

WELLS FARGO ADVANTAGE UTILITIES & HIGH INCOME FUND

Form N-CSRS

April 29, 2015

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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, 2015**

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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, 2015

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

**Table of Contents***Reduce clutter. Save trees.*Sign up for electronic delivery of prospectuses and shareholder reports at [wellsfargo.com/advantagedelivery](http://wellsfargo.com/advantagedelivery)

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\*A complete schedule of portfolio holdings as of the report date may be obtained, 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 Form N-CSRS, is also available on the SEC's website at sec.gov.

The views expressed and any forward-looking statements are as of February 28, 2015, 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

**During the period, an improving U.S. economy, a stronger U.S. dollar, declining oil and gas prices, and central bank actions globally were among the most significant influences on the equity and bond markets.**

**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, 2015. During the period, an improving U.S. economy, a stronger U.S. dollar, declining oil and gas prices, and central bank actions globally were among the most significant influences on the equity and bond markets.

The U.S. Federal Reserve (Fed) continued to hold short-term interest rates near zero, which supported equity investing, although falling energy commodity prices caused volatility. Utilities sector stocks benefited while energy sector stocks suffered. Many domestic longer-term fixed-income market segments recorded positive returns, which was counter to investor expectations that bonds would suffer when the Fed ended its quantitative easing-related bond-buying program in October 2014. U.S. high-yield bond returns were essentially flat. Energy-related high-yield bonds declined due to falling oil and natural gas prices.

**Strengthening U.S. economic recovery benefited investors.**

The U.S. economy strengthened with positive gross domestic product measures in each of the last two quarters of 2014. Consumer sentiment improved and corporate earnings generally were favorable. In 2015, initial weekly jobless claims fell to 267,000 for the week ended January 24. The unemployment rate declined from 5.7% in January to 5.5% in February. The S&P 500 Index<sup>1</sup> returned 6.12%. Nine of ten business sectors in the index had positive returns. The lone exception was the S&P 500 Energy Index<sup>2</sup>, which fell 18.21% when oil and natural gas prices declined in the second half of 2014 before stabilizing in early 2015. The S&P 500 Utilities Index<sup>3</sup> returned 6.44%. Utilities stocks followed a negative September 2014 return with four months of positive performances before declining 6.40% in February 2015 when improving economic data caused the 10-year U.S. Treasury bond yield to spike. Some stocks may look less attractive during times of rising fixed-income yields because investors may consider stocks, particularly

utilities stocks, as a source of dividend income when bond investment returns are low.

Returns in fixed-income markets, while not as strong as stocks, were positive in many sectors. Domestic bond yields were higher than international bonds, driving continued investor demand for U.S. issues. The Barclays U.S. Aggregate Bond Index<sup>4</sup> returned 2.25%. Returns in the high-yield sector of the fixed-income market were essentially flat, falling 0.08% as measured by the Barclays U.S. Corporate High Yield Bond Index<sup>5</sup>.

<sup>1</sup> 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.

<sup>2</sup> The S&P 500 Energy Index is a market-value-weighted index that measures the performance of all stocks within the energy sector of the S&P 500 Index. You cannot invest directly in an index.

<sup>3</sup> The S&P 500 Utilities Index is a market-value-weighted index that measures the performance of all stocks within the utilities sector of the S&P 500 Index. You cannot invest directly in an index.

<sup>4</sup> 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.

<sup>5</sup> The Barclays U.S. Corporate High Yield Bond Index is an unmanaged, U.S. dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million. You cannot invest directly in an index.

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Letter to shareholders (unaudited)

Wells Fargo Advantage Utilities and High Income Fund 3

**Europe and Asia focus on economic stimulus.**

As the U.S. economic recovery gained strength, economies in other global regions tended to struggle. In response, central banks in Europe, Japan, and China took steps to spark business activity and economic growth. The European Central Bank reduced interest rates in June and September 2014 and announced a quantitative easing bond-buying program early in 2015. While Japan's economy rebounded from recession in the final quarter of 2014, the Bank of Japan maintained accommodative monetary policies because growth was weaker than expected. The People's Bank of China reduced interest rates in November 2014 and February 2015 in an effort to spark increased economic activity, however government officials revised their projections for future economic growth lower. U.S. investors in international equity markets saw positive returns in local currency terms turn negative after translation into U.S. dollars because the U.S. dollar strengthened substantially. During the period, the return for the MSCI All Country World Index ex-USA Index (Net)<sup>6</sup> was -3.78%. On the international fixed-income front, the return for the Barclays Global Aggregate ex-U.S. Dollar Bond Index<sup>7</sup> was -9.54% during the period, as investors shunned foreign debt markets in favor of the U.S., helping to sustain higher domestic bond prices.

**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](http://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

**As the U.S. economic recovery gained strength, economies in other global regions tended to struggle. In response, central banks in Europe, Japan, and China took steps to spark business activity and economic**



growth.

<sup>6</sup> The MSCI All Country World Index ex-USA Index (Net) includes large-, mid-, small-, and micro-cap segments for all developed markets countries in the index together with large-, mid-, and small-cap segments for the emerging markets countries. You cannot invest directly in an index. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed, or produced by MSCI.

<sup>7</sup> The Barclays Global Aggregate ex-U.S. Dollar Bond Index tracks an international basket of government, corporate, agency, and mortgage-related bonds. You cannot invest directly in an index.

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#### 4 Wells Fargo Advantage Utilities and High Income Fund Performance highlights (unaudited)

##### 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

**Subadvisers**

Crow Point Partners, LLC

Wells Capital Management Incorporated

**Portfolio managers**

Phillip Susser

Niklas Nordenfelt, CFA

Timothy P. O'Brien, CFA

**Average annual total return<sup>1</sup> (%) as of February 28, 2015**

	6 months	1 year	5 year	10 year
Based on market value	8.35	16.66	4.74	7.91
Based on net asset value (NAV) per share	1.13	8.99	11.81	6.79

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

The Fund's expense ratio for the six months ended February 28, 2015, was 1.09% which includes 0.16% of interest expense.

**Comparison of NAV vs. market value<sup>2</sup>**

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 due to adverse developments within that industry or sector. Small- and midcap 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.

<sup>1</sup>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.

<sup>2</sup>This chart does not reflect any brokerage commissions charged on the purchase and sale of the Fund's common stock. Dividends and distributions paid by the Fund have the effect of reducing the Fund's NAV.

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Performance highlights (unaudited)	Wells Fargo Advantage Utilities and High Income Fund	5
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**MANAGERS DISCUSSION**

The Fund's return was 8.35% based on market value and 1.13% based on net asset value during the six-month period that ended February 28, 2015.

**Overview**

For the period, high-yield bond prices declined, driven primarily by the energy sector as oil prices fell nearly 50%. The high-yield market reached its lowest level in December 2014 and moved higher through January and February. Corporate leverage levels have moved higher over the past several years, though they are not at record highs. Typically, leverage is highest during recessions when earnings before interest, taxes, depreciation, and amortization typically decline. That is not the situation today. Economic and business measures have improved. In addition, accommodative U.S. Federal Reserve (Fed) policies allow companies to take advantage of historically low interest rates to extend maturities while keeping interest costs low. Low interest costs reduce the cash-flow impact of higher debt levels as evidenced by today's historically high interest coverage levels, which measure the ability of companies to meet interest obligations on outstanding debt.

The Fund's equity allocation was positioned somewhat more defensively during the period compared with the period that ended August 31, 2014. Interest rates generally declined during 2014 and into 2015, with the 10-year U.S. Treasury yield falling below 2.00% early in 2015 before moving higher in February 2015. Within the equity portfolio, the Fund's cash allocation increased.

**Ten largest holdings<sup>3</sup> (%) as of February 28, 2015**

Entergy Louisiana LLC	5.14
American Electric Power Company Incorporated	4.61
ITC Holdings Corporation	4.19
NextEra Energy Incorporated	4.14
Deutsche Post AG	4.09
Suez Environnement Company SA	3.93
The Williams Companies Incorporated	3.93
Edison International	3.86
Eversource Energy	3.73
Great Plains Energy Incorporated	3.73

**Credit quality<sup>4</sup> as of February 28, 2015****Contributors to performance**

Relative to the broader high-yield market, the Fund's fixed-income portfolio allocation to the exploration and production and metals and mining industries had a beneficial effect on performance, though it was offset to some extent by its oil-field services industry positions. Select European equity investments contributed to performance

despite the strengthening U.S. dollar, with gains in Deutsche Post AG and Veolia Environnement SA. Domestic utility investments NextEra Energy Incorporated; American Electric Power Company Incorporated; Edison International; Entergy Louisiana, LLC; and Public Service Enterprise Group Incorporated contributed to performance.

