	2.82	10-25-2033	112,052	109,124
<i>Credit Suisse Commercial Mortgage Trust Series 2006-C3 Class AM ±</i>	6.24	6-15-2038	1,045,000	1,045,275
<i>Credit Suisse Commercial Mortgage Trust Series 2006-C4 Class AM</i>	5.51	9-15-2039	1,500,000	1,511,447
<i>Credit Suisse Commercial Mortgage Trust Series 2006-C5 Class AM</i>	5.34	12-15-2039	1,000,000	1,010,747
<i>Credit Suisse First Boston Mortgage Securities Series 2002-AR25 Class 1A1 ±</i>	2.36	9-25-2032	578,809	535,032
<i>Credit Suisse First Boston Mortgage Securities Series 2003-AR15 Class 3A1 ±</i>	2.93	6-25-2033	161,875	160,009
	2.64	3-25-2033	38,162	36,864

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

*Credit Suisse First Boston Mortgage Securities
Series 2003-AR9 Class 2A2 ±*

Credit-Based Asset Servicing & Securitization

<i>LLC Series 2005-CB2 Class M1 ±</i>	1.09	4-25-2036	117,845	117,488
<i>Equity One Asset Backed Securities Series 2004-2 Class AF4 ±</i>	4.62	7-25-2034	423,501	427,452
<i>First Horizon Mortgage Pass Through Series 2004-AR1 Class 1A1 ±</i>	2.77	2-25-2034	421,472	414,365
<i>First Horizon Mortgage Pass Through Series 2004-AR4 Class 3A1 ±</i>	2.71	8-25-2034	11,349	11,052
<i>Global Mortgage Securitization Limited Series 2004-A Class A2 144A±</i>	0.76	11-25-2032	193,072	180,607
<i>GMAC Mortgage Corporation Loan Series 2003-GH1 Class A5</i>	5.47	7-25-2034	72,943	73,945
<i>Great Wolf Trust Series 2015 Class A 144A±</i>	1.89	5-15-2034	1,015,000	1,003,420
<i>Greenwich Capital Commercial Funding Corporation Series 2007-GG11 Class A4</i>	5.74	12-10-2049	378,182	394,676
<i>GS Mortgage Securities Trust Series 2007-GG10 Class A4 ±</i>	5.99	8-10-2045	879,081	902,768
<i>GS Mortgage Securities Trust Series 2010-C1 Class X 144A±</i>	1.59	8-10-2043	5,430,085	274,314
<i>GS Mortgage Securities Trust Series 2012-GCJ7 Class XA ±</i>	2.69	5-10-2045	4,625,636	379,200
<i>GS Mortgage Securities Trust Series 2014-New Class C 144A</i>	3.79	1-10-2031	1,000,000	969,475
<i>GS Mortgage Securities Trust Series 2016-ICE2 Class A 144A±</i>	2.36	2-15-2033	500,000	501,093
<i>GSAA Home Equity Trust Series 2004-5 Class AF5 ±</i>	4.75	6-25-2034	11,235	11,233
<i>GSMPS Mortgage Loan Trust Series 2005-AHL Class M1 ±</i>	0.87	4-25-2035	10,611	10,517
<i>GSMPS Mortgage Loan Trust Series 2006-1 Class A1 144A±</i>	0.74	3-25-2035	128,206	125,978
<i>GSMPS Mortgage Loan Trust Series 2006-SEA1 Class A 144A±</i>	0.73	5-25-2036	76,102	75,612
<i>JPMorgan Chase Commercial Mortgage Securities Trust Series 2007-CB18 Class AM ±</i>	5.47	6-12-2047	875,000	886,296
<i>JPMorgan Chase Commercial Mortgage Securities Trust Series 2007-LDPX Class AM ±</i>	5.46	1-15-2049	550,000	542,398
<i>JPMorgan Chase Commercial Mortgage Securities Trust Series 2015-FL7 Class A 144A±</i>	1.68	5-15-2028	377,396	373,574
<i>JPMorgan Mortgage Trust Series 2004-A3 Class 2A1 ±</i>	2.67	7-25-2034	72,299	69,861
<i>JPMorgan Mortgage Trust Series 2004-A3 Series 3A3 ±</i>	2.67	7-25-2034	72,433	69,947
<i>JPMorgan Mortgage Trust Series 2005-A3 Class 11A2 ±</i>	2.83	6-25-2035	254,504	256,821
<i>JPMorgan Mortgage Trust Series 2009-7 Class 2A1 144A±</i>	6.00	2-27-2037	46,462	47,095

