

WELLS FARGO ADVANTAGE UTILITIES & HIGH INCOME FUND

Form N-CSRS

April 30, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21507

Wells Fargo Advantage Utilities and High Income Fund

(Exact name of registrant as specified in charter)

525 Market St., San Francisco, CA 94105

(Address of principal executive offices) (Zip code)

C. David Messman

Wells Fargo Funds Management, LLC

525 Market St., San Francisco, CA 94105

(Name and address of agent for service)

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

Date of fiscal year end: August 31

Date of reporting period: February 28, 2014

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ITEM 1. REPORT TO STOCKHOLDERS

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**Wells Fargo Advantage
Utilities and High Income Fund**

Semi-Annual Report

February 28, 2014

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

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The views expressed and any forward-looking statements are as of February 28, 2014, unless otherwise noted, and are those of the Fund managers and/or Wells Fargo Funds Management, LLC. Discussions of individual securities, or the markets generally, or any Wells Fargo Advantage Fund are not intended as individual recommendations. Future events or results may vary significantly from those expressed in any forward-looking statements; the views expressed are subject to change at any time in response to changing circumstances in the market. Wells Fargo Funds Management, LLC and the Fund disclaim any obligation to publicly update or revise any views expressed or forward-looking statements.

NOT FDIC INSURED ; NO BANK GUARANTEE ; MAY LOSE VALUE

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2 Wells Fargo Advantage Utilities and High Income Fund

Letter to shareholders (unaudited)

Karla M. Rabusch

President

Wells Fargo Advantage Funds

The U.S. high-yield market provided relatively strong fixed-income returns during the period while U.S. utilities stocks generated positive investment value.

Dear Valued Shareholder:

We are pleased to offer you this semi-annual report for the Wells Fargo Advantage Utilities and High Income Fund for the six-month period that ended February 28, 2014. The U.S. high-yield market (measured by the Barclays U.S. High Yield Bond Index¹) provided relatively strong fixed-income returns during the period while U.S. utilities stocks (measured by the Utilities sector of S&P 500 Index) generated positive investment value. Equity markets (measured by the S&P 500 Index²) vacillated between price rallies and subsequent price corrections, which stirred up volatility across equity and fixed-income markets (measured by the Barclays U.S. Aggregate Bond Index³) alike. U.S. Treasury yields correspondingly fluctuated with the shifts in equity market exuberance, as strengthening economic confidence pushed yields higher and weakened confidence drove them lower.

On the whole, the investment-grade (measured by the Barclays U.S. Aggregate Bond Index) and high-yield markets generated positive returns during the period, notably benefiting from the strong price improvement and declining U.S. Treasury yields that occurred during the opening months of 2014. The high-yield market is often correlated with U.S. equity performance; however, over the period, the high-yield market generally performed well both when equities were improving and U.S. Treasury yields were declining as well as when equity markets were in decline and fixed-income markets rallied. The lower-rated corporate bond credit tiers outperformed each respectively higher-rated credit tier during the quarter. Meanwhile, the utilities equity sector lagged the returns of the S&P 500 Index but, nonetheless, generated relatively strong total returns compared with U.S. Treasuries and investment-grade bonds.

A decline in bond prices was halted by the Fed's postponement of tapering its bond-buying program.

Before the six-month period began, equity markets rallied, most notably in May and June of 2013. This led to a sharp increase in U.S. Treasury yields and declining valuations for much of the fixed-income markets. However, in July and August of 2013, that equity exuberance quieted a bit, and fixed-income markets stabilized. Returns across the fixed-income markets were largely negative in investment-grade and high-yield markets but modest in comparison with the declines in May and June of 2013.

But, by September and October of 2013, investment-grade and high-yield markets began generating positive returns yet again, as the U.S. Federal Reserve (Fed) backtracked on its intentions to taper its quantitative easing program, postponing it until 2014, at the earliest. This created a temporary rally in bonds that lasted until around November 20, 2013, when notes were released from the Fed's October 2013 meeting indicating that tapering of the bond-buying programs would not be postponed beyond January 2014. In response, long-term U.S. Treasury yields and mortgage rates ratcheted higher on expectations for an unwinding of monetary accommodation in the upcoming months. This led to declines in pricing across much of the core fixed-income markets (measured by the Barclays U.S. Aggregate Bond Index); however, U.S. high-yield markets were better able to absorb the shift in U.S. Treasury yields and continued to provide positive returns along with rallies in the equity markets. The utilities equity sector rallied in October of 2013 and then declined through much of November and December of 2013.

1. The Barclays U.S. High Yield Bond Index is an index consisting of all domestic and Yankee bonds, rated below investment grade, with a minimum outstanding amount of \$100 million and maturing over one year. You cannot invest directly in an index.
2. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index with each stock's weight in the index proportionate to its market value. You cannot invest directly in an index.
3. The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. You cannot invest directly in an index.

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Favorable conditions for fixed-income markets were restored in January and February of 2014.

Seemingly much to the surprise of many everyday investors and seasoned investment professionals alike, fixed-income markets largely outperformed U.S. equity markets during the opening months of 2014. A pullback in equity exuberance in January 2014 and reassurances from the Fed that a highly accommodative monetary policy would continue throughout 2014 inspired price rallies across both the investment-grade and high-yield markets. U.S. Treasury yields declined in January 2014 while corporate high-yield bonds (measured by the Barclays U.S. High Yield Bond Index) performed notably well. Initially, U.S. high-yield securities generated positive returns in January 2014 but lagged the rally across the investment-grade bond markets. This theme reversed in February 2014, as high-yield sectors rallied and investment-grade sectors performed well but not to the extent of the lowest-rated credit tiers. The S&P 500 Index declined significantly in January, but the utilities sector did a better job of protecting against the price corrections and only declined modestly by comparison. In February 2014, the utilities sector rallied strongly along with the broad domestic equity market and generated compelling total returns to finish off a relatively generous six-month return compared with returns from the investment-grade fixed-income market.

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

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

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

Sincerely,

Karla M. Rabusch

President

Wells Fargo Advantage Funds

Reassurances from the Fed that a highly accommodative monetary policy would continue throughout 2014 inspired price rallies across both the investment-grade and high-yield markets.

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| 4 | Wells Fargo Advantage Utilities and High Income Fund | Performance highlights (unaudited) |
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Investment objective

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

Adviser

Wells Fargo Funds Management, LLC

Subadviser

Crow Point Partners, LLC

Wells Capital Management Incorporated

Portfolio managers

Phillip Susser

Niklas Nordenfelt, CFA

Timothy P. O'Brien, CFA

Average annual total return¹ (%) as of February 28, 2014

| | 1 year | 5 year | Since inception |
|--|--------|--------|-------------------|
| Based on market value | 14.06 | 15.54 | 4-28-2004 7.43 |
| Based on net asset value (NAV) per share | 18.49 | 16.27 | 8.74 |

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

The Fund's gross and net expense ratios for the six months ended February 28, 2014, were 1.11% and 1.11%, respectively, which includes 0.19% of interest expense.

Comparison of NAV vs. market value since inception²

High-yield, lower-rated bonds may contain more risk due to the increased possibility of default. Foreign investments may contain more risk due to the inherent risks associated with changing political climates, foreign market instability, and foreign currency fluctuations. Risks of international investing are magnified in emerging or developing markets. Funds that concentrate their investments in a single industry or sector may face increased risk of price fluctuation over more diversified funds due to adverse developments within that industry or sector. Non-diversified funds may face increased risk of price fluctuation over more diversified funds due to adverse developments within certain sectors. Small- and mid-cap securities may be subject to special risks associated with narrower product lines and limited financial resources compared with their large-cap counterparts. The use of leverage results in certain risks including, among others, the likelihood of greater volatility of net asset value and the market price of common shares. Derivatives involve additional risks, including interest-rate risk, credit risk, the risk of improper valuation, and the risk of noncorrelation to the relevant instruments they are designed to hedge or to closely track. There are numerous risks associated with transactions in options on securities. Illiquid securities may be subject to wide fluctuations in market value and may be difficult to sell.

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

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MANAGER'S DISCUSSION

The Fund's return based on market value was 6.71% during the six months ended February 28, 2014. During the same period, the Fund's return based on NAV was 12.69%.

Overview

For the six-month period that ended February 28, 2014, high-yield bonds continued to benefit from rising stock prices (as high-yield bonds often trade in sympathy with stocks), rising U.S. Treasury prices, relatively low volatility, and strong investor interest due to a scarcity of attractive income opportunities. High-yield companies continued to add debt as companies took advantage of the strong investor demand for high-yield debt and low borrowing costs. While leverage levels are not at record highs, they have been creeping higher over the past several years as, among other reasons, companies gain more and more confidence in their outlooks. On the other hand, historically low interest rates and a wave of refinancings have kept companies' interest costs low and pushed out near-term maturities.

In the utilities stock allocation, the Fund was positioned somewhat more aggressively compared with the prior six months. Interest-rate-sensitive stocks had declined sharply beginning in June 2013 following the U.S. Federal Reserve's announcement of its intention to taper off the pace of bond purchases. Thus, by the end of August 2013, we added a number of issues that we viewed as attractively priced after the price declines. For example, we added to an existing position in Vodafone and initiated positions in Energen and Veresen.

Contributors to performance

In the high-yield allocation, the Fund benefited from the strong appreciation of the high-yield bond market generally and more particularly from the Fund's longer-duration assets. Fixed-income holdings of pipeline and wireless companies also helped performance. In the equity allocation, the Fund maintained a modestly higher exposure to European utilities and telecommunication services names in anticipation of a nascent recovery in Europe. On balance, the Fund's European names contributed to performance, with Deutsche Post AG, Suez Environnement Company SA, and Veolia Environnement SA, particularly standing out. A modest increase in the euro/dollar exchange rate also helped. In the domestic utilities space, ITC Holdings Corporation, American Electric Power Company Incorporated, Great Plains Energy Incorporated, The Williams Companies Incorporated, and NextEra Energy Incorporated were significant performance contributors.

Ten largest holdings³ (%) as of February 28, 2014

| | |
|--|------|
| Deutsche Post AG | 4.59 |
| Suez Environnement Company SA | 4.48 |
| American Electric Power Company Incorporated | 4.09 |
| ITC Holdings Corporation | 3.76 |
| Great Plains Energy Incorporated | 3.75 |
| NextEra Energy Incorporated | 3.73 |
| The Williams Companies Incorporated | 3.37 |
| Northeast Utilities | 3.26 |

| | |
|-----------------------|------|
| Telefonica Brasil ADR | 3.23 |
| Edison International | 3.20 |

Credit quality⁴ as of February 28, 2014

Detractors from performance

Holding relatively shorter average-life bonds and higher-quality, higher-rated bonds restrained performance in a market that rewarded risk. The portfolio's overall lower risk profile, as a result, had a detracting impact on performance. In the equity allocation, foreign companies that detracted included Telefonica Brasil and Vimpelcom Limited, while detracting domestic laggards included Verizon Communications Incorporated and Energen Corporation.

Management outlook

Our high-yield fixed-income outlook has not changed materially since the fiscal year that ended August 31, 2013, except that yields have continued to grind lower, which has both reduced the return of high yield bonds and increased the risk of a fall in prices of high yield bonds. Our base case is that high-yield bonds are relatively stable and could potentially outperform other fixed-income asset classes such as the Barclays U.S. Aggregate Bond Index⁵, the 10-year U.S. Treasury, and the investment-grade corporate markets (which may be more vulnerable to yield increases).

Please see footnotes on page 6.

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6 Wells Fargo Advantage Utilities and High Income Fund

Performance highlights (unaudited)

Country allocation⁶ as of February 28, 2014



In the long run, we expect that the relative performance of high yield bonds will be primarily driven by corporate fundamentals and defaults. In the near term, our default outlook remains benign and supportive of the high yield markets. Over a full cycle, we believe the best way to protect the Fund from periodic bouts of systemic fears and rebalancing will be our continued focus on a bottom-up approach that attempts to minimize downside risk while capturing the return potential of high-yield issuers.

In the equity allocation, we are watching what appears to be a modest economic recovery in the U.S. While stronger economic growth can be positive for utilities that are suffering from weak revenues, it can also eventually lead to rising interest rates as monetary stimulus is withdrawn. This could be a near-term headwind for utilities stocks. Longer-term, fundamentals for regulated network operators remain robust, in our view, while the outlook for utilities with significant commodity price exposure remains challenging.

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

4. The credit quality of portfolio holdings reflected in the chart is based on ratings from Standard & Poor's, Moody's Investors Service, and/or Fitch Ratings Ltd. Credit quality ratings apply to the underlying holdings of the Fund and not to the Fund itself. The percentages of the Fund's portfolio with the ratings depicted in the chart are calculated based on the total market value of fixed income securities held by the Fund. If a security was rated by all three rating agencies, the middle rating was utilized. If rated by two of three rating agencies, the lower rating was utilized, and if rated by one of the rating agencies, that rating was utilized. Standard & Poor's rates the creditworthiness of

bonds, 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, and credit quality ratings, are subject to change.