**Detractors from performance**

The Fund's allocation to BB-rated bonds detracted from performance, while a lower risk profile contributed. Stocks of companies directly exposed to energy prices detracted from performance, including The Williams Companies Incorporated; Spectra Energy Corporation; and EQT Corporation.

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6 Wells Fargo Advantage Utilities and High Income Fund	Performance highlights (unaudited)
Country allocation <sup>5</sup> as of February 28, 2015	

**Management outlook**

Our base case is for high-yield bonds to perform in a relatively stable manner, potentially outperforming government and investment-grade corporate bonds, which may be more affected by rising interest rates. In this scenario, the economy improves while U.S. Treasury yields rise. We believe lower energy prices are generally positive for the economy and high-yield bonds, with the exception of energy exploration and development companies and others associated with them. We do not expect a substantial increase in 2015 defaults for energy

exploration and development companies if energy prices remain at today's level because many have hedged 2015 production partially and have access to secured debt markets. If energy prices remain low for several years, an uptick may be expected in energy-company defaults in the coming years. High levels of developed markets governmental debt, a potential real estate and municipal debt bubble in China, and persistent trade and current account concerns among certain countries could renew fears of systemic risks and related falls in risk markets. Long-term high-yield bond performance is likely to be driven primarily by corporate fundamentals and defaults. Over a full cycle, we believe the best way to protect the Fund against the potentially negative effects periodic bouts of systemic fear can have will be a continued focus on a bottom-up approach that seeks to minimize downside risk while capturing the return potential of high-yield issuers.

A strengthening economy and potential interest-rate increases also influence the outlook from an equity perspective. While stronger economic growth will be positive for utilities suffering from weak sales, it could push interest rates higher, which could be a near-term headwind for utility stocks. During the period, interest rates in the U.S. remained higher compared with Europe and Japan and the U.S. dollar strengthened sharply. The dollar could move higher if and when the Fed raises U.S. interest rates. Longer-term fundamentals for regulated network operators remain robust, while the outlook for utilities with significant commodity-price exposure remains challenging.

<sup>3</sup>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.

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

utilized, and if rated by one of the rating agencies, that rating was utilized. Standard & Poor's rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Standard & Poor's rates the creditworthiness of short-term notes from SP-1 (highest) to SP-3 (lowest). Moody's rates the creditworthiness of bonds, ranging from Aaa (highest) to C (lowest). Ratings Aa to B may be modified by the addition of a number 1 (highest) to 3 (lowest) to show relative standing within the ratings categories. Moody's rates the creditworthiness of short-term U.S. tax-exempt municipal securities from MIG 1/VMIG 1 (highest) to SG (lowest). Fitch rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Credit quality and credit quality ratings are subject to change and may have changed since the date specified.

<sup>5</sup> Amounts are calculated based on the total long-term investments of the Fund. These percentages are subject to change and may have changed since the date specified.

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Summary portfolio of investments February 28, 2015 (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.

Security name	Shares	Value	Percent of net assets
<b>Common Stocks: 63.26%</b>			
<b>Energy: 9.58%</b>			
<b>Oil, Gas &amp; Consumable Fuels: 9.58%</b>			
<i>Cenovus Energy Incorporated</i>	75,000	\$ 1,296,750	1.04%
<i>Energen Corporation</i>	15,000	969,600	0.77
<i>EQT Corporation</i>	15,000	1,197,150	0.96
<i>Spectra Energy Corporation</i>	75,000	2,661,750	2.13
<i>The Williams Companies Incorporated</i>	100,000	4,904,000	3.93
<i>Veresen Incorporated</i>	75,000	933,525	0.75
		11,962,775	9.58
<b>Industrials: 4.14%</b>			
<b>Air Freight &amp; Logistics: 4.09%</b>			
<i>Deutsche Post AG</i>	150,000	5,107,904	4.09
<b>Construction &amp; Engineering: 0.05%</b>			
<i>Other securities</i>		56,340	0.05
<b>Telecommunication Services: 3.52%</b>			



**Diversified Telecommunication Services: 2.19%**

<i>BCE Incorporated</i>	16,000	700,960	0.56
<i>Verizon Communications Incorporated</i>	41,291	2,041,840	1.63
		2,742,800	2.19

**Wireless Telecommunication Services: 1.33%**

<i>Shenandoah Telecommunications Company</i>	45,000	1,309,050	1.05
<i>Other securities</i>		347,771	0.28
		1,656,821	1.33

**Utilities: 46.02%****Electric Utilities: 31.70%**

<i>American Electric Power Company Incorporated</i>	100,000	5,758,000	4.61
<i>Duke Energy Corporation</i>	30,514	2,396,875	1.92
<i>Edison International</i>	75,000	4,818,750	3.86
<i>Endesa SA</i>	80,000	1,617,699	1.30
<i>Enel SpA</i>	200,000	921,650	0.74
<i>Eversource Energy</i>	90,000	4,657,500	3.73
<i>Exelon Corporation</i>	16,000	542,720	0.44
<i>Great Plains Energy Incorporated</i>	175,000	4,656,750	3.73
<i>IDACORP Incorporated</i>	25,000	1,565,500	1.25
<i>ITC Holdings Corporation</i>	135,000	5,228,550	4.19
<i>NextEra Energy Incorporated</i>	50,000	5,173,000	4.14
<i>PNM Resources Incorporated</i>	75,000	2,141,250	1.72

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, 2015  
(unaudited)

Security name	Shares	Value	Percent of net assets
<b>Electric Utilities (continued)</b>			
<i>Other securities</i>		\$ 96,384	0.07%
		39,574,628	31.70
<b>Gas Utilities: 0.83%</b>			
<i>Snam SpA</i>	200,000	1,012,069	0.81
<i>Other securities</i>		23,852	0.02
		1,035,921	0.83
<b>Multi-Utilities: 11.32%</b>			
<i>CenterPoint Energy Incorporated</i>	50,000	1,039,500	0.83
<i>Public Service Enterprise Group Incorporated</i>	50,000	2,103,000	1.68
<i>Sempra Energy</i>	19,900	2,153,180	1.72
<i>Suez Environnement Company SA</i>	275,000	4,906,895	3.93
<i>TECO Energy Incorporated</i>	50,000	981,500	0.79
<i>Veolia Environnement SA</i>	137,000	2,667,592	2.14
<i>Other securities</i>		287,177	0.23
		14,138,844	11.32
<b>Water Utilities: 2.17%</b>			
<i>American Water Works Company Incorporated</i>	50,000	2,704,000	2.17
<b>Total Common Stocks (Cost \$53,882,275)</b>		78,980,033	63.26

Corporate Bonds and Notes:	Interest rate	Maturity date	Principal
<b>28.97%</b>			

**Consumer Discretionary: 4.92%**

**Auto Components: 0.47%**

<i>Other securities</i>				583,900	0.47
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**Distributors: 0.06%**

<i>Other securities</i>				73,875	0.06
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**Diversified Consumer Services:  
0.49%**

<i>Other securities</i>				616,178	0.49
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**Hotels, Restaurants & Leisure:  
1.38%**

<i>CCM Merger Incorporated 144A</i>	9.13%	5-1-2019	\$ 465,000	505,688	0.41
<i>Greektown Holdings LLC 144A</i>	8.88	3-15-2019	565,000	603,138	0.48
<i>Other securities</i>				618,797	0.49
				1,727,623	1.38

**Household Durables: 0.15%**

<i>Other securities</i>				186,938	0.15
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**Media: 2.04%**

<i>Gray Television Incorporated</i>	7.50	10-1-2020	500,000	520,000	0.42
<i>Other securities</i>				2,026,009	1.62
				2,546,009	2.04