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

<i>JPMorgan Mortgage Trust Series 2009-7 Class 5A1 144A±</i>	6.00	2-27-2037	191,541	192,363
<i>Lehman XS Trust Series 2006-18N Class A5A ±</i>	0.61	12-25-2036	18,036	14,805
<i>MASTR Adjustable Rate Mortgage Trust Series 2003-6 Class 3A1 ±</i>	2.74	12-25-2033	460,461	454,738
<i>MASTR Adjustable Rate Mortgage Trust Series 2003-6 Class 4A2 ±</i>	2.86	1-25-2034	18,422	17,731
<i>MASTR Adjustable Rate Mortgage Trust Series 2004-13 Class 3A7 ±</i>	2.78	11-21-2034	26,445	26,868
<i>MASTR Alternative Loans Trust Series 2005-1 Class 5A1</i>	5.50	1-25-2020	40,283	41,260

Table of Contents

20 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Non-Agency Mortgage-Backed Securities (continued)				
<i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2006-4 Class AM</i>	5.20%	12-12-2049	\$ 340,000	\$ 345,196
<i>Merrill Lynch Countrywide Commercial Mortgage Trust Series 2007-9 Class A4</i>	5.70	9-12-2049	793,369	822,948
<i>Merrill Lynch Mortgage Trust Series 2005-A8 Class A1B3 ±</i>	5.25	8-25-2036	75,847	77,319
<i>Merrill Lynch Mortgage Trust Series 2006-C1 Class AM ±</i>	5.92	5-12-2039	306,979	306,707
<i>Merrill Lynch Mortgage Trust Series 2007-C1 Class A1A ±</i>	6.03	6-12-2050	608,556	625,615
<i>Mesa Trust Asset Backed Certificates Series 2001-5 Class A 144A±</i>	1.24	12-25-2031	17,321	15,918
<i>Mid State Trust Series 11 Class A1</i>	4.86	7-15-2038	234,661	249,278
<i>MLCC Mortgage Investors Incorporated Series 2003-G Class A2 ±</i>	1.31	1-25-2029	113,855	106,395
<i>Morgan Stanley Bank of America Merrill Lynch Trust Series 2012-C5 Class XA 144A±</i>	1.89	8-15-2045	5,367,210	339,551
<i>Morgan Stanley Capital I Trust Series 2004-NC1 Class M1 ±</i>	1.49	12-27-2033	527,408	508,742
<i>Morgan Stanley Capital I Trust Series 2006-HQ10 Class AM</i>	5.36	11-12-2041	500,000	504,910
<i>Morgan Stanley Capital I Trust Series 2006-HQ9 Class AJ ±</i>	5.79	7-12-2044	1,000,000	1,003,993
<i>Morgan Stanley Capital I Trust Series 2006-HQ9 Class AM ±</i>	5.77	7-12-2044	25,000	25,084
<i>Morgan Stanley Capital I Trust Series 2006-IQ12 Class AM</i>	5.37	12-15-2043	500,000	503,523
<i>Morgan Stanley Capital I Trust Series 2007-HQ13 Class A3</i>	5.57	12-15-2044	1,225,642	1,271,047
<i>Morgan Stanley Capital I Trust Series 2010-GG10 Class A4B 144A±</i>	5.99	8-15-2045	615,000	629,149
<i>Morgan Stanley Capital I Trust Series 2012-C4 Class C 144A±</i>	5.71	3-15-2045	900,000	962,987
<i>New Century Home Equity Loan Trust Series 2004-3 Class M1 ±</i>	1.37	11-25-2034	1,165,049	1,031,904