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

6. Country allocation is subject to change and is calculated based on the total long-term investments of the Fund.

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| Summary portfolio of investments February 28, 2014 (unaudited) | Wells Fargo Advantage Utilities and High Income Fund | 7 |
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The Summary Portfolio of Investments shows the 50 largest portfolio holdings in unaffiliated issuers and any holdings exceeding 1% of the total net assets as of the report date. The remaining securities held are grouped as Other securities in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by accessing the following website:

<http://a584.g.akamai.net/f/584/1326/1d/www.wellsfargoadvantagefunds.com/pdf/semi/holdings/utilitiesandhighincome.pdf>

or by calling *Wells Fargo Advantage Funds* at **1-800-222-8222**. This complete schedule, filed on the Form N-CSRS, is also available on the SEC's website at sec.gov.

| Security name | Shares | Value | Percent of net assets |
|---|---------|--------------|-----------------------|
| Common Stocks: 65.38% | | | |
| Energy: 8.69% | | | |
| Oil, Gas & Consumable Fuels: 8.69% | | | |
| <i>Energen Corporation</i> | 15,000 | \$ 1,206,600 | 0.98% |
| <i>EQT Corporation</i> | 15,000 | 1,534,350 | 1.25 |
| <i>Spectra Energy Corporation</i> | 75,000 | 2,796,000 | 2.28 |
| <i>The Williams Companies Incorporated</i> | 100,000 | 4,130,000 | 3.37 |
| <i>Veresen Incorporated</i> | 42,900 | 648,556 | 0.53 |
| <i>Other securities</i> | | 336,877 | 0.28 |
| | | 10,652,383 | 8.69 |
| Industrials: 4.67% | | | |
| Air Freight & Logistics: 4.59% | | | |
| <i>Deutsche Post AG</i> | 150,000 | 5,633,696 | 4.59 |
| Construction & Engineering: 0.08% | | | |
| <i>Other securities</i> | | 92,340 | 0.08 |

Telecommunication Services: 13.85%**Diversified Telecommunication Services: 9.26%**

| | | | |
|--|---------|------------|------|
| <i>BCE Incorporated</i> | 16,000 | 697,600 | 0.57 |
| <i>CenturyLink Incorporated</i> | 100,000 | 3,126,000 | 2.55 |
| <i>Telefonica Brasil ADR</i> | 212,500 | 3,963,125 | 3.23 |
| <i>Verizon Communications Incorporated</i> | 41,291 | 1,964,626 | 1.60 |
| <i>Windstream Holdings Incorporated</i> | 200,000 | 1,604,000 | 1.31 |
| | | 11,355,351 | 9.26 |

Wireless Telecommunication Services: 4.59%

| | | | |
|--|---------|-----------|------|
| <i>Shenandoah Telecommunications Company</i> | 40,000 | 1,057,200 | 0.86 |
| <i>VimpelCom Limited ADR</i> | 100,000 | 1,016,000 | 0.83 |
| <i>Vodafone Group plc ADR</i> | 85,636 | 3,559,904 | 2.90 |
| | | 5,633,104 | 4.59 |

Utilities: 38.17%**Electric Utilities: 25.60%**

| | | | |
|---|---------|-----------|------|
| <i>American Electric Power Company Incorporated</i> | 100,000 | 5,020,000 | 4.09 |
| <i>Duke Energy Corporation</i> | 30,514 | 2,162,832 | 1.76 |
| <i>Edison International</i> | 75,000 | 3,927,750 | 3.20 |
| <i>Enel SpA</i> | 200,000 | 1,026,943 | 0.84 |
| <i>Great Plains Energy Incorporated</i> | 175,000 | 4,597,250 | 3.75 |
| <i>IDACORP Incorporated</i> | 25,000 | 1,404,750 | 1.15 |
| <i>ITC Holdings Corporation</i> | 45,000 | 4,617,000 | 3.76 |

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

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8 Wells Fargo Advantage Utilities and High Income Fund Summary portfolio of investments February 28, 2014
(unaudited)

| Security name | Shares | Value | Percent of net assets |
|---|---------|--------------|--------------------------|
| Electric Utilities (continued) | | | |
| <i>NextEra Energy Incorporated</i> | 50,000 | \$ 4,569,500 | 3.73% |
| <i>Northeast Utilities</i> | 90,000 | 4,000,500 | 3.26 |
| <i>Other securities</i> | | 77,707 | 0.06 |
| | | 31,404,232 | 25.60 |
| Gas Utilities: 0.02% | | | |
| <i>Other securities</i> | | 20,438 | 0.02 |
| Multi-Utilities: 10.72% | | | |
| <i>CenterPoint Energy Incorporated</i> | 50,000 | 1,182,500 | 0.96 |
| <i>Public Service Enterprise Group Incorporated</i> | 50,000 | 1,833,000 | 1.50 |
| <i>Sempra Energy</i> | 19,900 | 1,879,953 | 1.53 |
| <i>Suez Environnement Company SA</i> | 275,000 | 5,496,356 | 4.48 |
| <i>Veolia Environnement SA</i> | 137,000 | 2,592,577 | 2.11 |
| <i>Other securities</i> | | 169,680 | 0.14 |
| | | 13,154,066 | 10.72 |
| Water Utilities: 1.83% | | | |
| <i>American Water Works Company Incorporated</i> | 50,000 | 2,242,000 | 1.83 |
| Total Common Stocks (Cost \$59,471,577) | | 80,187,610 | 65.38 |

| | Interest rate | Maturity date | Principal |
|--------------------------------------|---------------|---------------|-----------|
| Corporate Bonds and Notes: | | | |
| 29.17% | | | |
| Consumer Discretionary: 6.06% | | | |
| Auto Components: 0.55% | | | |

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| | | | | | |
|---|-------|----------|------------|-----------|------|
| <i>Other securities</i> | | | | 677,438 | 0.55 |
| Distributors: 0.06% | | | | | |
| <i>Other securities</i> | | | | 71,438 | 0.06 |
| Diversified Consumer Services: 0.56% | | | | | |
| <i>Other securities</i> | | | | 688,233 | 0.56 |
| Hotels, Restaurants & Leisure: 2.19% | | | | | |
| <i>CCM Merger Incorporated 144A</i> | 9.13% | 5-1-2019 | \$ 465,000 | 494,063 | 0.40 |
| <i>Other securities</i> | | | | 2,191,300 | 1.79 |
| | | | | 2,685,363 | 2.19 |
| Household Durables: 0.04% | | | | | |
| <i>Other securities</i> | | | | 53,406 | 0.04 |
| Media: 2.19% | | | | | |
| <i>Other securities</i> | | | | 2,680,636 | 2.19 |
| Specialty Retail: 0.47% | | | | | |
| <i>Other securities</i> | | | | 571,664 | 0.47 |

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

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Summary portfolio of investments February 28, 2014
(unaudited)

Wells Fargo Advantage Utilities and High Income Fund 9

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|---|---------------|---------------|------------|------------|-----------------------|
| Consumer Staples: 0.13% | | | | | |
| Food Products: 0.13% | | | | | |
| <i>Other securities</i> | | | | \$ 161,363 | 0.13% |
| Energy: 5.85% | | | | | |
| Energy Equipment & Services: 1.91% | | | | | |
| <i>NGPL PipeCo LLC 144A</i> | 7.77% | 12-15-2037 | \$ 515,000 | 472,513 | 0.39 |
| <i>Other securities</i> | | | | 1,871,244 | 1.52 |
| | | | | 2,343,757 | 1.91 |
| Oil, Gas & Consumable Fuels: 3.94% | | | | | |
| <i>Other securities</i> | | | | 4,833,813 | 3.94 |
| Financials: 4.94% | | | | | |
| Banks: 0.38% | | | | | |
| <i>Other securities</i> | | | | 469,701 | 0.38 |
| Consumer Finance: 2.77% | | | | | |
| <i>Ally Financial Incorporated</i> | 8.30 | 2-12-2015 | 825,000 | 878,625 | 0.72 |
| <i>Nielsen Finance LLC</i> | 7.75 | 10-15-2018 | 515,000 | 551,694 | 0.45 |
| <i>Other securities</i> | | | | 1,969,940 | 1.60 |
| | | | | 3,400,259 | 2.77 |
| Diversified Financial Services: 0.57% | | | | | |
| <i>Other securities</i> | | | | 696,364 | 0.57 |

| | | |
|--|-----------|------|
| Insurance: 0.04% | | |
| <i>Other securities</i> | 47,925 | 0.04 |
| Real Estate Management & Development: 0.35% | | |
| <i>Other securities</i> | 424,075 | 0.35 |
| REITs: 0.83% | | |
| <i>Other securities</i> | 1,023,438 | 0.83 |
| Health Care: 1.97% | | |
| Health Care Equipment & Supplies: 0.10% | | |
| <i>Other securities</i> | 116,875 | 0.10 |
| Health Care Providers & Services: 1.56% | | |
| <i>Other securities</i> | 1,918,477 | 1.56 |
| Health Care Technology: 0.06% | | |
| <i>Other securities</i> | 72,450 | 0.06 |
| Pharmaceuticals: 0.25% | | |
| <i>Other securities</i> | 309,232 | 0.25 |

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

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10 Wells Fargo Advantage Utilities and High Income Fund Summary portfolio of investments February 28, 2014 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|--|---------------|---------------|-----------|------------|-----------------------|
| Industrials: 1.79% | | | | | |
| Aerospace & Defense: 0.12% | | | | | |
| <i>Other securities</i> | | | | \$ 151,219 | 0.12% |
| Airlines: 0.14% | | | | | |
| <i>Other securities</i> | | | | 165,691 | 0.14 |
| Commercial Services & Supplies: 0.69% | | | | | |
| <i>Other securities</i> | | | | 840,869 | 0.69 |
| Machinery: 0.07% | | | | | |
| <i>Other securities</i> | | | | 81,000 | 0.07 |
| Professional Services: 0.13% | | | | | |
| <i>Other securities</i> | | | | 162,750 | 0.13 |
| Trading Companies & Distributors: 0.53% | | | | | |
| <i>Other securities</i> | | | | 652,713 | 0.53 |
| Transportation Infrastructure: 0.11% | | | | | |
| <i>Other securities</i> | | | | 138,658 | 0.11 |
| Information Technology: 2.32% | | | | | |
| Communications Equipment: 0.19% | | | | | |
| <i>Other securities</i> | | | | 226,926 | 0.19 |

**Electronic Equipment,
Instruments & Components:**

0.61%

| | | | | | |
|-----------------------------------|-------|-----------|------------|---------|------|
| <i>Jabil Circuit Incorporated</i> | 8.25% | 3-15-2018 | \$ 620,000 | 745,550 | 0.60 |
| <i>Other securities</i> | | | | 8,400 | 0.01 |
| | | | | 753,950 | 0.61 |

Internet Software & Services:

0.06%

| | | | | | |
|-------------------------|--|--|--|--------|------|
| <i>Other securities</i> | | | | 75,175 | 0.06 |
|-------------------------|--|--|--|--------|------|

IT Services: 1.04%

| | | | | | |
|--|------|------------|---------|-----------|------|
| <i>SunGard Data Systems Incorporated</i> | 7.38 | 11-15-2018 | 515,000 | 548,475 | 0.45 |
| <i>Other securities</i> | | | | 730,709 | 0.59 |
| | | | | 1,279,184 | 1.04 |

**Semiconductors & Semiconductor
Equipment: 0.10%**

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 120,175 | 0.10 |
|-------------------------|--|--|--|---------|------|

Software: 0.09%

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 109,350 | 0.09 |
|-------------------------|--|--|--|---------|------|

**Technology Hardware, Storage &
Peripherals: 0.23%**

| | | | | | |
|-------------------------|--|--|--|---------|------|
| <i>Other securities</i> | | | | 283,550 | 0.23 |
|-------------------------|--|--|--|---------|------|

Materials: 0.60%

Chemicals: 0.02%

| | | | | | |
|-------------------------|--|--|--|--------|------|
| <i>Other securities</i> | | | | 21,550 | 0.02 |
|-------------------------|--|--|--|--------|------|

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

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Summary portfolio of investments February 28, 2014 Wells Fargo Advantage Utilities and High Income 11
(unaudited) Fund

| Security name | Interest rate | Maturity date | Principal | Value | Percent of net assets |
|---|---------------|---------------|------------|------------|-----------------------|
| Containers & Packaging: | | | | | |
| 0.43% | | | | | |
| <i>Other securities</i> | | | | \$ 525,956 | 0.43% |
| Paper & Forest Products: | | | | | |
| 0.15% | | | | | |
| <i>Other securities</i> | | | | 181,626 | 0.15 |
| Telecommunication Services: | | | | | |
| 4.08% | | | | | |
| Diversified | | | | | |
| Telecommunication Services: | | | | | |
| 1.79% | | | | | |
| <i>Qwest Corporation</i> | 7.25% | 9-15-2025 | \$ 125,000 | 139,470 | 0.11 |
| <i>Other securities</i> | | | | 2,054,100 | 1.68 |
| | | | | 2,193,570 | 1.79 |
| Wireless Telecommunication Services: 2.29% | | | | | |
| <i>Sprint Capital Corporation</i> | 6.88 | 11-15-2028 | 1,100,000 | 1,091,750 | 0.89 |
| <i>Other securities</i> | | | | 1,719,390 | 1.40 |
| | | | | 2,811,140 | 2.29 |
| Utilities: 1.43% | | | | | |
| Electric Utilities: 0.74% | | | | | |
| <i>Mirant Mid-Atlantic LLC Series C</i> | 10.06 | 12-30-2028 | 438,432 | 468,027 | 0.38 |
| <i>Other securities</i> | | | | 440,089 | 0.36 |
| | | | | 908,116 | 0.74 |

Gas Utilities: 0.23%

| | | | | |
|-------------------------|--|--|---------|------|
| <i>Other securities</i> | | | 278,063 | 0.23 |
|-------------------------|--|--|---------|------|

Independent Power & Renewable Electricity Producers: 0.46%

| | | | | |
|-------------------------|--|--|---------|------|
| <i>Other securities</i> | | | 570,077 | 0.46 |
|-------------------------|--|--|---------|------|

Total Corporate Bonds and Notes (Cost \$33,567,185)

| | | | | |
|--|--|--|------------|-------|
| | | | 35,777,215 | 29.17 |
|--|--|--|------------|-------|

Preferred Stocks: 13.75%

Financials: 0.50%

Capital Markets: 0.42%

| | | | | |
|-------------------------|------|--------|---------|------|
| <i>Morgan Stanley ±</i> | 0.65 | 20,000 | 517,600 | 0.42 |
|-------------------------|------|--------|---------|------|