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

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Summary portfolio of investments February 28, 2015 Wells Fargo Advantage Utilities and High Income Fund 9  
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Specialty Retail: 0.33%</b>					
<i>Other securities</i>				\$ 408,181	0.33%
<b>Consumer Staples: 0.23%</b>					
<b>Beverages: 0.05%</b>					
<i>Other securities</i>				60,000	0.05
<b>Food Products: 0.18%</b>					
<i>Other securities</i>				220,150	0.18
<b>Energy: 5.94%</b>					
<b>Energy Equipment &amp; Services: 2.44%</b>					
<i>NGPL PipeCo LLC 144A</i>	7.77%	12-15-2037	\$ 715,000	768,625	0.62
<i>Other securities</i>				2,272,901	1.82
				3,041,526	2.44
<b>Oil, Gas &amp; Consumable Fuels: 3.50%</b>					
<i>Other securities</i>				4,373,363	3.50
<b>Financials: 4.68%</b>					
<b>Banks: 0.14%</b>					
<i>Other securities</i>				177,801	0.14
<b>Capital Markets: 0.47%</b>					
<i>Other securities</i>				590,888	0.47
<b>Consumer Finance: 1.61%</b>					

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<i>Other securities</i>				2,008,198	1.61
<b>Diversified Financial Services: 0.42%</b>					
<i>Other securities</i>				523,038	0.42
<b>Insurance: 0.18%</b>					
<i>Other securities</i>				223,875	0.18
<b>Real Estate Management &amp; Development: 0.37%</b>					
<i>Other securities</i>				459,375	0.37
<b>REITs: 1.49%</b>					
<i>Other securities</i>				1,863,142	1.49
<b>Health Care: 2.84%</b>					
<b>Health Care Equipment &amp; Supplies: 0.38%</b>					
<i>Other securities</i>				474,113	0.38
<b>Health Care Providers &amp; Services: 1.68%</b>					
<i>Capella Healthcare Incorporated</i>	9.25	7-1-2017	430,000	447,200	0.36
<i>Select Medical Corporation</i>	6.38	6-1-2021	455,000	457,275	0.37
<i>Other securities</i>				1,192,407	0.95
				2,096,882	1.68

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, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Health Care Technology: 0.31%</b> <i>Other securities</i>				\$ 389,613	0.31%
<b>Pharmaceuticals: 0.47%</b> <i>Other securities</i>				579,260	0.47
<b>Industrials: 1.69%</b> <b>Airlines: 0.14%</b> <i>Other securities</i>				171,415	0.14
<b>Commercial Services &amp; Supplies: 0.65%</b> <i>Other securities</i>				816,726	0.65
<b>Construction &amp; Engineering: 0.18%</b> <i>Other securities</i>				228,213	0.18
<b>Trading Companies &amp; Distributors: 0.72%</b> <i>Other securities</i>				895,132	0.72
<b>Information Technology: 2.32%</b> <b>Electronic Equipment, Instruments &amp; Components: 0.69%</b> <i>Jabil Circuit Incorporated</i>	8.25%	3-15-2018	\$ 620,000	716,100	0.57
<i>Other securities</i>				145,800	0.12
				861,900	0.69

**Internet Software & Services:****0.11%**

<i>Other securities</i>				141,400	0.11
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**IT Services: 0.98%**

<i>First Data Corporation</i>	11.75	8-15-2021	375,000	436,875	0.35
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<i>Other securities</i>				790,440	0.63
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				1,227,315	0.98
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**Semiconductors & Semiconductor****Equipment: 0.10%**

<i>Other securities</i>				121,469	0.10
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**Software: 0.10%**

<i>Other securities</i>				126,813	0.10
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**Technology Hardware, Storage &****Peripherals: 0.34%**

<i>Other securities</i>				420,548	0.34
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**Materials: 0.52%****Chemicals: 0.02%**

<i>Other securities</i>				21,750	0.02
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**Containers & Packaging: 0.35%**

<i>Other securities</i>				437,482	0.35
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**Paper & Forest Products: 0.15%**

<i>Other securities</i>				192,292	0.15
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The accompanying notes are an integral part of these financial statements.

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Summary portfolio of investments February 28, 2015 Wells Fargo Advantage Utilities and High Income Fund 11  
(unaudited)

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Telecommunication Services: 3.75%</b>					
<b>Diversified Telecommunication Services: 1.80%</b>					
<i>GCI Incorporated</i>	8.63%	11-15-2019	\$ 428,000	\$ 447,795	0.36%
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	525,000	546,000	0.44
<i>Other securities</i>				1,259,273	1.00
				2,253,068	1.80
<b>Wireless Telecommunication Services: 1.95%</b>					
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	1,100,000	1,034,000	0.83
<i>Other securities</i>				1,399,415	1.12
				2,433,415	1.95
<b>Utilities: 2.08%</b>					
<b>Electric Utilities: 1.41%</b>					
<i>ComEd Financing III</i>	6.35	3-15-2033	1,340,000	1,370,603	1.10
<i>Other securities</i>				394,243	0.31
				1,764,846	1.41
<b>Gas Utilities: 0.22%</b>					
<i>Other securities</i>				267,063	0.22
<b>Independent Power &amp; Renewable Electricity Producers: 0.45%</b>					
<i>Other securities</i>				560,472	0.45



<b>Total Corporate Bonds and Notes</b>					
<b>(Cost \$34,653,059)</b>					
				36,165,247	28.97
<b>Loans: 2.40%</b>					
<i>Texas Competitive Electric Holdings</i>					
<i>Company LLC ±(s)</i>	4.66	10-10-2015	1,471,940	931,002	0.75
<i>Other securities</i>				2,066,683	1.65
<b>Total Loans (Cost \$3,589,380)</b>				2,997,685	2.40
		<b>Dividend yield</b>		<b>Shares</b>	
<b>Preferred Stocks: 10.89%</b>					
<b>Financials: 0.07%</b>					
<b>Banks: 0.07%</b>					
<i>Other securities</i>				89,986	0.07
<b>Utilities: 10.82%</b>					
<b>Electric Utilities: 10.82%</b>					
<i>Alabama Power Company</i>	6.45		20,576	568,412	0.46
<i>Entergy Arkansas Incorporated</i>	4.75		65,000	1,537,250	1.23
<i>Entergy Arkansas Incorporated</i>	4.90		80,000	1,972,000	1.58
<i>Entergy Louisiana LLC</i>	4.70		270,483	6,421,266	5.14
<i>Indianapolis Power &amp; Light</i>					
<i>Company</i>	5.65		20,000	1,940,626	1.55
<i>NextEra Energy Capital Holding</i>					
<i>Incorporated Series I</i>	5.13		44,000	1,067,000	0.86
				13,506,554	10.82
<b>Total Preferred Stocks (Cost</b>					
<b>\$12,476,809)</b>				13,596,540	10.89

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, 2015  
(unaudited)

Security name	Value	Percent of net assets
<b>Warrants: 0.05%</b>		
<b>Utilities: 0.05%</b>		
<b>Gas Utilities: 0.05%</b>		
<i>Other securities</i>	\$ 61,760	0.05%
<b>Total Warrants (Cost \$30,480)</b>	61,760	0.05
<b>Yankee Corporate Bonds and Notes: 2.31%</b>		
<b>Consumer Discretionary: 0.00%</b>		
<b>Media: 0.00%</b>		
<i>Other securities</i>	3,083	0.00
<b>Energy: 0.37%</b>		
<b>Oil, Gas &amp; Consumable Fuels: 0.37%</b>		
<i>Other securities</i>	466,077	0.37
<b>Financials: 0.02%</b>		
<b>Banks: 0.02%</b>		
<i>Other securities</i>	31,200	0.02
<b>Health Care: 0.32%</b>		
<b>Pharmaceuticals: 0.32%</b>		
<i>Other securities</i>	403,781	0.32
<b>Industrials: 0.04%</b>		
<b>Aerospace &amp; Defense: 0.04%</b>		
<i>Other securities</i>	45,000	0.04

**Materials: 0.52%**

**Containers & Packaging: 0.18%**

<i>Other securities</i>				229,253	0.18
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**Metals & Mining: 0.26%**

<i>Other securities</i>				321,500	0.26
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**Paper & Forest Products: 0.08%**

<i>Other securities</i>				93,000	0.08
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	<b>Interest rate</b>	<b>Maturity date</b>	<b>Principal</b>		
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**Telecommunication Services: 1.04%**

**Diversified Telecommunication Services: 1.00%**

<i>Intelsat Jackson Holdings SA</i>	5.50%	8-1-2023	\$ 575,000	543,375	0.43
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<i>Other securities</i>				701,731	0.57
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				1,245,106	1.00
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The accompanying notes are an integral part of these financial statements.