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

<i>New Century Home Equity Loan Trust Series</i>				
<i>2005-1 Class A1MZ ±</i>	1.02	3-25-2035	62,015	61,936
<i>Provident Funding Mortgage Loan Series</i>				
<i>2005-1 Class 2A1 ±</i>	2.78	5-25-2035	39,444	40,173
<i>RBSSP Resecuritization Trust Series 2010-3</i>				
<i>Class 4A1 144A±</i>	3.13	12-26-2035	24,698	24,655
<i>Renaissance Home Equity Loan Trust Series</i>				
<i>2004-4 Class AF4</i>	4.88	2-25-2035	410,814	412,687
<i>Residential Funding Mortgage Securities</i>				
<i>Trust Series 03-S12 Class 2A1</i>	4.00	12-25-2032	59,092	59,098
<i>Saxon Asset Securities Trust Series 2002-1</i>				
<i>Class AF5</i>	4.87	12-25-2030	156,611	158,642
<i>Saxon Asset Securities Trust Series 2003-1</i>				
<i>Class AF7</i>	4.03	6-25-2033	544,485	550,829
<i>Sequoia Mortgage Trust Series 2003-1 Class</i>				
<i>1A ±</i>	1.20	4-20-2033	20,111	18,867
<i>Structured Adjustable Rate Mortgage Loan</i>				
<i>Trust Series 2004-2 Class 2A ±</i>	2.84	3-25-2034	67,479	66,282
<i>Structured Asset Securities Corporation Series</i>				
<i>1998-2 Class A ±</i>	0.96	2-25-2028	257,303	248,276
<i>Structured Asset Securities Corporation Series</i>				
<i>2002-9 Class A2 ±</i>	1.03	10-25-2027	75,775	73,626
<i>Terwin Mortgage Trust Series 2003-6HE</i>				
<i>Class A3 ±</i>	1.57	11-25-2033	173,407	163,516
<i>Vendee Mortgage Trust Series 2003-2 Class</i>				
<i>IO ±</i>	0.76	5-15-2033	5,569,109	175,371
<i>Washington Mutual Mortgage Trust Series</i>				
<i>2004-RA4 Class 3A</i>	7.50	7-25-2034	179,858	191,859
Total Non-Agency Mortgage-Backed Securities (Cost \$34,661,152)				34,568,732

Yankee Corporate Bonds and Notes: 8.03%

Consumer Discretionary: 0.50%

Media: 0.50%

<i>Grupo Televisa SAB</i>	6.00	5-15-2018	750,000	812,594
<i>Myriad International Holdings BV</i>	6.00	7-18-2020	500,000	545,480
<i>Myriad International Holdings BV 144A</i>	6.38	7-28-2017	750,000	783,750
<i>WPP Finance 2010</i>	3.63	9-7-2022	750,000	781,874
				2,923,698

Consumer Staples: 0.49%

Beverages: 0.35%

<i>Anadolu Efes</i>	3.38	11-1-2022	1,400,000	1,239,868
<i>Pernod Ricard SA 144A</i>	4.45	1-15-2022	760,000	824,814
				2,064,682