Diversified Financial Services: 0.08%

| | | | | |
|-------------------------|--|--|--------|------|
| <i>Other securities</i> | | | 93,858 | 0.08 |
|-------------------------|--|--|--------|------|

Telecommunication Services: 1.84%

Diversified Telecommunication Services: 1.84%

| | | | | |
|--------------------------|------|--------|-----------|------|
| <i>Qwest Corporation</i> | 8.13 | 90,000 | 2,254,500 | 1.84 |
|--------------------------|------|--------|-----------|------|

Utilities: 11.41%

Electric Utilities: 7.75%

| | | | | |
|--------------------------------|------|---------|-----------|------|
| <i>Duke Energy Corporation</i> | 5.13 | 130,000 | 2,809,300 | 2.29 |
|--------------------------------|------|---------|-----------|------|

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

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12 Wells Fargo Advantage Utilities and High Income Fund

Summary portfolio of investments February 28, 2014 (unaudited)

| Security name | Dividend yield | Maturity date | Shares | Value | Percent of net assets |
|---|----------------------|---------------|------------------|--------------|-----------------------|
| Electric Utilities (continued) | | | | | |
| <i>Entergy Arkansas Incorporated</i> | 4.75% | | 65,000 | \$ 1,302,600 | 1.06% |
| <i>Entergy Louisiana LLC</i> | 4.70 | | 70,483 | 1,402,612 | 1.14 |
| <i>Indianapolis Power & Light Company</i> | 5.65 | | 20,000 | 1,883,750 | 1.54 |
| <i>Interstate Power & Light Company</i> | 5.10 | | 50,000 | 1,114,500 | 0.91 |
| <i>SCE Trust I</i> | 5.63 | | 23,000 | 519,800 | 0.42 |
| <i>Wisconsin Public Service</i> | 5.08 | | 4,804 | 474,996 | 0.39 |
| | | | | 9,507,558 | 7.75 |
| Multi-Utilities: 3.66% | | | | | |
| <i>DTE Energy Company Series Q</i> | 5.25 | | 100,000 | 2,126,000 | 1.73 |
| <i>Integrus Energy Group ±</i> | 2.77 | | 95,000 | 2,368,350 | 1.93 |
| | | | | 4,494,350 | 3.66 |
| Total Preferred Stocks (Cost \$17,915,738) | | | | 16,867,866 | 13.75 |
| | Interest rate | | Principal | | |
| Term Loans ±: 3.05% | | | | | |
| <i>Dell Incorporated</i> | 4.50 | 4-29-2020 | \$ 603,488 | 601,653 | 0.49 |
| <i>Texas Competitive Electric Holdings LLC</i> | 3.74 | 10-10-2014 | 1,471,940 | 1,027,571 | 0.84 |
| <i>Other securities</i> | | | | 2,108,994 | 1.72 |
| Total Term Loans (Cost \$4,124,844) | | | | 3,738,218 | 3.05 |
| Warrants: 0.02% | | | | | |
| Utilities: 0.02% | | | | | |

| | | |
|--|---------|------|
| Gas Utilities: 0.02% | | |
| <i>Other securities</i> | 29,600 | 0.02 |
| Total Warrants (Cost \$30,480) | 29,600 | 0.02 |
| Yankee Corporate Bonds and Notes: 1.48% | | |
| Consumer Discretionary: 0.04% | | |
| Media: 0.04% | | |
| <i>Other securities</i> | 51,038 | 0.04 |
| Energy: 0.06% | | |
| Oil, Gas & Consumable Fuels: 0.06% | | |
| <i>Other securities</i> | 69,606 | 0.06 |
| Financials: 0.12% | | |
| Consumer Finance: 0.09% | | |
| <i>Other securities</i> | 116,463 | 0.09 |
| Diversified Financial Services: 0.03% | | |
| <i>Other securities</i> | 31,575 | 0.03 |

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

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Summary portfolio of investments February 28, 2014
(unaudited)

Wells Fargo Advantage Utilities and High Income Fund 13

| Security name | Value | Percent of net assets |
|--|------------|--------------------------|
| Health Care: 0.12% | | |
| Pharmaceuticals: 0.12% | | |
| <i>Other securities</i> | \$ 152,025 | 0.12% |
| Information Technology: 0.12% | | |
| Technology Hardware, Storage & Peripherals: 0.12% | | |
| <i>Other securities</i> | 142,925 | 0.12 |
| Materials: 0.22% | | |
| Metals & Mining: 0.16% | | |
| <i>Other securities</i> | 191,375 | 0.16 |
| Paper & Forest Products: 0.06% | | |
| <i>Other securities</i> | 80,500 | 0.06 |
| Telecommunication Services: 0.80% | | |
| Diversified Telecommunication Services: 0.76% | | |
| <i>Other securities</i> | 931,457 | 0.76 |
| Wireless Telecommunication Services: 0.04% | | |
| <i>Other securities</i> | 51,875 | 0.04 |
| Total Yankee Corporate Bonds and Notes (Cost \$1,730,316) | 1,818,839 | 1.48 |

| Yield | Shares |
|--------------------------------------|--------|
| Short-Term Investments: 2.98% | |

Investment Companies: 2.98%

Wells Fargo Advantage Cash Investment Money

Market Fund, Select

| | | | | |
|-----------------------|-------|-----------|-----------|------|
| <i>Class (l)(u)##</i> | 0.07% | 3,652,555 | 3,652,555 | 2.98 |
|-----------------------|-------|-----------|-----------|------|

**Total Short-Term Investments (Cost
\$3,652,555)**

| | | |
|--|-----------|------|
| | 3,652,555 | 2.98 |
|--|-----------|------|

Total investments in securities

(Cost \$120,492,695)*

| | | |
|--|-------------|--------|
| | 142,071,903 | 115.83 |
|--|-------------|--------|

Other assets and liabilities, net

| | | |
|--|--------------|---------|
| | (19,420,652) | (15.83) |
|--|--------------|---------|

Total net assets

| | | |
|--|-----------------------|----------------|
| | \$ 122,651,251 | 100.00% |
|--|-----------------------|----------------|

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

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

(l) Investment in an affiliate

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

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

* Cost for federal income tax purposes is \$120,979,775 and unrealized appreciation (depreciation) consists of:

| | |
|------------------------------------|----------------------|
| Gross unrealized appreciation | \$ 25,451,342 |
| Gross unrealized depreciation | (4,359,214) |
| Net unrealized appreciation | \$ 21,092,128 |

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

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| | | |
|---|-------------------------------------|----------------------------------|
| 14 Wells Fargo Advantage Utilities and High Income Fund | Statement of assets and liabilities | February 28, 2014 (unaudited) |
|---|-------------------------------------|----------------------------------|

Assets

| | |
|---|----------------|
| Investments | |
| In unaffiliated securities, at value (see cost below) | \$ 138,419,348 |
| In affiliated securities, at value (see cost below) | 3,652,555 |
| Total investments, at value (see cost below) | 142,071,903 |
| Foreign currency, at value (see cost below) | 86,447 |
| Receivable for investments sold | 334,903 |
| Receivable for dividends and interest | 3,955,129 |
| Total assets | 146,448,382 |

Liabilities

| | |
|--|-----------------------|
| Dividends payable | 692,078 |
| Payable for investments purchased | 894,478 |
| Secured borrowing payable | 22,001,406 |
| Advisory fee payable | 69,822 |
| Due to other related parties | 5,819 |
| Accrued expenses and other liabilities | 133,528 |
| Total liabilities | 23,797,131 |
| Total net assets | \$ 122,651,251 |

NET ASSETS CONSIST OF

| | |
|--|-----------------------|
| Paid-in capital | \$ 151,438,236 |
| Undistributed net investment income | 290,679 |
| Accumulated net realized losses on investments | (50,668,611) |
| Net unrealized gains on investments | 21,590,947 |
| Total net assets | \$ 122,651,251 |

NET ASSET VALUE PER SHARE

| | |
|---|----------|
| Based on \$122,651,251 divided by 9,231,183 shares issued and outstanding (unlimited number of shares authorized) | \$ 13.29 |
|---|----------|

| | |
|---|----------------|
| Investments in unaffiliated securities, at cost | \$ 116,840,140 |
| Investments in affiliated securities, at cost | \$ 3,652,555 |
| Total investments, at cost | \$ 120,492,695 |
| Foreign currency, at cost | \$ 77,285 |

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

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Statement of operations six months ended February 28, 2014 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 15

Investment income

| | |
|-----------------------------------|------------------|
| Dividends* | \$ 4,529,987 |
| Interest | 1,422,903 |
| Income from affiliated securities | 1,860 |
| Total investment income | 5,954,750 |

Expenses

| | |
|------------------------------|------------------|
| Advisory fee | 413,807 |
| Administration fee | 34,484 |
| Custody and accounting fees | 7,252 |
| Professional fees | 36,663 |
| Shareholder report expenses | 13,447 |
| Trustees fees and expenses | 4,720 |
| Transfer agent fees | 15,361 |
| Interest expense | 112,757 |
| Secured borrowing fees | 1,714 |
| Other fees and expenses | 4,722 |
| Total expenses | 644,927 |
| Net investment income | 5,309,823 |

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

| | |
|--|----------------------|
| Unaffiliated securities | 2,219,661 |
| Written options | (4,108) |
| Net realized gains on investments | 2,215,553 |
| Net change in unrealized gains (losses) on investments | 6,278,786 |
| Net realized and unrealized gains (losses) on investments | 8,494,339 |
| Net increase in net assets resulting from operations | \$ 13,804,162 |

* Net of foreign dividend withholding taxes in the amount of \$10,505

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

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16 Wells Fargo Advantage Utilities and High Income Fund Statement of changes in net assets

| | Six months ended February 28, 2014 (unaudited) | Year ended August 31, 2013 |
|---|---|-------------------------------|
| Operations | | |
| Net investment income | \$ 5,309,823 | \$ 7,992,766 |
| Net realized gains on investments | 2,215,553 | 274,386 |
| Net change in unrealized gains (losses) on investments | 6,278,786 | 4,651,266 |
| Net increase in net assets resulting from operations | 13,804,162 | 12,918,418 |
| Distributions to shareholders from | | |
| Net investment income | (4,154,032) | (8,307,863) |
| Capital share transactions | | |
| Net asset value of shares issued under the Automatic Dividend Reinvestment Plan | 0 | 63,685 |
| Total increase in net assets | 9,650,130 | 4,674,240 |
| Net assets | | |
| Beginning of period | 113,001,121 | 108,326,881 |
| End of period | \$ 122,651,251 | \$ 113,001,121 |
| Undistributed (overdistributed) net investment income | \$ 290,679 | \$ (678,412) |

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

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Statement of cash flows six months ended February 28, 2014
(unaudited)

Wells Fargo Advantage Utilities and High
Income Fund 17

Cash flows from operating activities:

Net increase in net assets resulting from operations \$ 13,804,162

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

| | |
|---|--------------|
| Purchase of securities | (29,265,038) |
| Proceeds from sale of securities | 28,841,996 |
| Amortization | (29,854) |
| Proceeds from short-term investment securities, net | (1,189,609) |
| Increase in receivables for dividends and interest | (2,524,614) |
| Decrease in receivable for securities sold | 324,538 |
| Increase in payable for investments purchased | 851,545 |
| Decrease in advisory fee payable | (4,387) |
| Decrease in due to other related parties | (365) |
| Decrease in accrued expenses and other liabilities | (64,948) |
| Change in unrealized gains (losses) on investments | (6,278,786) |
| Net realized losses on written options | 4,108 |
| Net realized gains on unaffiliated securities | (2,219,661) |

Net cash provided by operating activities 2,249,087

Cash flows from financing activities:

| | |
|-------------------------------|-------------|
| Cash distributions paid | (4,154,032) |
| Decrease in secured borrowing | (2,533) |

Net cash used in financing activities (4,156,565)

Net increase in cash (1,907,478)

Cash (including foreign currency):

Beginning of period \$ 1,993,925

End of period \$ 86,447

Supplemental cash disclosure:

Cash paid for interest \$ 110,224

Supplemental non-cash financing disclosure:

Reinvestment of dividends \$ 0

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

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18 Wells Fargo Advantage Utilities and High Income Fund

Financial highlights

(For a share outstanding throughout each period)

| | Six months ended February 28, 2014 (unaudited) | | Year ended August 31 | | | |
|---|---|-------------------|----------------------|-------------------|---------------------|---------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | |
| Net asset value, beginning of period | \$ 12.24 | \$ 11.74 | \$ 11.75 | \$ 11.23 | \$ 11.38 | \$ 17.50 |
| Net investment income | 0.58 ¹ | 0.87 ¹ | 0.87 ¹ | 0.99 ¹ | 0.59 ¹ | 0.97 ¹ |
| Net realized and unrealized gains (losses) on investments | 0.92 | 0.53 | 0.02 | 0.43 | 0.41 | (5.29) |
| Total from investment operations | 1.50 | 1.40 | 0.89 | 1.42 | 1.00 | (4.32) |
| Distributions to shareholders from | | | | | | |
| Net investment income | (0.45) | (0.90) | (0.90) | (0.90) | (0.53) ¹ | (1.00) ¹ |
| Tax basis return of capital | 0.00 | 0.00 | 0.00 | 0.00 | (0.62) ¹ | (0.80) ¹ |
| Total distributions to shareholders | (0.45) | (0.90) | (0.90) | (0.90) | (1.15) | (1.80) |
| Net asset value, end of period | \$ 13.29 | \$ 12.24 | \$ 11.74 | \$ 11.75 | \$ 11.23 | \$ 11.38 |
| Market value, end of period | \$ 12.38 | \$ 12.04 | \$ 11.92 | \$ 11.03 | \$ 11.23 | \$ 12.49 |
| Total return based on market value² | 6.71% | 8.93% | 17.03% | 5.99% | (1.24)% | (30.46)% |

**Ratios to
average net
assets
(annualized)**

| | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Gross expenses ³ | 1.11% | 1.25% | 1.20% | 1.24% | 2.52% | 3.44% |
| Net expenses ³ | 1.11% | 1.25% | 1.20% | 1.24% | 1.52% | 2.25% |
| Net investment income | 9.17% | 7.11% | 7.48% | 8.14% | 5.19% | 8.75% |
| Supplemental data | | | | | | |
| Portfolio turnover rate | 17% | 65% | 48% | 64% | 59% | 137% |
| Net assets, end of period (000s omitted) | \$122,651 | \$113,001 | \$108,327 | \$108,146 | \$103,245 | \$103,687 |
| Borrowings outstanding, end of period (000s omitted) | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 | \$22,000 |
| Asset coverage per \$1,000 of borrowing, end of period | \$ 6,575 | \$ 6,136 | \$ 5,866 | \$ 5,916 | \$ 5,693 | \$ 5,713 |

1. Calculated based upon average shares outstanding

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

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

| | |
|--|-------|
| Six months ended February 28, 2014 (unaudited) | 0.19% |
| Year ended August 31, 2013 | 0.21% |
| Year ended August 31, 2012 | 0.25% |
| Year ended August 31, 2011 | 0.25% |
| Year ended August 31, 2010 | 0.19% |
| Year ended August 31, 2009 | 0.70% |

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

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| Notes to financial statements (unaudited) | Wells Fargo Advantage Utilities and High Income Fund | 19 |
|---|--|----|

1. ORGANIZATION

The *Wells Fargo Advantage Utilities and High Income Fund* (the Fund) was organized as a statutory trust under the laws of the state of Delaware on February 4, 2004 and is registered as a non-diversified closed-end management investment company under the Investment Company Act of 1940, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Securities valuation

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

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

The values of securities denominated in foreign currencies will be converted to 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.