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Summary portfolio of investments February 28, 2015  
(unaudited) Wells Fargo Advantage Utilities and High Income Fund 13

Security name	Value	Percent of net assets
<b>Wireless Telecommunication Services: 0.04%</b>		
<i>Other securities</i>	\$ 51,188	0.04%
<b>Total Yankee Corporate Bonds and Notes (Cost \$2,924,078)</b>	2,889,188	2.31
	<b>Yield</b>	<b>Shares</b>
<b>Short-Term Investments: 10.12%</b>		
<b>Investment Companies: 10.12%</b>		
<i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class ##(l)(u)</i>	0.10%	12,636,577
	12,636,577	10.12
<b>Total Short-Term Investments (Cost \$12,636,577)</b>	12,636,577	10.12
<b>Total investments in securities (Cost \$120,192,658) *</b>	147,327,030	118.00%
<i>Other assets and liabilities, net</i>	(22,474,532)	(18.00)
<b>Total net assets</b>	<b>\$ 124,852,498</b>	<b>100.00%</b>

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

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

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

(l) The security represents an affiliate of the Fund as defined in the Investment Company Act of 1940.

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

## All or a portion of this security is segregated for unfunded loans.

\* Cost for federal income tax purposes is \$120,714,424 and unrealized gains (losses) consists of:

Gross unrealized gains	\$ 30,683,305
Gross unrealized losses	(4,070,699)
Net unrealized gains	\$ 26,612,606

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, 2015 (unaudited)
<b>Assets</b>	
Investments	
In unaffiliated securities, at value (cost \$107,556,081)	\$ 134,690,453
In affiliated securities, at value (cost \$12,636,577)	12,636,577
Total investments, at value (cost \$120,192,658)	147,327,030
Foreign currency, at value (cost \$126,651)	116,424
Receivable for investments sold	583,022
Receivable for dividends and interest	1,298,233
Prepaid expenses and other assets	2,628
Total assets	149,327,337
<b>Liabilities</b>	
Dividends payable	692,078
Payable for investments purchased	1,599,294
Secured borrowing payable	22,004,402
Advisory fee payable	70,373
Administration fee payable	5,864
Accrued expenses and other liabilities	102,828
Total liabilities	24,474,839
<b>Total net assets</b>	<b>\$ 124,852,498</b>
<b>NET ASSETS CONSIST OF</b>	
Paid-in capital	\$ 151,438,236
Overdistributed net investment income	(670,697)
Accumulated net realized losses on investments	(53,036,407)
Net unrealized gains on investments	27,121,366
<b>Total net assets</b>	<b>\$ 124,852,498</b>
<b>NET ASSET VALUE PER SHARE</b>	
Based on \$124,852,498 divided by 9,231,183 shares issued and outstanding (unlimited number of shares authorized)	\$13.53

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

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Statement of operations six months ended February 28, 2015 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 15

**Investment income**

Dividends (net of foreign withholding taxes of \$215,324)	\$ 2,760,154
Interest	1,461,948
Income from affiliated securities	3,845
Total investment income	4,225,947

**Expenses**

Advisory fee	437,194
Administration fee	36,433
Custody and accounting fees	12,544
Professional fees	36,734
Shareholder report expenses	24,439
Trustees fees and expenses	7,489
Transfer agent fees	16,978
Interest expense	99,187
Secured borrowing fees	2,221
Other fees and expenses	4,853
Total expenses	678,072
Net investment income	3,547,875

**REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS**

Net realized losses on investments	(1,486,582)
Net change in unrealized gains (losses) on investments	(732,804)
Net realized and unrealized gains (losses) on investments	(2,219,386)
<b>Net increase in net assets resulting from operations</b>	<b>\$ 1,328,489</b>



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, 2015 (unaudited)	Year ended August 31, 2014
<b>Operations</b>		
Net investment income	\$ 3,547,875	\$ 8,968,521
Net realized gains (losses) on investments	(1,486,582)	1,474,455
Net change in unrealized gains (losses) on investments	(732,804)	12,542,009
Net increase in net assets resulting from operations	1,328,489	22,984,985
<b>Distributions to shareholders from</b>		
Net investment income	(4,154,032)	(8,308,065)
Total increase (decrease) in net assets	(2,825,543)	14,676,920
<b>Net assets</b>		
<b>Beginning of period</b>	<b>127,678,041</b>	<b>113,001,121</b>
<b>End of period</b>	<b>\$ 124,852,498</b>	<b>\$ 127,678,041</b>
<b>Undistributed (overdistributed) net investment income</b>	<b>\$ (670,697)</b>	<b>\$ 105,977</b>

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

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Statement of cash flows six months ended February 28, 2015 (unaudited) Wells Fargo Advantage Utilities and 17  
High Income Fund

**Cash flows from operating activities:**

Net increase in net assets resulting from operations \$ 1,328,489

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

Purchase of securities	(26,816,743)
Proceeds from sale of securities	32,098,107
Amortization	7,202
Proceeds from short-term securities, net	(7,343,665)
Increase in dividends and interest receivable	(58,191)
Increase in receivable for investments sold	(573,022)
Decrease in prepaid expenses and other assets	579
Increase in payable for securities purchased	1,433,938
Decrease in advisory fee payable	(6,863)
Decrease in administration fee payable	(572)
Decrease in accrued expenses and other liabilities	(47,179)
Change in unrealized gains (losses) on investments	732,804
Net realized losses on investments	1,486,582

Net cash provided by operating activities 2,241,466

**Cash flows from financing activities:**

Cash distributions paid	(4,154,032)
Decrease in secured borrowing	6,694

Net cash used in financing activities (4,147,338)

Net increase in cash (1,905,872)

**Cash (including foreign currency):**

Beginning of period \$ 2,022,296

End of period \$ 116,424

**Supplemental cash disclosure:**

Cash paid for interest \$ 105,881

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, 2015 (unaudited)	2014	2013	2012	2011	2010
<b>Net asset value, beginning of period</b>	<b>\$13.83</b>	<b>\$12.24</b>	<b>\$11.74</b>	<b>\$11.75</b>	<b>\$11.23</b>	<b>\$11.38</b>
Net investment income	0.38	0.97 <sup>1</sup>	0.87 <sup>1</sup>	0.87 <sup>1</sup>	0.99 <sup>1</sup>	0.59 <sup>1</sup>
Net realized and unrealized gains (losses) on investments	(0.23)	1.52	0.53	0.02	0.43	0.41
Total from investment operations	0.15	2.49	1.40	0.89	1.42	1.00
<b>Distributions to shareholders from</b>						
Net investment income	(0.45)	(0.90)	(0.90)	(0.90)	(0.90)	(0.53) <sup>1</sup>
Tax basis return of capital	0.00	0.00	0.00	0.00	0.00	(0.62) <sup>1</sup>
Total distributions to shareholders	(0.45)	(0.90)	(0.90)	(0.90)	(0.90)	(1.15)
<b>Net asset value, end of period</b>	<b>\$13.53</b>	<b>\$13.83</b>	<b>\$12.24</b>	<b>\$11.74</b>	<b>\$11.75</b>	<b>\$11.23</b>
<b>Market value, end of period</b>	<b>\$13.48</b>	<b>\$12.87</b>	<b>\$12.04</b>	<b>\$11.92</b>	<b>\$11.03</b>	<b>\$11.23</b>
<b>Total return based on market value<sup>2</sup></b>	<b>8.35%</b>	<b>14.89%</b>	<b>8.93%</b>	<b>17.03%</b>	<b>5.99%</b>	<b>(1.24)%</b>
<b>Ratios to average net assets (annualized)</b>						
Gross expenses	1.09%	1.11%	1.25%	1.20%	1.24%	2.52%
Net expenses	1.09%	1.11%	1.25%	1.20%	1.24%	1.52%
	5.73%	7.38%	7.11%	7.48%	8.14%	5.19%

Net investment  
income

**Supplemental  
data**

Portfolio turnover rate	18%	29%	65%	48%	64%	59%
Net assets, end of period (000s omitted)	\$124,852	\$127,678	\$113,001	\$108,327	\$108,146	\$103,245
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	\$6,675	\$6,804	\$6,136	\$5,866	\$5,916	\$5,693

<sup>1</sup> Calculated based upon average shares outstanding

<sup>2</sup> 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.