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 21

Security name	Interest rate	Maturity date	Principal	Value
Tobacco: 0.14%				
<i>BAT International Finance plc 144A</i>	3.25%	6-7-2022	\$ 750,000	\$ 792,298
Energy: 1.20%				
Oil, Gas & Consumable Fuels: 1.20%				
<i>Baytex Energy Corporation 144A</i>	5.63	6-1-2024	325,000	247,000
<i>Griffin Coal Mining Company Limited 144A(i)(s)(a)</i>	9.50	12-1-2016	1,685,411	674,164
<i>Griffin Coal Mining Company Limited (i)(s)(a)</i>	9.50	12-1-2016	137,792	55,117
<i>Petrobras International Finance Company</i>	5.38	1-27-2021	670,000	595,664
<i>Petroleos Mexicanos</i>	4.88	1-24-2022	750,000	755,625
<i>Teekay Corporation 144A</i>	8.50	1-15-2020	1,000,000	762,500
<i>Teekay Corporation</i>	8.50	1-15-2020	4,475,000	3,412,188
<i>Woodside Finance Limited 144A</i>	8.75	3-1-2019	405,000	465,295
				6,967,553
Financials: 0.99%				
Banks: 0.79%				
<i>ABN AMRO Bank N.V. 144A</i>	4.80	4-18-2026	750,000	767,622
<i>Banco del Estado de Chile 144A</i>	3.88	2-8-2022	650,000	693,999
<i>Corporación Andina de Fomento</i>	4.38	6-15-2022	958,000	1,051,673
<i>Export Import Bank of Korea</i>	5.00	4-11-2022	750,000	860,109
<i>Macquarie Bank Limited 144A</i>	5.00	2-22-2017	750,000	772,208
<i>Nielsen Holding and Finance BV 144A</i>	5.50	10-1-2021	415,000	432,638
<i>Preferred Term Securities XII Limited (i)(s)(a)</i>	1.00	12-24-2033	635,000	0
				4,578,249
Diversified Financial Services: 0.20%				
<i>GE Capital International Funding Company 144A</i>	2.34	11-15-2020	527,000	539,455
<i>Tyco Electronics Group SA</i>	3.50	2-3-2022	625,000	647,646
				1,187,101

Health Care: 1.06%

Pharmaceuticals: 1.06%

<i>Mallinckrodt plc 144A</i>	5.50	4-15-2025	500,000	450,000
<i>Mallinckrodt plc 144A</i>	5.63	10-15-2023	275,000	257,125
<i>Perrigo Finance plc</i>	3.90	12-15-2024	1,000,000	1,013,936
<i>Valeant Pharmaceuticals International Incorporated 144A%%</i>	5.63	12-1-2021	700,000	593,250
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	5.88	5-15-2023	1,660,000	1,395,438
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	6.13	4-15-2025	2,050,000	1,701,500
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	7.50	7-15-2021	785,000	718,275
				6,129,524

Industrials: 0.64%

Building Products: 0.04%

<i>Allegion plc</i>	5.88	9-15-2023	210,000	222,600
---------------------	------	-----------	---------	---------

Commercial Services & Supplies: 0.42%

<i>GFL Environmental Incorporated 144A</i>	7.88	4-1-2020	1,900,000	1,928,500
<i>GFL Environmental Incorporated 144A</i>	9.88	2-1-2021	500,000	527,500
				2,456,000

Table of Contents

22 Wells Fargo Multi-Sector Income Fund

Portfolio of investments April 30, 2016 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
Machinery: 0.04%				
<i>Sensata Technologies BV 144A</i>	5.00%	10-1-2025	\$ 235,000	\$ 236,175
Road & Rail: 0.14%				
<i>Canadian Pacific Railway Company</i>	4.50	1-15-2022	750,000	820,219
Information Technology: 0.27%				
Communications Equipment: 0.14%				
<i>Ericsson LM</i>	4.13	5-15-2022	750,000	794,905
Internet Software & Services: 0.13%				
<i>Tencent Holdings Limited 144A</i>	4.63	12-12-2016	750,000	765,215
Materials: 0.99%				
Containers & Packaging: 0.57%				
<i>Ardagh Finance Holdings SA (PIK at 8.63%) 144A¥</i>	8.63	6-15-2019	1,521,968	1,510,062
<i>Ardagh Packaging Finance plc 144A%%</i>	7.25	5-15-2024	725,000	725,000
<i>Ardagh Packaging Finance plc 144A</i>	9.13	10-15-2020	1,020,000	1,073,550
				3,308,612
Metals & Mining: 0.42%				
<i>ArcelorMittal SA</i>	5.50	2-25-2017	725,000	748,563
<i>ArcelorMittal SA</i>	6.13	6-1-2025	275,000	268,813
<i>Glencore Finance Canada Limited 144A</i>	4.25	10-25-2022	750,000	692,213
<i>Vale Overseas Limited</i>	4.38	1-11-2022	750,000	693,750
				2,403,339
Telecommunication Services: 1.77%				
Diversified Telecommunication Services: 1.54%				