Many securities markets and exchanges outside the U.S. close prior to the close of the New York Stock Exchange and therefore may not fully reflect trading or events that occur after the close of the principal exchange in which the foreign securities are traded, but before the close of the New York Stock Exchange. If such trading or events are expected to materially affect the value of such securities, then fair value pricing procedures approved by the Board of Trustees of the Fund are applied. These procedures take into account multiple factors including movements in U.S. securities markets after foreign exchanges close. Foreign securities that are fair valued under these procedures are categorized as Level 2 and the application of these procedures may result in transfers between Level 1 and Level 2. Depending on market activity, such fair valuations may be frequent. Such fair value pricing may result in NAVs that are higher or lower than NAVs based on the last reported sales price or latest quoted bid price. On February 28, 2014, such fair value pricing was not used in pricing foreign securities.

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

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

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

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

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20 Wells Fargo Advantage Utilities and High Income Fund

Notes to financial statements (unaudited)

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 will be converted to 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. Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting 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 recorded with net realized and unrealized gains or losses from investments. Gains and losses from certain foreign currency transactions are treated as ordinary income for U.S. federal income tax purposes.

When-issued transactions

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

Term loans

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

Options

The Fund may be subject to equity price risk in the normal course of pursuing its investment objectives. The Fund may write covered call options or secured put options on individual securities and/or indexes. When the Fund writes an option, an amount equal to the premium received is recorded as a liability and is subsequently adjusted to the current market value of the written option. Premiums received from written options that expire unexercised are recognized as realized gains from investments on the expiration date. For exercised options, the difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage

commissions, is treated as a realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in calculating the realized gain or loss on the sale. If a put option is exercised, the premium reduces the cost of the security purchased. The Fund, as a writer of an option, bears the market risk of an unfavorable change in the price of the security and/or index underlying the written option.

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

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

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| Notes to financial statements (unaudited) | Wells Fargo Advantage Utilities and High Income Fund | 21 |
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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.

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

Interest income is accrued daily and bond discounts are accreted and premiums are amortized daily 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.

Distributions to shareholders

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

Federal and other taxes

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

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

As of August 31 2013, capital loss carryforwards available to offset future net realized capital gains were as follows through the indicated expiration dates:

| 2017 | 2018 | No expiration Short-term |
|--------------|--------------|-----------------------------|
| \$20,548,693 | \$27,435,579 | \$4,033,372 |

As of August 31, 2013, the Fund had \$341,205 of current year deferred post-October capital losses, which were recognized on the first day of the current fiscal year.

3. FAIR VALUATION MEASUREMENTS

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

- n Level 1 quoted prices in active markets for identical securities

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

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

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

Table of Contents**22 Wells Fargo Advantage Utilities and High Income Fund**

Notes to financial statements (unaudited)

As of February 28, 2014, the inputs used in valuing investments in securities were as follows:

| Investments in securities | Quoted prices (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | | Total |
|----------------------------------|----------------------------|---|---|-------------|-----------------------|
| | | | | | |
| Equity securities | | | | | |
| <i>Common stocks</i> | \$ 80,187,610 | \$ 0 | \$ 0 | \$ 0 | \$ 80,187,610 |
| <i>Preferred stocks</i> | 14,509,120 | 2,358,746 | 0 | 0 | 16,867,866 |
| <i>Warrants</i> | 0 | 29,600 | 0 | 0 | 29,600 |
| Corporate bonds and notes | 0 | 35,777,215 | 0 | 0 | 35,777,215 |
| Term loans | 0 | 3,001,492 | 736,726 | 0 | 3,738,218 |
| Yankee bonds | 0 | 1,818,839 | 0 | 0 | 1,818,839 |
| Short-term investments | | | | | |
| <i>Investment companies</i> | 3,652,555 | 0 | 0 | 0 | 3,652,555 |
| | \$ 98,349,285 | \$ 42,985,892 | \$ 736,726 | \$ 0 | \$ 142,071,903 |

Transfers in and transfers out are recognized at the end of the reporting period. For the six months ended February 28, 2014, the Fund did not have any transfers into/out of Level 1, Level 2, or Level 3.

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

Funds Management, an indirect wholly owned subsidiary of Wells Fargo & Company (Wells Fargo) is the adviser to the Fund and is entitled to receive a fee at an annual rate of 0.60% of the Fund's average daily total assets. Total assets consist of net assets of the Fund plus borrowings or other leverage for investment purposes to the extent excluded in calculating net assets.

Funds Management has retained the services of certain investment subadvisers to provide daily portfolio management to the Fund. The fees for subadvisory services are borne by Funds Management. Wells Capital Management Incorporated (an affiliate of Funds Management and an indirect, wholly owned subsidiary of Wells Fargo) and Crow Point Partners, LLC are each investment subadvisers to the Fund and are each entitled to receive a fee from Funds Management at an annual rate of 0.20% of the Fund's average daily total assets.

Administration and transfer agent fees

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 an unlimited number of shares with no par value. For the six months ended February 28, 2014, the Fund did not issue any shares. For the year ended August 31, 2013, the Fund issued 5,359 shares.

6. BORROWINGS

The Fund has borrowed approximately \$22 million through a secured debt financing agreement administered by a major financial institution (the Facility). The Facility has a commitment amount of \$25 million which expires on February 23, 2015, at which point it may be renegotiated and potentially renewed for another one-year term. At February 28, 2014, the Fund had secured borrowings outstanding in the amount of \$22,001,406 (including accrued interest and usage and commitment fees payable).

The Fund's borrowings under the Facility are generally charged interest at a rate determined by the type of loan elected by the Fund. During the six months ended February 28, 2014, an effective interest rate of 1.02% was incurred on the borrowings. Interest expense of \$112,757, representing 0.19% of the Fund's average daily net assets, was incurred during the six months ended February 28, 2014.

The Fund has pledged all of its assets to secure the borrowings and pays a commitment fee at an annual rate equal to 0.15% of average daily unutilized amounts of the \$25 million commitment amount. Secured borrowing fees on the Statement of Operations represents commitment fees.

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| Notes to financial statements (unaudited) | Wells Fargo Advantage Utilities and High Income Fund | 23 |
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7. INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments, excluding U.S. government obligations (if any) and short-term securities, for the six months ended February 28, 2014 were \$24,123,708 and \$22,538,131, respectively.

As of February 28, 2014, the Fund had unfunded term loan commitments of \$119,388.

8. DERIVATIVE TRANSACTIONS

During the six months ended February 28, 2014, the Fund entered into written options for economic hedging purposes.

During the six months ended February 28, 2014, the Fund had written call option activities as follows:

| | Number of contracts | Premiums received |
|--|---------------------|-------------------|
| Options outstanding at August 31, 2013 | 0 | \$ 0 |
| Options written | 100 | 8,571 |
| Options expired | 0 | 0 |
| Options closed | (100) | (8,571) |
| Options exercised | 0 | 0 |
| Options outstanding at February 28, 2014 | 0 | \$ 0 |

As of February 28, 2014, the Fund did not have any open written options but had an average of 5 written option contracts during the six months ended February 28, 2014.

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

9. CONCENTRATION RISK

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

10. INDEMNIFICATION

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

11. SUBSEQUENT DISTRIBUTIONS

The Fund declared the following distributions to common shareholders:

| Declaration date | Record date | Payable date | Per share amount |
|-------------------|----------------|---------------|------------------|
| February 20, 2014 | March 17, 2014 | April 1, 2014 | \$0.075 |
| March 28, 2014 | April 15, 2014 | May 1, 2014 | \$0.075 |
| April 25, 2014 | May 14, 2014 | June 2, 2014 | \$0.075 |

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

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|----|--|-------------------------------|
| 24 | Wells Fargo Advantage Utilities and High Income Fund | Other information (unaudited) |
|----|--|-------------------------------|

PROXY VOTING INFORMATION

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

ANNUAL MEETING OF SHAREHOLDERS

On December 9, 2013, an Annual Meeting of Shareholders for the Fund was held to consider the following proposal. The results of the proposal are indicated below.

Proposal 1 Election of Trustees:

| | | | |
|------------------|---------|---------------------|----------------|
| Net assets voted | For | Peter G. Gordon | \$ 101,268,180 |
| Net assets voted | Against | | \$ 4,567,843 |
| Net assets voted | For | Timothy J. Penny | \$ 101,443,327 |
| Net assets voted | Against | | \$ 4,392,696 |
| Net assets voted | For | Michael S. Scofield | \$ 101,245,960 |
| Net assets voted | Against | | \$ 4,590,063 |

PORTFOLIO HOLDINGS INFORMATION

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

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Other information (unaudited)

Wells Fargo Advantage Utilities and High Income Fund 25

BOARD OF TRUSTEES AND OFFICERS

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

Independent Trustees

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

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

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26 Wells Fargo Advantage Utilities and High Income Fund

Other information (unaudited)

| Name and year of birth | Position held and length of service | Principal occupations during past five years | Other directorships during past five years |
|---------------------------------|-------------------------------------|--|--|
| Michael S. Scofield (Born 1943) | Trustee, since 2004 | Served on the Investment Company Institute's Board of Governors and Executive Committee from 2008-2011 as well as the Governing Council of the Independent Directors Council from 2006-2011 and the Independent Directors Council Executive Committee from 2008-2011. Chairman of the IDC from 2008-2010. Institutional Investor (Fund Directions) Trustee of Year in 2007. Trustee of the Evergreen Funds (and its predecessors) from 1984 to 2010. Chairman of the Evergreen Funds from 2000-2010. Former Trustee of the Mentor Funds. Retired Attorney, Law Offices of Michael S. Scofield. | Asset Allocation Trust |
| Donald C. Willeke (Born 1940) | Trustee, since 2010 | Principal of the law firm of Willeke & Daniels. General Counsel of the Minneapolis Employees Retirement Fund from 1984 until its consolidation into the Minnesota Public Employees Retirement Association on June 30, 2010. Director and Vice Chair of The Tree Trust (non-profit corporation). Director of the American Chestnut Foundation (non-profit corporation). | Asset Allocation Trust |

Officers

| Name and year of birth | Position held and length of service | Principal occupations during past five years |
|--------------------------------------|--|--|
| Karla M. Rabusch (Born 1959) | President, since 2010 | Executive Vice President of Wells Fargo Bank, N.A. and President of Wells Fargo Funds Management, LLC since 2003. |
| Nancy Wiser ¹ (Born 1967) | Treasurer, since 2012 | Executive Vice President of Wells Fargo Funds Management, LLC since 2011. Chief Operating Officer and Chief Compliance Officer at LightBox Capital Management LLC, from 2008 to 2011. Owned and operated a consulting business providing services to various hedge funds including acting as Chief Operating Officer and Chief Compliance Officer for a hedge fund from 2007 to 2008. Chief Operating Officer and Chief Compliance Officer of GMN Capital LLC from 2006 to 2007. |
| C. David Messman (Born 1960) | Secretary, since 2010; Chief Legal Officer, since 2010 | Senior Vice President and Secretary of Wells Fargo Funds Management, LLC since 2001. Vice President and Managing Counsel of Wells Fargo Bank, N.A. since 1996. |

| | | |
|--|--------------------------------------|--|
| Debra Ann Early (Born 1964) | Chief Compliance Officer, since 2010 | Chief Compliance Officer of Wells Fargo Funds Management, LLC since 2007. Chief Compliance Officer of Parnassus Investments from 2005 to 2007. Chief Financial Officer of Parnassus Investments from 2004 to 2007. |
| David Berardi (Born 1975) | Assistant Treasurer, since 2009 | Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Assistant Vice President of Evergreen Investment Services, Inc. from 2004 to 2008. Manager of Fund Reporting and Control for Evergreen Investment Management Company, LLC from 2004 to 2010. |
| Jeremy DePalma ¹ (Born 1974) | Assistant Treasurer, since 2005 | Senior Vice President of Wells Fargo Funds Management, LLC since 2009. Senior Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Vice President, Evergreen Investment Services, Inc. from 2004 to 2007. Head of the Fund Reporting and Control Team within Fund Administration from 2005 to 2010. |

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

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List of abbreviations

Wells Fargo Advantage Utilities and High Income Fund 27

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

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

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

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

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Transfer Agent, Registrar, Shareholder Servicing

Agent & Dividend Disbursing Agent

Computershare Trust Company, N.A.