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

Six months ended February 28, 2015 (unaudited)	0.16%
Year ended August 31, 2014	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%

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**

*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. Originally classified as non-diversified, the Fund now is classified as a diversified closed-end management investment company and is registered under the Investment Company Act of 1940, as amended. As an investment company, the Fund follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services Investment Companies*.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**Securities valuation**

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

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 that day, the prior day's price will be deemed stale and a fair value price will be determined in accordance with the Fund's Valuation Procedures.

Equity securities that are not listed on a foreign or domestic exchange or market, but have a public trading market, are valued at the quoted bid price from an independent broker-dealer that the Management Valuation Team of Wells Fargo Funds Management, LLC (Funds Management) has determined is an acceptable source.

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

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

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 net asset values that are higher or lower than net asset values based on the last reported sales price or latest quoted bid price. On February 28, 2015, such fair value pricing was not used in pricing foreign securities.

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

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



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

Notes to financial statements (unaudited)

or by an independent pricing service. Valuations received from an independent pricing service or independent broker-dealer quotes are periodically validated by comparisons to most recent trades and valuations provided by other independent pricing services in addition to the review of prices by the adviser and/or subadviser. Unobservable inputs used in determining fair valuations are identified based on the type of security, taking into consideration factors utilized by market participants in valuing the investment, knowledge about the issuer and the current market environment.

### **Foreign currency translation**

The accounting records of the Fund are maintained in U.S. dollars. The values of other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Management Valuation Team. Purchases and sales of securities, and income and expenses are converted at the rate of exchange on the respective dates of such transactions. Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting from changes in exchange rates. The changes in net assets arising from changes in exchange rates and the changes in net assets resulting from changes in market prices of securities are not separately presented. Such changes are included in net realized and unrealized gains or losses from investments.

### **When-issued transactions**

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

### **Loans**

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

### **Options**

The Fund is subject to interest rate and 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 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 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. Purchased options traded over-the-counter expose the Fund to counterparty risk in the event the counterparty does not perform. This risk can be 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 custodian verifies 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.

Capital loss carryforwards that do not expire are required to be utilized prior to capital loss carryforwards that expire. As of August 31 2014, 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	\$3,278,428

**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.

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## 22 Wells Fargo Advantage Utilities and High Income Fund

Notes to financial statements (unaudited)

The following is a summary of the inputs used in valuing the Fund's assets and liabilities as of February 28, 2015:

	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Assets</b>				
<b>Investments in:</b>				
<b>Common stocks</b>				
<i>Energy</i>	\$ 11,962,775	\$ 0	\$ 0	\$ 11,962,775
<i>Industrials</i>	5,164,244	0	0	5,164,244
<i>Telecommunication services</i>	4,399,621	0	0	4,399,621
<i>Utilities</i>	57,453,393	0	0	57,453,393
<b>Corporate bonds and notes</b>	0	36,165,247	0	36,165,247
<b>Loans</b>	0	2,036,304	961,381	2,997,685
<b>Preferred stocks</b>				
<i>Financials</i>	89,986	0	0	89,986
<i>Utilities</i>	10,997,516	2,509,038	0	13,506,554
<b>Warrants</b>				
<i>Utilities</i>	0	61,760	0	61,760
<b>Yankee corporate bonds and notes</b>	0	2,889,188	0	2,889,188
<b>Short-term investments</b>				
<i>Investment companies</i>	12,636,577	0	0	12,636,577
<b>Total assets</b>	<b>\$ 102,704,112</b>	<b>\$ 43,661,537</b>	<b>\$ 961,381</b>	<b>\$ 147,327,030</b>

The Fund recognizes transfers between levels within the fair value hierarchy at the end of the reporting period. At February 28, 2015, 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 fee**

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

#### **5. CAPITAL SHARE TRANSACTIONS**

The Fund has authorized an unlimited number of shares with no par value. For the six months ended February 28, 2015 and the year ended August 31, 2014, the Fund did not issue any 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 March 6, 2015, at which point it may be renegotiated and potentially renewed for another one-year term. At February 28, 2015, the Fund had secured borrowings outstanding in the amount of \$22,004,402 (including accrued interest and usage and commitment fees payable).

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Notes to financial statements (unaudited)	Wells Fargo Advantage Utilities and High Income Fund	23
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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, 2015, an effective interest rate of 0.91% was incurred on the borrowings. Interest expense of \$99,187, representing 0.16% of the Fund's average daily net assets, was incurred during the six months ended February 28, 2015.

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.

**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, 2015 were \$24,319,104 and \$29,250,079, respectively.

As of February 28, 2015, the Fund had unfunded term loan commitments of \$123,554.

**8. CONCENTRATION RISK**

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

**9. INDEMNIFICATION**

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

**10. SUBSEQUENT DISTRIBUTIONS**

The Fund declared the following distributions to shareholders:

Declaration date	Record date	Payable date	Per share amount
February 19, 2015	March 16, 2015	April 1, 2015	\$0.075
March 27, 2015	April 15, 2015	May 1, 2015	0.075
April 24, 2015	May 13, 2015	June 1, 2015	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)
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**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, upon request, by calling **1-800-222-8222**, visiting our website at **wellsfargoadvantagefunds.com**, or visiting the SEC website at [sec.gov](http://sec.gov). Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on the Fund's website at **wellsfargoadvantagefunds.com** or by visiting the SEC website at [sec.gov](http://sec.gov).

**ANNUAL MEETING OF SHAREHOLDERS**

On December 8, 2014, an Annual Meeting of Shareholders for the Fund was held to consider the following proposal. The results of the proposal are indicated below.

**Proposal 1** Election of Trustees:

Net assets voted For	Isaiah Harris, Jr.	\$ 106,899,296
Net assets voted Against		\$ 5,148,707
Net assets voted For	David F. Larcker	\$ 107,279,695
Net assets voted Against		\$ 4,768,308
Net assets voted For	Olivia S. Mitchell	\$ 106,834,503
Net assets voted Against		\$ 5,213,500

**PORTFOLIO HOLDINGS INFORMATION**

The complete portfolio holdings for the Fund are publicly available monthly on the Fund's website (**wellsfargoadvantagefunds.com**), on a one-month delayed basis. The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, which is available by visiting the SEC website at [sec.gov](http://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<sup>1</sup> listed below acts in identical capacities for each fund in the Wells Fargo Advantage family of funds, which consists of 134 mutual funds comprising the Wells Fargo Funds Trust, Wells Fargo Variable Trust, Wells Fargo Master Trust, and four closed-end funds, including the Fund (collectively the Fund Complex). The mailing address of each Trustee and Officer is 525 Market Street, 12th Floor, San Francisco, CA 94105. The Board of Trustees is classified into three classes of which one is elected annually. Each Trustee serves a three-year term concurrent with the class from which the Trustee is elected. Each Officer serves an indefinite term.