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

<i>Intelsat Jackson Holdings SA</i>	5.50	8-1-2023	6,775,000	4,280,953
<i>Intelsat Jackson Holdings SA</i>	7.25	4-1-2019	1,675,000	1,373,500
<i>Intelsat Luxembourg SA</i>	7.75	6-1-2021	1,435,000	480,725
<i>Intelsat Luxembourg SA</i>	8.13	6-1-2023	5,815,000	1,904,413
<i>Qtel International Finance Limited</i>	5.00	10-19-2025	300,000	332,484
<i>Virgin Media Finance plc 144A</i>	5.38	4-15-2021	162,000	169,290
<i>Virgin Media Finance plc 144A</i>	6.38	4-15-2023	365,000	375,950
				8,917,315

Wireless Telecommunication Services:

0.23%

<i>Globo Comunicacoes Participacoes SA 144A</i>	4.88	4-11-2022	595,000	589,794
<i>Telesat Canada Incorporated 144A</i>	6.00	5-15-2017	775,000	774,070
				1,363,864

Utilities: 0.12%

Electric Utilities: 0.12%

<i>Comision Federal de Electricidad 144A</i>	4.88	5-26-2021	650,000	684,125
--	------	-----------	---------	---------

Total Yankee Corporate Bonds and Notes
(Cost \$55,735,817)

46,615,474

Table of Contents

Portfolio of investments April 30, 2016 (unaudited)

Wells Fargo Multi-Sector Income Fund 23

	Yield	Shares	Value
Short-Term Investments: 4.71%			
Investment Companies: 4.71%			
<i>Wells Fargo Cash Investment Money Market Fund</i>			
<i>Select Class (l)(u)##</i>	0.43%	27,383,187	\$ 27,383,187
Total Short-Term Investments (Cost \$27,383,187)			27,383,187
Total investments in securities (Cost	136.90%		795,043,046
\$852,552,984) *			
<i>Other assets and liabilities, net</i>	(36.90)		(214,298,166)
Total net assets	100.00%		\$ 580,744,880

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

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

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

Non-income-earning security

- (i) Illiquid security

¥ 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.

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

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

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

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

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

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

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

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

* Cost for federal income tax purposes is \$858,011,810 and unrealized gains (losses) consists of:

Gross unrealized gains	\$ 18,596,508
Gross unrealized losses	(81,565,272)
Net unrealized losses	\$ (62,968,764)

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 MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
11/1/2015 to 11/30/2015				42,055,000
12/1/2015 to 12/31/2015				42,055,000
1/1/2016 to 1/31/2016				42,055,000
2/1/2016 to 2/29/2016	36,691	\$ 11.08	36,691	42,018,309
3/1/2016 to 3/31/2016				42,018,309
4/1/2016 to 4/30/2016				42,018,309
Total	36,691	\$ 11.08		42,018,309

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

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

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

ITEM 11. CONTROLS AND PROCEDURES

(a) The President and Treasurer have concluded that the Wells Fargo Multi-Sector Income Fund (the Fund) disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) provide reasonable

assurances that material information relating to the Fund is made known to them by the appropriate persons, based on their evaluation of these controls and procedures as of a date within 90 days of the filing of this report.

Table of Contents

(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 Multi-Sector Income Fund

By:

/s/ Karla M. Rabusch
Karla M. Rabusch
President

Date: June 27, 2016

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

Wells Fargo Multi-Sector Income Fund

By:

/s/ Karla M. Rabusch
Karla M. Rabusch
President

Date: June 27, 2016

By:

/s/ Jeremy DePalma
Jeremy DePalma
Treasurer

Date: June 27, 2016