P.O. Box 30170

College Station, TX 77842-3170

1-800-730-6001

Website: wellsfargoadvantagefunds.com

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ITEM 2. CODE OF ETHICS

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

Not applicable.

ITEM 6. INVESTMENTS

Except as noted below, the schedules of investments are included as part of the report to shareholders filed under Item 1 of this Form. The schedule of investments for Wells Fargo Advantage Utilities and High Income Fund, is filed under this Item.

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Portfolio of investments February 28, 2014 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 1

| Security name | Shares | Value |
|--|---------|--------------|
| Common Stocks: 65.38% | | |
| Energy: 8.69% | | |
| Oil, Gas & Consumable Fuels: 8.69% | | |
| <i>Energen Corporation</i> | 15,000 | \$ 1,206,600 |
| <i>EQT Corporation</i> | 15,000 | 1,534,350 |
| <i>Kinder Morgan Incorporated</i> | 10,577 | 336,877 |
| <i>Spectra Energy Corporation</i> | 75,000 | 2,796,000 |
| <i>The Williams Companies Incorporated</i> | 100,000 | 4,130,000 |
| <i>Veresen Incorporated</i> | 42,900 | 648,556 |
| | | 10,652,383 |
| Industrials: 4.67% | | |
| Air Freight & Logistics: 4.59% | | |
| <i>Deutsche Post AG</i> | 150,000 | 5,633,696 |
| Construction & Engineering: 0.08% | | |
| <i>Ameresco Incorporated Class A</i> | 9,000 | 92,340 |
| Telecommunication Services: 13.85% | | |
| Diversified Telecommunication Services: 9.26% | | |
| <i>BCE Incorporated</i> | 16,000 | 697,600 |
| <i>CenturyLink Incorporated</i> | 100,000 | 3,126,000 |
| <i>Telefonica Brasil SA ADR</i> | 212,500 | 3,963,125 |
| <i>Verizon Communications Incorporated</i> | 41,291 | 1,964,626 |
| <i>Windstream Holdings Incorporated</i> | 200,000 | 1,604,000 |
| | | 11,355,351 |
| Wireless Telecommunication Services: 4.59% | | |
| <i>Shenandoah Telecommunications Company</i> | 40,000 | 1,057,200 |
| <i>VimpelCom Limited ADR</i> | 100,000 | 1,016,000 |

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| | | |
|-------------------------------|--------|-----------|
| <i>Vodafone Group plc ADR</i> | 85,636 | 3,559,904 |
| | | 5,633,104 |

Utilities: 38.17%

Electric Utilities: 25.60%

| | | |
|---|---------|------------|
| <i>American Electric Power Company Incorporated</i> | 100,000 | 5,020,000 |
| <i>Chesapeake Utilities Corporation</i> | 200 | 11,848 |
| <i>Duke Energy Corporation</i> | 30,514 | 2,162,832 |
| <i>Edison International</i> | 75,000 | 3,927,750 |
| <i>Enel SpA</i> | 200,000 | 1,026,943 |
| <i>Entergy Corporation</i> | 1,000 | 63,820 |
| <i>Great Plains Energy Incorporated</i> | 175,000 | 4,597,250 |
| <i>IDACORP Incorporated</i> | 25,000 | 1,404,750 |
| <i>ITC Holdings Corporation</i> | 45,000 | 4,617,000 |
| <i>NextEra Energy Incorporated</i> | 50,000 | 4,569,500 |
| <i>Northeast Utilities</i> | 90,000 | 4,000,500 |
| <i>Pepco Holdings Incorporated</i> | 100 | 2,039 |
| | | 31,404,232 |

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2 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2014 (unaudited)

| Security name | Shares | Value |
|---|---------|------------|
| Gas Utilities: 0.02% | | |
| <i>New Jersey Resources Corporation</i> | 200 | \$ 9,002 |
| <i>South Jersey Industries Incorporated</i> | 200 | 11,436 |
| | | 20,438 |
| Multi-Utilities: 10.72% | | |
| <i>CenterPoint Energy Incorporated</i> | 50,000 | 1,182,500 |
| <i>Dominion Resources Incorporated</i> | 300 | 20,820 |
| <i>MDU Resources Group Incorporated</i> | 500 | 16,980 |
| <i>Public Service Enterprise Group Incorporated</i> | 50,000 | 1,833,000 |
| <i>Sempra Energy</i> | 19,900 | 1,879,953 |
| <i>Suez Environnement Company SA</i> | 275,000 | 5,496,356 |
| <i>Veolia Environnement SA</i> | 137,000 | 2,592,577 |
| <i>Wisconsin Energy Corporation</i> | 3,000 | 131,880 |
| | | 13,154,066 |
| Water Utilities: 1.83% | | |
| <i>American Water Works Company Incorporated</i> | 50,000 | 2,242,000 |
| Total Common Stocks (Cost \$59,471,577) | | 80,187,610 |

| | Interest rate | Maturity date | Principal | |
|--|---------------|---------------|------------|---------|
| Corporate Bonds and Notes: 29.17% | | | | |
| Consumer Discretionary: 6.06% | | | | |
| Auto Components: 0.55% | | | | |
| <i>Allison Transmission Incorporated 144A</i> | 7.13% | 5-15-2019 | \$ 340,000 | 367,200 |
| <i>Cooper Tire & Rubber Company</i> | 7.63 | 3-15-2027 | 205,000 | 201,925 |
| <i>Goodyear Tire & Rubber Company</i> | 7.00 | 5-15-2022 | 25,000 | 27,875 |
| <i>United Rentals North America Incorporated</i> | 5.75 | 7-15-2018 | 75,000 | 80,438 |
| | | | | 677,438 |

Distributors: 0.06%

| | | | | |
|-----------------------------|------|-----------|--------|--------|
| <i>LKQ Corporation 144A</i> | 4.75 | 5-15-2023 | 75,000 | 71,438 |
|-----------------------------|------|-----------|--------|--------|

Diversified Consumer Services: 0.56%

| | | | | |
|--|-------|------------|---------|---------|
| <i>Ceridian Corporation 144A</i> | 11.00 | 3-15-2021 | 10,000 | 11,438 |
| <i>Service Corporation International</i> | 6.75 | 4-1-2016 | 100,000 | 108,875 |
| <i>Service Corporation International</i> | 7.00 | 6-15-2017 | 25,000 | 28,094 |
| <i>Service Corporation International</i> | 7.50 | 4-1-2027 | 351,000 | 372,938 |
| <i>Service Corporation International</i> | 7.63 | 10-1-2018 | 25,000 | 29,063 |
| <i>Service Corporation International</i> | 8.00 | 11-15-2021 | 40,000 | 46,150 |
| <i>Sotheby's 144A</i> | 5.25 | 10-1-2022 | 95,000 | 91,675 |
| | | | | 688,233 |

Hotels, Restaurants & Leisure: 2.19%

| | | | | |
|--|------|------------|---------|---------|
| <i>Burger King Corporation</i> | 9.88 | 10-15-2018 | 75,000 | 81,938 |
| <i>CCM Merger Incorporated 144A</i> | 9.13 | 5-1-2019 | 465,000 | 494,063 |
| <i>CEC Entertainment Incorporated 144A</i> | 8.00 | 2-15-2022 | 75,000 | 77,063 |
| <i>DineEquity Incorporated</i> | 9.50 | 10-30-2018 | 350,000 | 383,250 |

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Portfolio of investments February 28, 2014 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 3

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Hotels, Restaurants & Leisure (continued) | | | | |
| <i>Greektown Holdings LLC 144A%%</i> | 8.88% | 3-15-2019 | \$ 315,000 | \$ 324,450 |
| <i>Greektown Superholdings Incorporated Series A</i> | 13.00 | 7-1-2015 | 435,000 | 455,010 |
| <i>Greektown Superholdings Incorporated Series B</i> | 13.00 | 7-1-2015 | 150,000 | 156,900 |
| <i>Hilton Worldwide Finance LLC 144A</i> | 5.63 | 10-15-2021 | 15,000 | 15,863 |
| <i>Pinnacle Entertainment Incorporated</i> | 7.50 | 4-15-2021 | 355,000 | 386,063 |
| <i>Ruby Tuesday Incorporated</i> | 7.63 | 5-15-2020 | 135,000 | 119,813 |
| <i>Scientific Games Corporation</i> | 9.25 | 6-15-2019 | 60,000 | 63,750 |
| <i>Speedway Motorsports Incorporated</i> | 6.75 | 2-1-2019 | 120,000 | 127,200 |
| | | | | 2,685,363 |
| Household Durables: 0.04% | | | | |
| <i>American Greetings Corporation</i> | 7.38 | 12-1-2021 | 25,000 | 26,031 |
| <i>Tempur Sealy International Incorporated</i> | 6.88 | 12-15-2020 | 25,000 | 27,375 |
| | | | | 53,406 |
| Media: 2.19% | | | | |
| <i>Allbritton Communications Company</i> | 8.00 | 5-15-2018 | 150,000 | 157,695 |
| <i>Cablevision Systems Corporation</i> | 8.63 | 9-15-2017 | 145,000 | 172,913 |
| <i>CBS Outdoor Americas Capital LLC 144A</i> | 5.25 | 2-15-2022 | 15,000 | 15,375 |
| <i>Cinemark USA Incorporated</i> | 7.38 | 6-15-2021 | 75,000 | 83,625 |
| <i>CSC Holdings LLC</i> | 7.63 | 7-15-2018 | 45,000 | 52,313 |
| <i>CSC Holdings LLC</i> | 7.88 | 2-15-2018 | 75,000 | 87,188 |
| <i>CSC Holdings LLC</i> | 8.63 | 2-15-2019 | 125,000 | 150,000 |
| <i>DISH DBS Corporation</i> | 5.13 | 5-1-2020 | 25,000 | 25,875 |
| <i>DISH DBS Corporation</i> | 7.88 | 9-1-2019 | 115,000 | 135,125 |
| <i>DreamWorks Animation SKG Incorporated 144A</i> | 6.88 | 8-15-2020 | 170,000 | 182,325 |
| <i>EchoStar DBS Corporation</i> | 7.13 | 2-1-2016 | 50,000 | 55,000 |
| <i>Gray Television Incorporated</i> | 7.50 | 10-1-2020 | 385,000 | 419,650 |
| <i>Lamar Media Corporation</i> | 5.88 | 2-1-2022 | 75,000 | 79,500 |
| <i>Lamar Media Corporation</i> | 7.88 | 4-15-2018 | 130,000 | 136,175 |
| <i>LIN Television Corporation</i> | 6.38 | 1-15-2021 | 25,000 | 26,500 |
| <i>LIN Television Corporation</i> | 8.38 | 4-15-2018 | 150,000 | 157,313 |

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| | | | | |
|--|------|------------|---------|-----------|
| <i>Live Nation Entertainment Incorporated 144A</i> | 7.00 | 9-1-2020 | 15,000 | 16,463 |
| <i>Lynx I Corporation 144A</i> | 5.38 | 4-15-2021 | 25,000 | 25,750 |
| <i>Lynx II Corporation 144A</i> | 6.38 | 4-15-2023 | 25,000 | 26,438 |
| <i>National CineMedia LLC</i> | 6.00 | 4-15-2022 | 170,000 | 178,075 |
| <i>National CineMedia LLC</i> | 7.88 | 7-15-2021 | 50,000 | 55,250 |
| <i>Nexstar Broadcasting Group Incorporated</i> | 6.88 | 11-15-2020 | 145,000 | 156,238 |
| <i>Regal Entertainment Group</i> | 5.75 | 6-15-2023 | 30,000 | 30,225 |
| <i>Regal Entertainment Group %%</i> | 5.75 | 3-15-2022 | 250,000 | 255,625 |
| | | | | 2,680,636 |

Specialty Retail: 0.47%

| | | | | |
|---|------|------------|---------|---------|
| <i>ABC Supply Company Incorporated 144A</i> | 5.63 | 4-15-2021 | 40,000 | 41,100 |
| <i>Ahern Rentals Incorporated 144A</i> | 9.50 | 6-15-2018 | 85,000 | 93,500 |
| <i>Century Intermediate Holding Company (PIK at 9.75%) 144A</i> | 9.75 | 2-15-2019 | 15,000 | 15,788 |
| <i>Neiman Marcus Group Limited 144A</i> | 8.00 | 10-15-2021 | 15,000 | 16,088 |
| <i>Penske Auto Group Incorporated</i> | 5.75 | 10-1-2022 | 80,000 | 83,600 |
| <i>Rent-A-Center Incorporated</i> | 6.63 | 11-15-2020 | 145,000 | 151,163 |