**Independent Trustees**

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

Peter G. Gordon (Born 1942)	Trustee, since 2010; Chairman, since 2010	(non-profit organization) and a Board Member of Ruth Bancroft Garden (non-profit organization). Co-Founder, Retired Chairman, President and CEO of Crystal Geyser Water Company. Trustee Emeritus, Colby College.	Asset Allocation Trust
Isaiah Harris, Jr. (Born 1952)	Trustee, since 2010	Retired. Chairman of the Board of CIGNA Corporation since 2009, and Director since 2005. From 2003 to 2011, Director of Delux Corporation. Prior thereto, President and CEO of BellSouth Advertising and Publishing Corp. from 2005 to 2007, President and CEO of BellSouth Enterprises from 2004 to 2005 and President of BellSouth Consumer Services from 2000 to 2003. Emeritus member of the Iowa State University Foundation Board of Governors. Emeritus Member of the Advisory Board of Iowa State University School of Business. Advisory Board Member, Palm Harbor Academy. Mr. Harris is a certified public accountant.	CIGNA Corporation; Asset Allocation Trust
Judith M. Johnson (Born 1949)	Trustee, since 2010; Audit Committee Chairman, since 2010	Retired. Prior thereto, Chief Executive Officer and Chief Investment Officer of Minneapolis Employees Retirement Fund from 1996 to 2008. Ms. Johnson is an attorney, certified public accountant and a certified managerial accountant.	Asset Allocation Trust
David F. Larcker (Born 1950)	Trustee, since 2010	James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, 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

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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 or longer	Other directorships during past five years
Timothy J. Penny (Born 1951)	Trustee, since 2010	President and Chief Executive Officer of Southern Minnesota Initiative Foundation, a non-profit organization, since 2007 and Senior Fellow at the Humphrey Institute Policy Forum at the University of Minnesota since 1995. Member of the Board of Trustees of NorthStar Education Finance, Inc., a non-profit organization, since 2007.	Asset Allocation Trust
Michael S. Scofield (Born 1943)	Trustee, since 2004	Served on the Investment Company Institute's Board of Governors and Executive Committee from 2008-2011 as well the Governing Council of the Independent Directors Council from 2006-2011 and the Independent Directors Council Executive Committee from 2008-2011. Chairman of the IDC from 2008-2010. Institutional Investor (Fund Directions) Trustee of Year in 2007. Trustee of the Evergreen Funds complex (and its predecessors) from 1984 to 2010. Chairman of the Evergreen Funds from 2000-2010. Former Trustee of the Mentor Funds. Retired Attorney, Law Offices of Michael S. Scofield.	Asset Allocation Trust
Donald C. Willeke (Born 1940)	Trustee, since 2010	Principal of the law firm of Willeke & Daniels. General Counsel of the Minneapolis Employees Retirement Fund from 1984 until its consolidation into the Minnesota Public Employees Retirement Association on June 30, 2010. Director and Vice Chair of The Tree Trust (non-profit corporation). Director of the American Chestnut Foundation (non-profit corporation).	Asset Allocation Trust

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

\*\* William R. Ebsworth and Jane A. Freeman each became a Trustee effective January 1, 2015.

**Officers**

Name and year of birth	Position held and length of service	Principal occupations during past five years or longer
Karla M. Rabusch (Born 1959)	President, since 2010	Executive Vice President of Wells Fargo Bank, N.A. and President of Wells Fargo Funds Management, LLC since 2003.
Nancy Wiser <sup>1</sup> (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. Assistant General Counsel of Wells Fargo Bank, N.A. since 2013 and Vice President and Managing Counsel of Wells Fargo Bank N.A. from 1996 to 2013.
Debra Ann Early (Born 1964)	Chief Compliance Officer, since 2010	Senior Vice President of Wells Fargo Funds Management, LLC since 2007 and Chief Compliance Officer from 2007 to 2014. Chief Compliance Officer of Parnassus Investments from 2005 to 2007. Chief Financial Officer of Parnassus Investments from 2004 to 2007 and Senior Audit Manager of PricewaterhouseCoopers LLP from 1998 to 2004.
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 <sup>1</sup> (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.

<sup>1</sup> Nancy Wisner acts as Treasurer of 73 funds in the Fund Complex. Jeremy DePalma acts as Treasurer of 60 funds and Assistant Treasurer of 73 funds in the Fund Complex.

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Automatic dividend reinvestment plan	Wells Fargo Advantage Utilities and High Income Fund	27
<b>AUTOMATIC DIVIDEND REINVESTMENT PLAN</b>		

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

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## 28 Wells Fargo Advantage Utilities and High Income Fund

Other information (unaudited)

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
LIFER	Long Inverse Floating Exempt Receipts
LIQ	Liquidity agreement
LLC	Limited liability company
LLLP	Limited liability limited partnership
LLP	Limited liability partnership
LOC	Letter of credit
LP	Limited partnership
MBIA	Municipal Bond Insurance Association
MFHR	Multifamily housing revenue
MSTR	Municipal securities trust receipts
MTN	Medium-term note
MUD	Municipal Utility District
MXN	Mexican peso
MYR	Malaysian ringgit
National	National Public Finance Guarantee Corporation
NGN	Nigerian naira
NOK	Norwegian krone
NZD	New Zealand dollar
PCFA	Pollution Control Financing Authority
PCL	Public Company Limited
PCR	Pollution control revenue
PFA	Public Finance Authority
PFFA	Public Facilities Financing Authority
PFOTER	Puttable floating option tax-exempt receipts
plc	Public limited company
PLN	Polish zloty
PUTTER	Puttable tax-exempt receipts
R&D	Research & development
Radian	Radian Asset Assurance
RAN	Revenue anticipation notes
RDA	Redevelopment Authority
RDFA	Redevelopment Finance Authority
REIT	Real estate investment trust
ROC	Reset option certificates
RON	Romanian lei

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



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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](http://wellsfargoadvantagefunds.com)

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

**NOT FDIC INSURED ; NO BANK GUARANTEE ; MAY LOSE VALUE**

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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**

Wells Fargo Advantage Utilities and High Income Fund included a Summary Portfolio of Investments under Item 1. A Portfolio 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, 2015 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 1

Security name	Shares	Value
<b>Common Stocks: 63.26%</b>		
<b>Energy: 9.58%</b>		
<b>Oil, Gas &amp; Consumable Fuels: 9.58%</b>		
<i>Cenovus Energy Incorporated</i>	75,000	\$ 1,296,750
<i>Energen Corporation</i>	15,000	969,600
<i>EQT Corporation</i>	15,000	1,197,150
<i>Spectra Energy Corporation</i>	75,000	2,661,750
<i>The Williams Companies Incorporated</i>	100,000	4,904,000
<i>Veresen Incorporated</i>	75,000	933,525
		11,962,775
<b>Industrials: 4.14%</b>		
<b>Air Freight &amp; Logistics: 4.09%</b>		
<i>Deutsche Post AG</i>	150,000	5,107,904
<b>Construction &amp; Engineering: 0.05%</b>		
<i>Ameresco Incorporated Class A</i>	9,000	56,340
<b>Telecommunication Services: 3.52%</b>		
<b>Diversified Telecommunication Services: 2.19%</b>		
<i>BCE Incorporated</i>	16,000	700,960
<i>Verizon Communications Incorporated</i>	41,291	2,041,840
		2,742,800
<b>Wireless Telecommunication Services: 1.33%</b>		
<i>Cellcom Israel Limited</i>	58,900	347,771
<i>Shenandoah Telecommunications Company</i>	45,000	1,309,050
		1,656,821
<b>Utilities: 46.02%</b>		

**Electric Utilities: 31.70%**

<i>American Electric Power Company Incorporated</i>	100,000	5,758,000
<i>Chesapeake Utilities Corporation</i>	300	14,160
<i>Duke Energy Corporation</i>	30,514	2,396,875
<i>Edison International</i>	75,000	4,818,750
<i>Endesa SA</i>	80,000	1,617,699
<i>Enel SpA</i>	200,000	921,650
<i>Entergy Corporation</i>	1,000	79,510
<i>Eversource Energy</i>	90,000	4,657,500
<i>Exelon Corporation</i>	16,000	542,720
<i>Great Plains Energy Incorporated</i>	175,000	4,656,750
<i>IDACORP Incorporated</i>	25,000	1,565,500
<i>ITC Holdings Corporation</i>	135,000	5,228,550
<i>NextEra Energy Incorporated</i>	50,000	5,173,000
<i>Pepco Holdings Incorporated</i>	100	2,714
<i>PNM Resources Incorporated</i>	75,000	2,141,250
		39,574,628

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2 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2015 (unaudited)

Security name	Shares	Value
<b>Gas Utilities: 0.83%</b>		
<i>New Jersey Resources Corporation</i>	200	\$ 12,516
<i>Snam SpA</i>	200,000	1,012,069
<i>South Jersey Industries Incorporated</i>	200	11,336
		1,035,921
<b>Multi-Utilities: 11.32%</b>		
<i>Alliant Energy Corporation</i>	4,000	254,400
<i>CenterPoint Energy Incorporated</i>	50,000	1,039,500
<i>Dominion Resources Incorporated</i>	300	21,627
<i>MDU Resources Group Incorporated</i>	500	11,150
<i>Public Service Enterprise Group Incorporated</i>	50,000	2,103,000
<i>Sempra Energy</i>	19,900	2,153,180
<i>Suez Environnement Company SA</i>	275,000	4,906,895
<i>TECO Energy Incorporated</i>	50,000	981,500
<i>Veolia Environnement SA</i>	137,000	2,667,592
		14,138,844
<b>Water Utilities: 2.17%</b>		
<i>American Water Works Company Incorporated</i>	50,000	2,704,000
<b>Total Common Stocks (Cost \$53,882,275)</b>		<b>78,980,033</b>