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4 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2014 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|-----------|-----------|
| Specialty Retail (continued) | | | | |
| <i>Sonic Automotive Incorporated</i> | 5.00% | 5-15-2023 | \$ 70,000 | \$ 67,550 |
| <i>Toys R Us Property Company II LLC</i> | 8.50 | 12-1-2017 | 100,000 | 102,875 |
| | | | | 571,664 |
| Consumer Staples: 0.13% | | | | |
| Food Products: 0.13% | | | | |
| <i>Darling International Incorporated 144A</i> | 5.38 | 1-15-2022 | 15,000 | 15,394 |
| <i>Simmons Foods Incorporated 144A</i> | 10.50 | 11-1-2017 | 135,000 | 145,969 |
| | | | | 161,363 |
| Energy: 5.85% | | | | |
| Energy Equipment & Services: 1.91% | | | | |
| <i>Bristow Group Incorporated</i> | 6.25 | 10-15-2022 | 265,000 | 281,563 |
| <i>Cleaver Brooks Incorporated 144A</i> | 8.75 | 12-15-2019 | 25,000 | 27,750 |
| <i>Dresser-Rand Group Incorporated</i> | 6.50 | 5-1-2021 | 90,000 | 96,300 |
| <i>Era Group Incorporated</i> | 7.75 | 12-15-2022 | 185,000 | 196,563 |
| <i>Forum Energy Technologies Incorporated 144A</i> | 6.25 | 10-1-2021 | 15,000 | 15,938 |
| <i>Gulfmark Offshore Incorporated</i> | 6.38 | 3-15-2022 | 430,000 | 442,900 |
| <i>Hornbeck Offshore Services Incorporated</i> | 5.00 | 3-1-2021 | 190,000 | 189,050 |
| <i>Hornbeck Offshore Services Incorporated</i> | 5.88 | 4-1-2020 | 40,000 | 41,600 |
| <i>NGPL PipeCo LLC 144A</i> | 7.77 | 12-15-2037 | 515,000 | 472,513 |
| <i>NGPL PipeCo LLC 144A</i> | 9.63 | 6-1-2019 | 35,000 | 37,713 |
| <i>Oil States International Incorporated</i> | 6.50 | 6-1-2019 | 114,000 | 120,555 |
| <i>PHI Incorporated</i> | 8.63 | 10-15-2018 | 380,000 | 408,500 |
| <i>Pride International Incorporated</i> | 8.50 | 6-15-2019 | 10,000 | 12,812 |
| | | | | 2,343,757 |
| Oil, Gas & Consumable Fuels: 3.94% | | | | |
| <i>Crestwood Midstream Partners LP</i> | 6.00 | 12-15-2020 | 76,000 | 79,990 |
| <i>Crestwood Midstream Partners LP 144A</i> | 6.13 | 3-1-2022 | 25,000 | 26,125 |

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| | | | | |
|--|------|------------|---------|---------|
| <i>CVR Refining LLC</i> | 6.50 | 11-1-2022 | 100,000 | 103,750 |
| <i>Denbury Resources Incorporated</i> | 4.63 | 7-15-2023 | 95,000 | 89,538 |
| <i>Denbury Resources Incorporated</i> | 6.38 | 8-15-2021 | 25,000 | 26,938 |
| <i>Denbury Resources Incorporated</i> | 8.25 | 2-15-2020 | 140,000 | 153,125 |
| <i>El Paso LLC</i> | 6.50 | 9-15-2020 | 45,000 | 49,327 |
| <i>El Paso LLC</i> | 7.00 | 6-15-2017 | 75,000 | 84,802 |
| <i>El Paso LLC</i> | 7.25 | 6-1-2018 | 175,000 | 199,767 |
| <i>El Paso LLC</i> | 7.42 | 2-15-2037 | 90,000 | 87,915 |
| <i>El Paso LLC</i> | 7.80 | 8-1-2031 | 100,000 | 106,046 |
| <i>Energy Transfer Equity LP</i> | 7.50 | 10-15-2020 | 300,000 | 342,750 |
| <i>Exterran Partners LP</i> | 6.00 | 4-1-2021 | 225,000 | 222,750 |
| <i>Kinder Morgan Finance Company LLC 144A</i> | 6.00 | 1-15-2018 | 25,000 | 27,563 |
| <i>Murphy Oil USA Incorporated 144A</i> | 6.00 | 8-15-2023 | 30,000 | 30,525 |
| <i>Northern Tier Energy LLC</i> | 7.13 | 11-15-2020 | 140,000 | 150,500 |
| <i>Pioneer Natural Resources Company</i> | 7.50 | 1-15-2020 | 145,000 | 179,033 |
| <i>Plains Exploration & Production Company</i> | 8.63 | 10-15-2019 | 325,000 | 355,063 |
| <i>Rockies Express Pipeline LLC 144A</i> | 5.63 | 4-15-2020 | 260,000 | 251,550 |
| <i>Rockies Express Pipeline LLC 144A</i> | 6.00 | 1-15-2019 | 25,000 | 25,000 |

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Portfolio of investments February 28, 2014 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 5

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Oil, Gas & Consumable Fuels (continued) | | | | |
| <i>Rockies Express Pipeline LLC 144A</i> | 6.88% | 4-15-2040 | \$ 435,000 | \$ 391,500 |
| <i>Rockies Express Pipeline LLC 144A</i> | 7.50 | 7-15-2038 | 205,000 | 193,725 |
| <i>Sabine Pass Liquefaction LLC 144A</i> | 5.63 | 4-15-2023 | 75,000 | 73,688 |
| <i>Sabine Pass Liquefaction LLC 144A</i> | 5.88 | 2-1-2021 | 75,000 | 76,875 |
| <i>Sabine Pass Liquefaction LLC 144A</i> | 6.25 | 3-15-2022 | 125,000 | 129,375 |
| <i>Sabine Pass LNG LP</i> | 6.50 | 11-1-2020 | 390,000 | 407,550 |
| <i>Sabine Pass LNG LP</i> | 7.50 | 11-30-2016 | 370,000 | 410,700 |
| <i>Semgroup Corporation Company</i> | 7.50 | 6-15-2021 | 220,000 | 235,400 |
| <i>Suburban Propane Partners LP</i> | 7.38 | 3-15-2020 | 60,000 | 64,500 |
| <i>Suburban Propane Partners LP</i> | 7.38 | 8-1-2021 | 26,000 | 28,600 |
| <i>Suburban Propane Partners LP</i> | 7.50 | 10-1-2018 | 42,000 | 44,730 |
| <i>Tesoro Corporation</i> | 9.75 | 6-1-2019 | 90,000 | 96,075 |
| <i>Ultra Petroleum Corporation 144A</i> | 5.75 | 12-15-2018 | 85,000 | 89,038 |
| | | | | 4,833,813 |
| Financials: 4.94% | | | | |
| Banks: 0.38% | | | | |
| <i>CIT Group Incorporated</i> | 5.25 | 3-15-2018 | 25,000 | 27,125 |
| <i>CIT Group Incorporated 144A</i> | 5.50 | 2-15-2019 | 100,000 | 108,750 |
| <i>CIT Group Incorporated 144A</i> | 6.63 | 4-1-2018 | 50,000 | 56,375 |
| <i>Emigrant Bancorp Incorporated 144A</i> | 6.25 | 6-15-2014 | 275,000 | 277,451 |
| | | | | 469,701 |
| Consumer Finance: 2.77% | | | | |
| <i>Ally Financial Incorporated</i> | 5.50 | 2-15-2017 | 50,000 | 54,625 |
| <i>Ally Financial Incorporated</i> | 6.75 | 12-1-2014 | 36,000 | 37,395 |
| <i>Ally Financial Incorporated</i> | 7.50 | 9-15-2020 | 90,000 | 108,900 |
| <i>Ally Financial Incorporated</i> | 8.00 | 3-15-2020 | 65,000 | 80,438 |
| <i>Ally Financial Incorporated</i> | 8.30 | 2-12-2015 | 825,000 | 878,625 |
| <i>BMC Software Finance Incorporated 144A</i> | 8.13 | 7-15-2021 | 45,000 | 47,306 |
| <i>Credit Acceptance Corporation 144A</i> | 6.13 | 2-15-2021 | 30,000 | 31,125 |
| <i>Ford Motor Credit Company LLC</i> | 8.00 | 12-15-2016 | 25,000 | 29,396 |

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| | | | | |
|--|------|------------|---------|-----------|
| <i>General Motors Financial Company Incorporated</i> | 6.75 | 6-1-2018 | 95,000 | 110,675 |
| <i>Homer City Funding LLC (PIK at 9.23%) ¥</i> | 8.73 | 10-1-2026 | 149,149 | 156,606 |
| <i>Nielsen Finance LLC</i> | 7.75 | 10-15-2018 | 515,000 | 551,694 |
| <i>SLM Corporation</i> | 7.25 | 1-25-2022 | 70,000 | 77,000 |
| <i>SLM Corporation</i> | 8.00 | 3-25-2020 | 330,000 | 381,150 |
| <i>SLM Corporation</i> | 8.45 | 6-15-2018 | 125,000 | 147,969 |
| <i>Springleaf Finance Corporation</i> | 5.40 | 12-1-2015 | 140,000 | 147,525 |
| <i>Springleaf Finance Corporation</i> | 5.75 | 9-15-2016 | 50,000 | 53,000 |
| <i>Springleaf Finance Corporation</i> | 6.00 | 6-1-2020 | 175,000 | 178,938 |
| <i>Springleaf Finance Corporation</i> | 6.50 | 9-15-2017 | 50,000 | 53,750 |
| <i>Springleaf Finance Corporation</i> | 6.90 | 12-15-2017 | 243,000 | 266,389 |
| <i>Springleaf Finance Corporation</i> | 7.75 | 10-1-2021 | 7,000 | 7,753 |
| | | | | 3,400,259 |
| Diversified Financial Services: 0.57% | | | | |
| <i>Denali Borrower LLC144A</i> | 5.63 | 10-15-2020 | 330,000 | 339,488 |
| <i>MPH Intermediate Holding Company (PIK at 9.13%) 144A¥</i> | 8.38 | 8-1-2018 | 25,000 | 26,063 |

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6 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2014 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|------------|------------|
| Diversified Financial Services (continued) | | | | |
| <i>Nuveen Investments Incorporated</i> | 5.50% | 9-15-2015 | \$ 275,000 | \$ 278,438 |
| <i>Nuveen Investments Incorporated 144A</i> | 9.13 | 10-15-2017 | 50,000 | 52,375 |
| | | | | 696,364 |
| Insurance: 0.04% | | | | |
| <i>Fidelity & Guaranty Life Holdings Incorporated 144A</i> | 6.38 | 4-1-2021 | 45,000 | 47,925 |
| Real Estate Management & Development: 0.35% | | | | |
| <i>Hockey Merger Sub 2 Incorporated 144A</i> | 7.88 | 10-1-2021 | 230,000 | 242,075 |
| <i>Onex Corporation 144A</i> | 7.75 | 1-15-2021 | 175,000 | 182,000 |
| | | | | 424,075 |
| REITs: 0.83% | | | | |
| <i>Crown Castle International Corporation</i> | 5.25 | 1-15-2023 | 75,000 | 76,875 |
| <i>DuPont Fabros Technology Incorporated LP</i> | 5.88 | 9-15-2021 | 340,000 | 358,700 |
| <i>Omega Healthcare Investors Incorporated</i> | 6.75 | 10-15-2022 | 125,000 | 135,313 |
| <i>Sabra Health Care Incorporated</i> | 5.38 | 6-1-2023 | 50,000 | 49,875 |
| <i>Sabra Health Care Incorporated</i> | 5.50 | 2-1-2021 | 55,000 | 56,650 |
| <i>The Geo Group Incorporated</i> | 5.13 | 4-1-2023 | 125,000 | 120,625 |
| <i>The Geo Group Incorporated</i> | 5.88 | 1-15-2022 | 200,000 | 204,000 |
| <i>The Geo Group Incorporated</i> | 6.63 | 2-15-2021 | 20,000 | 21,400 |
| | | | | 1,023,438 |
| Health Care: 1.97% | | | | |
| Health Care Equipment & Supplies: 0.10% | | | | |
| <i>Hologic Incorporated</i> | 6.25 | 8-1-2020 | 110,000 | 116,875 |
| Health Care Providers & Services: 1.56% | | | | |

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| | | | | |
|--|------|------------|---------|-----------|
| <i>Aviv Healthcare Properties LP</i> | 6.00 | 10-15-2021 | 40,000 | 41,700 |
| <i>Aviv Healthcare Properties LP</i> | 7.75 | 2-15-2019 | 100,000 | 108,000 |
| <i>Capella Healthcare Incorporated</i> | 9.25 | 7-1-2017 | 65,000 | 69,550 |
| <i>Centene Corporation</i> | 5.75 | 6-1-2017 | 75,000 | 81,188 |
| <i>Community Health Systems Incorporated</i> | 6.88 | 2-1-2022 | 95,000 | 101,056 |
| <i>Community Health Systems Incorporated</i> | 5.13 | 8-1-2021 | 15,000 | 15,525 |
| <i>DaVita HealthCare Partners Incorporated</i> | 5.75 | 8-15-2022 | 55,000 | 58,163 |
| <i>DaVita HealthCare Partners Incorporated</i> | 6.38 | 11-1-2018 | 5,000 | 5,256 |
| <i>HCA Incorporated</i> | 5.88 | 3-15-2022 | 25,000 | 27,313 |
| <i>HCA Incorporated</i> | 6.50 | 2-15-2020 | 175,000 | 197,531 |
| <i>HCA Incorporated</i> | 7.50 | 11-15-2095 | 50,000 | 44,000 |
| <i>HCA Incorporated</i> | 8.50 | 4-15-2019 | 275,000 | 288,750 |
| <i>HealthSouth Corporation</i> | 5.75 | 11-1-2024 | 25,000 | 25,563 |
| <i>HealthSouth Corporation</i> | 7.25 | 10-1-2018 | 20,000 | 21,250 |
| <i>HealthSouth Corporation</i> | 8.13 | 2-15-2020 | 60,000 | 65,400 |
| <i>MPT Operating Partnership LP</i> | 6.38 | 2-15-2022 | 70,000 | 73,500 |
| <i>MPT Operating Partnership LP</i> | 6.88 | 5-1-2021 | 125,000 | 135,313 |
| <i>Multiplan Incorporated 144A</i> | 9.88 | 9-1-2018 | 165,000 | 180,469 |
| <i>Select Medical Corporation</i> | 6.38 | 6-1-2021 | 220,000 | 224,400 |
| <i>Tenet Healthcare Corporation 144A</i> | 6.00 | 10-1-2020 | 50,000 | 53,750 |
| <i>Tenet Healthcare Corporation</i> | 8.13 | 4-1-2022 | 90,000 | 100,800 |
| | | | | 1,918,477 |

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Portfolio of investments February 28, 2014 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 7