	Interest rate	Maturity date	Principal	
<b>Corporate Bonds and Notes: 28.97%</b>				
<b>Consumer Discretionary: 4.92%</b>				
<b>Auto Components: 0.47%</b>				
<i>Allison Transmission Incorporated 144A</i>	7.13%	5-15-2019	\$ 340,000	354,875
<i>Cooper Tire &amp; Rubber Company (i)</i>	7.63	3-15-2027	190,000	201,400
<i>Goodyear Tire &amp; Rubber Company</i>	7.00	5-15-2022	25,000	27,625
				583,900

**Distributors: 0.06%**

<i>LKQ Corporation</i>	4.75	5-15-2023	75,000	73,875
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**Diversified Consumer Services: 0.49%**

<i>Service Corporation International</i>	6.75	4-1-2016	100,000	104,250
<i>Service Corporation International</i>	7.00	6-15-2017	25,000	27,250
<i>Service Corporation International</i>	7.50	4-1-2027	351,000	408,915
<i>Service Corporation International</i>	7.63	10-1-2018	25,000	28,563
<i>Service Corporation International</i>	8.00	11-15-2021	40,000	47,200
				616,178

**Hotels, Restaurants & Leisure: 1.38%**

<i>CCM Merger Incorporated 144A</i>	9.13	5-1-2019	465,000	505,688
<i>Greektown Holdings LLC 144A</i>	8.88	3-15-2019	565,000	603,138
<i>Hilton Worldwide Finance LLC</i>	5.63	10-15-2021	15,000	15,919
<i>Pinnacle Entertainment Incorporated</i>	7.50	4-15-2021	355,000	375,856

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Portfolio of investments February 28, 2015 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 3

Security name	Interest rate	Maturity date	Principal	Value
<b>Hotels, Restaurants &amp; Leisure (continued)</b>				
<i>Speedway Motorsports Incorporated 144A</i>	5.13%	2-1-2023	\$ 100,000	\$ 102,750
<i>Speedway Motorsports Incorporated</i>	6.75	2-1-2019	120,000	124,272
				1,727,623
<b>Household Durables: 0.15%</b>				
<i>American Greetings Corporation</i>	7.38	12-1-2021	150,000	160,125
<i>Tempur Sealy International Incorporated</i>	6.88	12-15-2020	25,000	26,813
				186,938
<b>Media: 2.04%</b>				
<i>Cablevision Systems Corporation</i>	8.63	9-15-2017	145,000	164,031
<i>CCO Holdings LLC</i>	7.38	6-1-2020	125,000	134,063
<i>CCO Holdings LLC</i>	5.13	2-15-2023	40,000	40,300
<i>CCOH Safari LLC</i>	5.50	12-1-2022	35,000	36,181
<i>CCOH Safari LLC</i>	5.75	12-1-2024	335,000	346,725
<i>Cequel Communications Holdings I LLC 144A</i>	5.13	12-15-2021	15,000	14,981
<i>Cequel Communications Holdings I LLC 144A</i>	5.13	12-15-2021	85,000	84,894
<i>Cinemark USA Incorporated</i>	7.38	6-15-2021	75,000	80,438
<i>CSC Holdings LLC</i>	7.63	7-15-2018	45,000	50,850
<i>CSC Holdings LLC</i>	7.88	2-15-2018	75,000	84,656
<i>CSC Holdings LLC</i>	8.63	2-15-2019	125,000	145,781
<i>DISH DBS Corporation</i>	5.88	11-15-2024	15,000	14,925
<i>DISH DBS Corporation</i>	7.88	9-1-2019	115,000	129,519
<i>EchoStar DBS Corporation</i>	7.13	2-1-2016	50,000	52,188
<i>Gray Television Incorporated</i>	7.50	10-1-2020	500,000	520,000
<i>Lamar Media Corporation</i>	5.88	2-1-2022	75,000	79,688
<i>LIN Television Corporation</i>	6.38	1-15-2021	25,000	25,813
<i>Live Nation Entertainment Incorporated 144A</i>	7.00	9-1-2020	35,000	37,538
<i>National CineMedia LLC</i>	6.00	4-15-2022	155,000	158,875
<i>National CineMedia LLC</i>	7.88	7-15-2021	100,000	106,250
<i>Nexstar Broadcasting Group Incorporated</i>	6.88	11-15-2020	145,000	153,700
<i>Outfront Media Capital Corporation</i>	5.25	2-15-2022	15,000	15,713
<i>Outfront Media Capital Corporation</i>	5.88	3-15-2025	65,000	68,900
				2,546,009

**Specialty Retail: 0.33%**

<i>ABC Supply Company Incorporated 144A</i>	5.63	4-15-2021	40,000	40,800
<i>Century Intermediate Holding Company (PIK at 10.50%) 144A</i>	9.75	2-15-2019	15,000	15,956
<i>Chinos Intermediate Holdings A Incorporated 144A</i>	7.75	5-1-2019	25,000	22,250
<i>Penske Auto Group Incorporated</i>	5.38	12-1-2024	85,000	87,975
<i>Penske Auto Group Incorporated</i>	5.75	10-1-2022	80,000	83,800
<i>Sonic Automotive Incorporated</i>	5.00	5-15-2023	70,000	70,000
<i>Sonic Automotive Incorporated</i>	7.00	7-15-2022	80,000	87,400
				408,181

**Consumer Staples: 0.23%**

**Beverages: 0.05%**

<i>Cott Beverages Incorporated 144A</i>	6.75	1-1-2020	60,000	60,000
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4 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Food Products: 0.18%</b>				
<i>B&amp;G Foods Incorporated</i>	4.63%	6-1-2021	\$ 30,000	\$ 30,000
<i>Darling Ingredients Incorporated</i>	5.38	1-15-2022	15,000	15,150
<i>Simmons Foods Incorporated 144A</i>	7.88	10-1-2021	175,000	175,000
				220,150
<b>Energy: 5.94%</b>				
<b>Energy Equipment &amp; Services: 2.44%</b>				
<i>Bristow Group Incorporated</i>	6.25	10-15-2022	265,000	259,700
<i>Cleaver Brooks Incorporated 144A(i)</i>	8.75	12-15-2019	40,000	40,900
<i>Compressco Partners LP 144A</i>	7.25	8-15-2022	95,000	82,650
<i>Era Group Incorporated</i>	7.75	12-15-2022	334,000	317,300
<i>Forum Energy Technologies Incorporated</i>	6.25	10-1-2021	15,000	14,100
<i>Gulfmark Offshore Incorporated</i>	6.38	3-15-2022	470,000	386,575
<i>Hilcorp Energy Company 144A</i>	5.00	12-1-2024	50,000	47,125
<i>Hornbeck Offshore Services Incorporated</i>	5.00	3-1-2021	230,000	195,500
<i>Hornbeck Offshore Services Incorporated</i>	5.88	4-1-2020	235,000	215,025
<i>NGPL PipeCo LLC 144A</i>	7.12	12-15-2017	300,000	298,500
<i>NGPL PipeCo LLC 144A</i>	7.77	12-15-2037	715,000	768,625
<i>NGPL PipeCo LLC 144A</i>	9.63	6-1-2019	35,000	35,088
<i>PHI Incorporated</i>	5.25	3-15-2019	405,000	368,550
<i>Pride International Incorporated</i>	8.50	6-15-2019	10,000	11,888
				3,041,526
<b>Oil, Gas &amp; Consumable Fuels: 3.50%</b>				
<i>Arch Coal Incorporated</i>	7.00	6-15-2019	100,000	30,000
<i>CVR Refining LLC</i>	6.50	11-1-2022	68,000	68,340
<i>Denbury Resources Incorporated</i>	4.63	7-15-2023	45,000	40,331
<i>Denbury Resources Incorporated</i>	5.50	5-1-2022	5,000	4,675
<i>Denbury Resources Incorporated</i>	6.38	8-15-2021	25,000	24,000
<i>El Paso LLC</i>	6.50	9-15-2020	45,000	51,910
<i>El Paso LLC</i>	7.00	6-15-2017	50,000	55,340
<i>El Paso LLC (i)</i>	7.42	2-15-2037	90,000	108,988
<i>El Paso LLC</i>	7.80	8-1-2031	100,000	123,776
<i>Energy XXI Gulf Coast Incorporated 144A</i>	6.88	3-15-2024	170,000	85,000