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|-----------|-----------|
| Health Care Technology: 0.06% | | | | |
| <i>Healthcare Technology Intermediate Incorporated (PIK at 8.13%) 144A</i> | 7.38% | 9-1-2018 | \$ 70,000 | \$ 72,450 |
| Pharmaceuticals: 0.25% | | | | |
| <i>Endo Finance Company 144A</i> | 5.75 | 1-15-2022 | 65,000 | 67,113 |
| <i>Par Pharmaceutical Company</i> | 7.38 | 10-15-2020 | 85,000 | 92,013 |
| <i>Pinnacle Incorporated 144A</i> | 9.50 | 10-1-2023 | 35,000 | 37,800 |
| <i>Salix Pharmaceuticals Incorporated 144A</i> | 6.00 | 1-15-2021 | 100,000 | 107,000 |
| <i>Valeant Pharmaceuticals International Incorporated 144A</i> | 5.63 | 12-1-2021 | 5,000 | 5,306 |
| | | | | 309,232 |
| Industrials: 1.79% | | | | |
| Aerospace & Defense: 0.12% | | | | |
| <i>TransDigm Group Incorporated</i> | 5.50 | 10-15-2020 | 70,000 | 70,875 |
| <i>TransDigm Group Incorporated</i> | 7.75 | 12-15-2018 | 75,000 | 80,344 |
| | | | | 151,219 |
| Airlines: 0.14% | | | | |
| <i>Aviation Capital Group Corporation 144A</i> | 6.75 | 4-6-2021 | 100,000 | 109,564 |
| <i>Aviation Capital Group Corporation 144A</i> | 7.13 | 10-15-2020 | 50,000 | 56,127 |
| | | | | 165,691 |
| Commercial Services & Supplies: 0.69% | | | | |
| <i>ADT Corporation 144A</i> | 6.25 | 10-15-2021 | 55,000 | 57,888 |
| <i>Covanta Holding Corporation %%</i> | 5.88 | 3-1-2024 | 35,000 | 35,710 |
| <i>Covanta Holding Corporation</i> | 6.38 | 10-1-2022 | 100,000 | 105,750 |
| <i>Covanta Holding Corporation</i> | 7.25 | 12-1-2020 | 10,000 | 10,900 |
| <i>Iron Mountain Incorporated</i> | 5.75 | 8-15-2024 | 315,000 | 307,125 |
| <i>Iron Mountain Incorporated</i> | 6.00 | 8-15-2023 | 205,000 | 217,813 |

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| | | | | |
|---|-------|-----------|---------|---------|
| <i>Iron Mountain Incorporated</i> | 8.38 | 8-15-2021 | 99,000 | 105,683 |
| | | | | 840,869 |
| Machinery: 0.07% | | | | |
| <i>Columbus McKinnon Corporation</i> | 7.88 | 2-1-2019 | 75,000 | 81,000 |
| Professional Services: 0.13% | | | | |
| <i>Interactive Data Corporation</i> | 10.25 | 8-1-2018 | 150,000 | 162,750 |
| Trading Companies & Distributors: 0.53% | | | | |
| <i>Ashtead Capital Incorporated 144A</i> | 6.50 | 7-15-2022 | 290,000 | 314,650 |
| <i>H&E Equipment Services Incorporated</i> | 7.00 | 9-1-2022 | 195,000 | 214,500 |
| <i>International Lease Finance Corporation 144A</i> | 7.13 | 9-1-2018 | 35,000 | 40,688 |
| <i>International Lease Finance Corporation</i> | 8.63 | 9-15-2015 | 75,000 | 82,875 |
| | | | | 652,713 |
| Transportation Infrastructure: 0.11% | | | | |
| <i>Florida East Coast Railway Corporation</i> | 8.13 | 2-1-2017 | 65,000 | 67,958 |
| <i>Watco Companies LLC 144A</i> | 6.38 | 4-1-2023 | 70,000 | 70,700 |
| | | | | 138,658 |

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8 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2014 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|--|---------------|---------------|-----------|-----------|
| Information Technology: 2.32% | | | | |
| Communications Equipment: 0.19% | | | | |
| <i>Avaya Incorporated</i> | 9.75% | 11-1-2015 | \$ 50,000 | \$ 49,875 |
| <i>CyrusOne LP</i> | 6.38 | 11-15-2022 | 25,000 | 26,313 |
| <i>Lucent Technologies Incorporated</i> | 6.45 | 3-15-2029 | 155,000 | 150,738 |
| | | | | 226,926 |
| Electronic Equipment, Instruments & Components: 0.61% | | | | |
| <i>CDW Financial Corporation</i> | 12.54 | 10-12-2017 | 8,000 | 8,400 |
| <i>Jabil Circuit Incorporated</i> | 8.25 | 3-15-2018 | 620,000 | 745,550 |
| | | | | 753,950 |
| Internet Software & Services: 0.06% | | | | |
| <i>First Data Holdings Incorporated (PIK at 14.50%) 144A</i> | 14.50 | 9-24-2019 | 65,000 | 64,675 |
| <i>Sophia Holding Finance LP (PIK at 9.63%) 144A</i> | 9.63 | 12-1-2018 | 10,000 | 10,500 |
| | | | | 75,175 |
| IT Services: 1.04% | | | | |
| <i>Audatex North America Incorporated 144A</i> | 6.00 | 6-15-2021 | 125,000 | 133,438 |
| <i>Audatex North America Incorporated 144A</i> | 6.13 | 11-1-2023 | 30,000 | 32,100 |
| <i>Fidelity National Information Services Incorporated</i> | 7.88 | 7-15-2020 | 100,000 | 108,245 |
| <i>First Data Corporation 144A</i> | 6.75 | 11-1-2020 | 80,000 | 86,400 |
| <i>First Data Corporation 144A</i> | 7.38 | 6-15-2019 | 50,000 | 54,188 |
| <i>First Data Corporation 144A</i> | 11.75 | 8-15-2021 | 155,000 | 165,850 |
| <i>First Data Corporation 144A</i> | 11.75 | 8-15-2021 | 15,000 | 16,050 |
| <i>SunGard Data Systems Incorporated</i> | 6.63 | 11-1-2019 | 100,000 | 106,875 |
| <i>SunGard Data Systems Incorporated</i> | 7.38 | 11-15-2018 | 515,000 | 548,475 |
| <i>SunGard Data Systems Incorporated</i> | 7.63 | 11-15-2020 | 25,000 | 27,563 |

1,279,184

Semiconductors & Semiconductor**Equipment: 0.10%**

| | | | | |
|--|------|-----------|---------|---------|
| <i>Micron Technology Incorporated 144A</i> | 5.88 | 2-15-2022 | 115,000 | 120,175 |
|--|------|-----------|---------|---------|

Software: 0.09%

| | | | | |
|--|------|-----------|--------|--------|
| <i>Activision Blizzard Incorporated 144A</i> | 5.63 | 9-15-2021 | 45,000 | 48,375 |
|--|------|-----------|--------|--------|

| | | | | |
|--|------|-----------|--------|--------|
| <i>Activision Blizzard Incorporated 144A</i> | 6.13 | 9-15-2023 | 10,000 | 10,850 |
|--|------|-----------|--------|--------|

| | | | | |
|--|------|-----------|--------|--------|
| <i>Nuance Communications Incorporated 144A</i> | 5.38 | 8-15-2020 | 50,000 | 50,125 |
|--|------|-----------|--------|--------|

109,350

Technology Hardware, Storage &**Peripherals: 0.23%**

| | | | | |
|-----------------------------|------|------------|--------|--------|
| <i>NCR Corporation 144A</i> | 5.88 | 12-15-2021 | 15,000 | 16,050 |
|-----------------------------|------|------------|--------|--------|

| | | | | |
|-----------------------------|------|------------|---------|---------|
| <i>NCR Corporation 144A</i> | 6.38 | 12-15-2023 | 250,000 | 267,500 |
|-----------------------------|------|------------|---------|---------|

283,550

Materials: 0.60%**Chemicals: 0.02%**

| | | | | |
|---------------------------------|------|-----------|--------|--------|
| <i>Celanese US Holdings LLC</i> | 5.88 | 6-15-2021 | 20,000 | 21,550 |
|---------------------------------|------|-----------|--------|--------|

Containers & Packaging: 0.43%

| | | | | |
|---------------------------|------|----------|--------|--------|
| <i>Crown Americas LLC</i> | 6.25 | 2-1-2021 | 20,000 | 21,900 |
|---------------------------|------|----------|--------|--------|

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Portfolio of investments February 28, 2014 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 9

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|-----------|-----------|
| Containers & Packaging (continued) | | | | |
| <i>Crown Cork & Seal Company Incorporated</i> | 7.38% | 12-15-2026 | \$ 15,000 | \$ 16,800 |
| <i>Crown Cork & Seal Company Incorporated (i)</i> | 7.50 | 12-15-2096 | 50,000 | 47,000 |
| <i>Owens-Illinois Incorporated</i> | 7.80 | 5-15-2018 | 60,000 | 70,500 |
| <i>Sealed Air Corporation 144A</i> | 6.88 | 7-15-2033 | 70,000 | 70,700 |
| <i>Sealed Air Corporation 144A</i> | 8.38 | 9-15-2021 | 215,000 | 248,056 |
| <i>Silgan Holdings Incorporated</i> | 5.00 | 4-1-2020 | 50,000 | 51,000 |
| | | | | 525,956 |
| Paper & Forest Products: 0.15% | | | | |
| <i>Georgia-Pacific LLC</i> | 8.88 | 5-15-2031 | 125,000 | 181,626 |
| Telecommunication Services: 4.08% | | | | |
| Diversified Telecommunication Services: 1.79% | | | | |
| <i>Citizens Communications Company</i> | 7.88 | 1-15-2027 | 200,000 | 200,500 |
| <i>Frontier Communications Corporation</i> | 8.13 | 10-1-2018 | 60,000 | 69,600 |
| <i>GCI Incorporated</i> | 6.75 | 6-1-2021 | 170,000 | 169,150 |
| <i>GCI Incorporated</i> | 8.63 | 11-15-2019 | 368,000 | 395,600 |
| <i>Qwest Corporation</i> | 7.25 | 9-15-2025 | 125,000 | 139,470 |
| <i>Qwest Corporation</i> | 7.63 | 8-3-2021 | 20,000 | 21,450 |
| <i>Syniverse Holdings Incorporated</i> | 9.13 | 1-15-2019 | 365,000 | 399,675 |
| <i>TW Telecommunications Holdings Incorporated</i> | 5.38 | 10-1-2022 | 445,000 | 453,900 |
| <i>TW Telecommunications Holdings Incorporated</i> | 5.38 | 10-1-2022 | 40,000 | 40,800 |
| <i>Windstream Corporation</i> | 7.88 | 11-1-2017 | 265,000 | 303,425 |
| | | | | 2,193,570 |
| Wireless Telecommunication Services: 2.29% | | | | |
| <i>Cricket Communications Incorporated</i> | 7.75 | 10-15-2020 | 180,000 | 204,075 |

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| | | | | |
|--|-------|------------|-----------|-----------|
| <i>Crown Castle International Corporation</i> | 7.13 | 11-1-2019 | 10,000 | 10,675 |
| <i>MetroPCS Wireless Incorporated</i> | 6.63 | 11-15-2020 | 240,000 | 257,400 |
| <i>MetroPCS Wireless Incorporated</i> | 7.88 | 9-1-2018 | 130,000 | 138,450 |
| <i>SBA Telecommunications Corporation</i> | 5.63 | 10-1-2019 | 10,000 | 10,475 |
| <i>SBA Telecommunications Corporation</i> | 5.75 | 7-15-2020 | 100,000 | 105,250 |
| <i>SBA Telecommunications Corporation</i> | 8.25 | 8-15-2019 | 7,000 | 7,464 |
| <i>Sprint Capital Corporation</i> | 6.88 | 11-15-2028 | 1,100,000 | 1,091,750 |
| <i>Sprint Capital Corporation</i> | 8.75 | 3-15-2032 | 105,000 | 117,863 |
| <i>Sprint Communications Incorporated</i> | 7.00 | 8-15-2020 | 120,000 | 131,100 |
| <i>Sprint Communications Incorporated 144A</i> | 9.00 | 11-15-2018 | 25,000 | 30,625 |
| <i>Sprint Communications Incorporated</i> | 11.50 | 11-15-2021 | 25,000 | 33,500 |
| <i>Sprint Corporation 144A</i> | 7.13 | 6-15-2024 | 70,000 | 73,500 |
| <i>Sprint Corporation 144A</i> | 7.25 | 9-15-2021 | 10,000 | 10,950 |
| <i>Sprint Corporation 144A</i> | 7.88 | 9-15-2023 | 10,000 | 11,075 |
| <i>T-Mobile USA Incorporated</i> | 6.13 | 1-15-2022 | 5,000 | 5,281 |
| <i>T-Mobile USA Incorporated</i> | 6.25 | 4-1-2021 | 35,000 | 37,319 |
| <i>T-Mobile USA Incorporated</i> | 6.46 | 4-28-2019 | 10,000 | 10,675 |
| <i>T-Mobile USA Incorporated</i> | 6.50 | 1-15-2024 | 5,000 | 5,300 |
| <i>T-Mobile USA Incorporated</i> | 6.54 | 4-28-2020 | 10,000 | 10,825 |
| <i>T-Mobile USA Incorporated</i> | 6.63 | 4-1-2023 | 35,000 | 37,625 |
| <i>T-Mobile USA Incorporated</i> | 6.63 | 4-28-2021 | 65,000 | 70,363 |
| <i>T-Mobile USA Incorporated</i> | 6.73 | 4-28-2022 | 305,000 | 329,400 |
| <i>T-Mobile USA Incorporated</i> | 6.84 | 4-28-2023 | 65,000 | 70,200 |
| | | | | 2,811,140 |

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10 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2014 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|-----------|------------|
| Utilities: 1.43% | | | | |
| Electric Utilities: 0.74% | | | | |
| <i>Energy Future Intermediate Holding Company LLC 144A</i> | 6.88% | 8-15-2017 | \$ 25,000 | \$ 25,656 |
| <i>IPALCO Enterprises Incorporated 144A</i> | 7.25 | 4-1-2016 | 145,000 | 160,225 |
| <i>Mirant Mid-Atlantic LLC Series C</i> | 10.06 | 12-30-2028 | 438,432 | 468,027 |
| <i>Otter Tail Corporation (i)</i> | 9.00 | 12-15-2016 | 215,000 | 254,208 |
| | | | | 908,116 |
| Gas Utilities: 0.23% | | | | |
| <i>AmeriGas Finance LLC</i> | 6.50 | 5-20-2021 | 5,000 | 5,375 |
| <i>AmeriGas Finance LLC</i> | 6.75 | 5-20-2020 | 175,000 | 190,750 |
| <i>AmeriGas Finance LLC</i> | 7.00 | 5-20-2022 | 75,000 | 81,938 |
| | | | | 278,063 |
| Independent Power & Renewable Electricity Producers: 0.46% | | | | |
| <i>Calpine Construction Finance Corporation 144A</i> | 6.00 | 1-15-2022 | 35,000 | 37,100 |
| <i>NRG Energy Incorporated</i> | 8.50 | 6-15-2019 | 185,000 | 195,638 |
| <i>NSG Holdings LLC 144A</i> | 7.75 | 12-15-2025 | 245,000 | 260,925 |
| <i>Reliant Energy Incorporated</i> | 9.24 | 7-2-2017 | 67,388 | 66,714 |
| <i>Reliant Energy Incorporated</i> | 9.68 | 7-2-2026 | 10,000 | 9,700 |
| | | | | 570,077 |
| Total Corporate Bonds and Notes (Cost \$33,567,185) | | | | 35,777,215 |

Dividend yield

Shares

Preferred Stocks: 13.75%**Financials: 0.50%****Capital Markets: 0.42%**

| | | | |
|-------------------------|------|--------|---------|
| <i>Morgan Stanley ±</i> | 0.65 | 20,000 | 517,600 |
|-------------------------|------|--------|---------|

Diversified Financial Services: 0.08%

| | | | |
|-------------------------------|------|-------|--------|
| <i>GMAC Capital Trust I ±</i> | 7.48 | 3,457 | 93,858 |
|-------------------------------|------|-------|--------|

Telecommunication Services: 1.84%**Diversified Telecommunication Services:
1.84%**

| | | | |
|--------------------------|------|--------|-----------|
| <i>Qwest Corporation</i> | 8.13 | 90,000 | 2,254,500 |
|--------------------------|------|--------|-----------|

Utilities: 11.41%**Electric Utilities: 7.75%**

| | | | |
|---|------|---------|-----------|
| <i>Duke Energy Corporation</i> | 5.13 | 130,000 | 2,809,300 |
| <i>Entergy Arkansas Incorporated</i> | 4.75 | 65,000 | 1,302,600 |
| <i>Entergy Louisiana LLC</i> | 4.70 | 70,483 | 1,402,612 |
| <i>Indianapolis Power & Light Company</i> | 5.65 | 20,000 | 1,883,750 |
| <i>Interstate Power & Light Company</i> | 5.10 | 50,000 | 1,114,500 |
| <i>SCE Trust I</i> | 5.63 | 23,000 | 519,800 |
| <i>Wisconsin Public Service</i> | 5.08 | 4,804 | 474,996 |
| | | | 9,507,558 |

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Portfolio of investments February 28, 2014 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 11

| Security name | Dividend yield | Maturity date | Shares | Value |
|---|----------------|---------------|---------|--------------|
| Multi-Utilities: 3.66% | | | | |
| <i>DTE Energy Company Series Q</i> | 5.25% | | 100,000 | \$ 2,126,000 |
| <i>Integrus Energy Group ±</i> | 2.77 | | 95,000 | 2,368,350 |
| | | | | 4,494,350 |
| Total Preferred Stocks (Cost \$17,915,738) | | | | 16,867,866 |

| | Interest rate | | Principal | |
|---|---------------|------------|-----------|-----------|
| Term Loans ±: 3.05% | | | | |
| <i>Accellent Incorporated <</i> | 0.00 | 2-21-2022 | \$ 45,000 | 45,394 |
| <i>Alliance Laundry Systems LLC</i> | 9.50 | 12-10-2019 | 159,122 | 161,111 |
| <i>Applied Systems Incorporated</i> | 7.50 | 1-22-2022 | 25,000 | 25,519 |
| <i>Asurion LLC <</i> | 0.00 | 2-19-2021 | 25,000 | 24,625 |
| <i>Capital Automotive LP</i> | 4.00 | 4-10-2019 | 198,032 | 198,527 |
| <i>Capital Automotive LP</i> | 6.00 | 4-30-2020 | 110,000 | 113,575 |
| <i>CBAC Borrower LLC</i> | 8.25 | 7-2-2020 | 85,000 | 87,656 |
| <i>CCM Merger Incorporated</i> | 5.00 | 3-1-2017 | 157,639 | 158,427 |
| <i>Centaur LLC</i> | 8.75 | 2-20-2020 | 135,000 | 137,700 |
| <i>Dell Incorporated</i> | 4.50 | 4-29-2020 | 603,488 | 601,653 |
| <i>Focus Brands Incorporated</i> | 10.25 | 8-21-2018 | 176,935 | 179,589 |
| <i>Four Seasons Holdings Incorporated</i> | 6.25 | 12-24-2020 | 25,000 | 25,500 |
| <i>Learfield Communications Incorporated <</i> | 0.00 | 10-9-2021 | 15,000 | 15,300 |
| <i>Level 3 Financing Incorporated</i> | 4.00 | 1-15-2020 | 250,000 | 250,625 |
| <i>Philadelphia Energy Solutions LLC</i> | 6.25 | 4-4-2018 | 223,313 | 200,981 |
| <i>Sedgwick CMS Holdings Incorporated <</i> | 0.00 | 12-12-2018 | 45,000 | 45,426 |
| <i>Spin Holdco Incorporated</i> | 4.25 | 11-14-2019 | 119,800 | 119,899 |
| <i>Springleaf Finance Corporation</i> | 4.75 | 9-30-2019 | 35,000 | 35,403 |
| <i>Tallgrass Operations LLC</i> | 4.25 | 11-13-2018 | 103,074 | 103,828 |
| <i>Texas Competitive Electric Holdings LLC</i> | 3.74 | 10-10-2014 | 1,471,940 | 1,027,571 |
| <i>TWCC Holdings Corporation</i> | 7.00 | 6-26-2020 | 15,000 | 14,513 |
| <i>Vertafore Incorporated</i> | 9.75 | 10-29-2017 | 35,000 | 35,525 |
| <i>W3 Company</i> | 9.25 | 9-13-2020 | 19,950 | 20,150 |

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| | | | | |
|---|------|-----------|---------|-----------|
| <i>WASH Multifamily Laundry Systems LLC</i> | 4.50 | 2-21-2019 | 109,175 | 109,721 |
| Total Term Loans (Cost \$4,124,844) | | | | 3,738,218 |

Expiration date Shares

Warrants: 0.02%

Utilities: 0.02%

Gas Utilities: 0.02%

| | | | | |
|-----------------------------------|--|------------|--------|--------|
| <i>Kinder Morgan Incorporated</i> | | 05-25-2017 | 16,000 | 29,600 |
|-----------------------------------|--|------------|--------|--------|

| | | | | |
|---------------------------------------|--|--|--|--------|
| Total Warrants (Cost \$30,480) | | | | 29,600 |
|---------------------------------------|--|--|--|--------|

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12 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2014 (unaudited)

| Security name | Interest rate | Maturity date | Principal | Value |
|---|---------------|---------------|-----------|-----------|
| Yankee Corporate Bonds and Notes: 1.48% | | | | |
| Consumer Discretionary: 0.04% | | | | |
| Media: 0.04% | | | | |
| <i>Videotron Limited</i> | 5.00% | 7-15-2022 | \$ 35,000 | \$ 35,438 |
| <i>Videotron Limited</i> | 9.13 | 4-15-2018 | 15,000 | 15,600 |
| | | | | 51,038 |
| Energy: 0.06% | | | | |
| Oil, Gas & Consumable Fuels: 0.06% | | | | |
| <i>Griffin Coal Mining Company Limited 144A(s)</i> | 9.50 | 12-1-2016 | 93,118 | 69,606 |
| Financials: 0.12% | | | | |
| Consumer Finance: 0.09% | | | | |
| <i>Wind Acquisition Finance SpA 144A</i> | 11.75 | 7-15-2017 | 110,000 | 116,463 |
| Diversified Financial Services: 0.03% | | | | |
| <i>Nielsen Holding and Finance BV 144A</i> | 5.50 | 10-1-2021 | 30,000 | 31,575 |
| Health Care: 0.12% | | | | |
| Pharmaceuticals: 0.12% | | | | |
| <i>Valeant Pharmaceuticals International, Incorporated 144A</i> | 6.75 | 8-15-2018 | 50,000 | 55,125 |
| <i>VPII Escrow Corporation 144A</i> | 7.50 | 7-15-2021 | 85,000 | 96,900 |
| | | | | 152,025 |
| Information Technology: 0.12% | | | | |
| Technology Hardware, Storage & Peripherals: 0.12% | | | | |

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| | | | | |
|--|------|-----------|--------|---------|
| <i>Seagate Technology HDD Holdings</i> | 6.80 | 10-1-2016 | 50,000 | 56,125 |
| <i>Seagate Technology HDD Holdings</i> | 6.88 | 5-1-2020 | 80,000 | 86,800 |
| | | | | 142,925 |

Materials: 0.22%

Metals & Mining: 0.16%

| | | | | |
|-----------------------------|------|------------|---------|---------|
| <i>Novelis Incorporated</i> | 8.38 | 12-15-2017 | 100,000 | 107,000 |
| <i>Novelis Incorporated</i> | 8.75 | 12-15-2020 | 75,000 | 84,375 |
| | | | | 191,375 |

Paper & Forest Products: 0.06%

| | | | | |
|---------------------------|------|-----------|---------|--------|
| <i>Sappi Limited 144A</i> | 7.50 | 6-15-2032 | 100,000 | 80,500 |
|---------------------------|------|-----------|---------|--------|

Telecommunication Services: 0.80%

**Diversified Telecommunication Services:
0.76%**

| | | | | |
|--|------|------------|---------|---------|
| <i>Intelsat Bermuda Limited 144A</i> | 7.75 | 6-1-2021 | 95,000 | 102,244 |
| <i>Intelsat Bermuda Limited 144A</i> | 8.13 | 6-1-2023 | 40,000 | 43,450 |
| <i>Intelsat Jackson Holdings SA 144A</i> | 5.50 | 8-1-2023 | 210,000 | 207,638 |
| <i>Intelsat Jackson Holdings SA</i> | 6.63 | 12-15-2022 | 55,000 | 58,025 |
| <i>Intelsat Jackson Holdings SA</i> | 7.25 | 4-1-2019 | 240,000 | 258,600 |
| <i>Intelsat Jackson Holdings SA</i> | 7.25 | 10-15-2020 | 150,000 | 163,125 |

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Portfolio of investments February 28, 2014 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 13

| Security name | Interest rate | Maturity date | Principal | Value |
|---|----------------|---------------|---------------|-----------------------|
| Diversified Telecommunication Services | | | | |
| (continued) | | | | |
| <i>Intelsat Jackson Holdings SA</i> | 7.50% | 4-1-2021 | \$ 50,000 | \$ 55,125 |
| <i>Intelsat Jackson Holdings SA</i> | 8.50 | 11-1-2019 | 40,000 | 43,250 |
| | | | | 931,457 |
| Wireless Telecommunication Services: | | | | |
| 0.04% | | | | |
| <i>Telesat Canada Incorporated 144A</i> | 6.00 | 5-15-2017 | 50,000 | 51,875 |
| Total Yankee Corporate Bonds and Notes | | | | |
| (Cost \$1,730,316) | | | | 1,818,839 |
| | Yield | | Shares | |
| Short-Term Investments: 2.98% | | | | |
| Investment Companies: 2.98% | | | | |
| <i>Wells Fargo Advantage Cash Investment</i> | | | | |
| <i>Money Market Fund, Select Class (u)(l)##</i> | 0.07 | | 3,652,555 | 3,652,555 |
| Total Short-Term Investments (Cost | | | | |
| \$3,652,555) | | | | 3,652,555 |
| Total investments in securities | | 115.83% | | 142,071,903 |
| (Cost \$120,492,695) * | | | | |
| <i>Other assets and liabilities, net</i> | (15.83) | | | (19,420,652) |
| Total net assets | 100.00% | | | \$ 122,651,251 |

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

Non-income-earning security

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

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

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

%% Security issued on a when-issued basis.

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

(i) Illiquid security

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

(l) Investment in an affiliate

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

* Cost for federal income tax purposes is \$120,979,775 and unrealized appreciation (depreciation) consists of:

| | |
|-------------------------------|---------------|
| Gross unrealized appreciation | \$ 25,451,342 |
| Gross unrealized depreciation | (4,359,214) |
| Net unrealized appreciation | \$ 21,092,128 |

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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

ITEM 11. CONTROLS AND PROCEDURES

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

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

ITEM 12. EXHIBITS

(a)(1) Not applicable

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

(a)(3) Not applicable.

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

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SIGNATURES

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

Wells Fargo Advantage Utilities and High
Income Fund

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

Date: April 25, 2014

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

Wells Fargo Advantage Utilities and High
Income Fund

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

Date: April 25, 2014

By: /s/ Nancy Wiser
Nancy Wiser
Treasurer

Date: April 25, 2014