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<i>Energy XXI Gulf Coast Incorporated</i>	7.75	6-15-2019	50,000	26,500
<i>Exterran Partners LP</i>	6.00	4-1-2021	225,000	208,688
<i>Northern Tier Energy LLC</i>	7.13	11-15-2020	215,000	221,988
<i>Overseas Shipholding Group Incorporated</i>	7.50	2-15-2021	150,000	141,750
<i>Overseas Shipholding Group Incorporated</i>	8.13	3-30-2018	175,000	175,000
<i>Pioneer Natural Resources Company</i>	7.50	1-15-2020	145,000	172,488
<i>Rockies Express Pipeline LLC 144A</i>	5.63	4-15-2020	260,000	272,350
<i>Rockies Express Pipeline LLC 144A</i>	6.88	4-15-2040	330,000	364,650
<i>Rockies Express Pipeline LLC 144A</i>	7.50	7-15-2038	205,000	236,775
<i>Sabine Pass Liquefaction LLC</i>	5.63	2-1-2021	75,000	76,781
<i>Sabine Pass Liquefaction LLC</i>	5.63	4-15-2023	90,000	92,025
<i>Sabine Pass Liquefaction LLC</i>	5.75	5-15-2024	50,000	51,125
<i>Sabine Pass Liquefaction LLC</i>	6.25	3-15-2022	200,000	210,500
<i>Sabine Pass LNG LP</i>	6.50	11-1-2020	395,000	407,838
<i>Sabine Pass LNG LP</i>	7.50	11-30-2016	370,000	391,275

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Security name	Interest rate	Maturity date	Principal	Value
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>				
<i>SemGroup Corporation</i>	7.50%	6-15-2021	\$ 220,000	\$ 231,000
<i>Suburban Propane Partners LP</i>	5.50	6-1-2024	20,000	20,400
<i>Suburban Propane Partners LP</i>	7.38	8-1-2021	26,000	28,145
<i>Swift Energy Company</i>	7.13	6-1-2017	397,000	228,275
<i>Swift Energy Company</i>	8.88	1-15-2020	75,000	37,500
<i>Ultra Petroleum Corporation 144A</i>	5.75	12-15-2018	35,000	33,950
<i>Ultra Petroleum Corporation 144A</i>	6.13	10-1-2024	160,000	152,000
				4,373,363
<b>Financials: 4.68%</b>				
<b>Banks: 0.14%</b>				
<i>CIT Group Incorporated 144A</i>	5.50	2-15-2019	100,000	106,870
<i>CIT Group Incorporated 144A</i>	6.63	4-1-2018	65,000	70,931
				177,801
<b>Capital Markets: 0.47%</b>				
<i>Jefferies Finance LLC 144A</i>	6.88	4-15-2022	300,000	289,500
<i>Jefferies Finance LLC 144A</i>	7.38	4-1-2020	80,000	79,200
<i>Jefferies Finance LLC 144A</i>	7.50	4-15-2021	225,000	222,188
				590,888
<b>Consumer Finance: 1.61%</b>				
<i>Ally Financial Incorporated</i>	8.00	3-15-2020	53,000	63,468
<i>Ford Motor Credit Company LLC</i>	8.00	12-15-2016	25,000	27,798
<i>General Motors Financial Company Incorporated</i>	6.75	6-1-2018	95,000	107,469
<i>Homer City Generation (PIK at 9.23%) LLC ¥</i>	8.73	10-1-2026	146,599	149,531
<i>Navient Corporation</i>	8.00	3-25-2020	355,000	413,131
<i>SLM Corporation</i>	6.13	3-25-2024	140,000	140,700
<i>SLM Corporation</i>	7.25	1-25-2022	70,000	77,350
<i>SLM Corporation</i>	8.45	6-15-2018	125,000	142,813
<i>Springleaf Finance Corporation</i>	5.40	12-1-2015	140,000	142,975
<i>Springleaf Finance Corporation</i>	5.75	9-15-2016	50,000	52,000

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<i>Springleaf Finance Corporation</i>	6.00	6-1-2020	175,000	179,813
<i>Springleaf Finance Corporation</i>	6.50	9-15-2017	50,000	53,000
<i>Springleaf Finance Corporation</i>	6.90	12-15-2017	243,000	262,440
<i>Springleaf Finance Corporation</i>	7.75	10-1-2021	37,000	41,810
<i>Springleaf Finance Corporation</i>	8.25	10-1-2023	135,000	153,900
				2,008,198

**Diversified Financial Services: 0.42%**

<i>Denali Borrower LLC 144A</i>	5.63	10-15-2020	330,000	351,450
<i>Infinity Acquisition LLC 144A</i>	7.25	8-1-2022	185,000	171,588
				523,038

**Insurance: 0.18%**

<i>Hub Holdings LLC (PIK at 8.88%) 144A</i>	8.13	7-15-2019	225,000	223,875
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6 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Real Estate Management &amp; Development: 0.37%</b>				
<i>Hockey Merger Sub 2 Incorporated 144A</i>	7.88%	10-1-2021	\$ 150,000	\$ 154,125
<i>Onex Corporation 144A</i>	7.75	1-15-2021	300,000	305,250
				459,375
<b>REITs: 1.49%</b>				
<i>Crown Castle International Corporation</i>	4.88	4-15-2022	35,000	36,663
<i>Crown Castle International Corporation</i>	5.25	1-15-2023	75,000	79,125
<i>DuPont Fabros Technology Incorporated LP</i>	5.88	9-15-2021	340,000	355,300
<i>Iron Mountain Incorporated</i>	5.75	8-15-2024	400,000	405,000
<i>Iron Mountain Incorporated</i>	6.00	8-15-2023	205,000	215,250
<i>Iron Mountain Incorporated</i>	7.75	10-1-2019	30,000	32,063
<i>Iron Mountain Incorporated</i>	8.38	8-15-2021	64,000	66,752
<i>Omega Healthcare Investors Incorporated</i>	6.75	10-15-2022	125,000	131,875
<i>Sabra Health Care Incorporated</i>	5.38	6-1-2023	50,000	52,938
<i>Sabra Health Care Incorporated</i>	5.50	2-1-2021	105,000	112,088
<i>The Geo Group Incorporated</i>	5.13	4-1-2023	100,000	102,000
<i>The Geo Group Incorporated</i>	5.88	1-15-2022	205,000	216,275
<i>The Geo Group Incorporated</i>	5.88	10-15-2024	35,000	36,663
<i>The Geo Group Incorporated</i>	6.63	2-15-2021	20,000	21,150
				1,863,142
<b>Health Care: 2.84%</b>				
<b>Health Care Equipment &amp; Supplies: 0.38%</b>				
<i>Crimson Merger Sub Incorporated 144A</i>	6.63	5-15-2022	370,000	343,175
<i>Hologic Incorporated</i>	6.25	8-1-2020	125,000	130,938
				474,113
<b>Health Care Providers &amp; Services: 1.68%</b>				
<i>Acadia Healthcare Company Incorporated 144A</i>	5.63	2-15-2023	15,000	15,488
<i>Aviv Healthcare Properties LP</i>	6.00	10-15-2021	40,000	42,800

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<i>Aviv Healthcare Properties LP</i>	7.75	2-15-2019	150,000	156,300
<i>Capella Healthcare Incorporated</i>	9.25	7-1-2017	430,000	447,200
<i>Centene Corporation</i>	5.75	6-1-2017	75,000	79,688
<i>Community Health Systems Incorporated</i>	6.88	2-1-2022	160,000	170,400
<i>DaVita HealthCare Partners Incorporated</i>	5.75	8-15-2022	55,000	59,331
<i>HCA Incorporated</i>	5.88	3-15-2022	25,000	28,100
<i>HCA Incorporated</i>	6.50	2-15-2020	175,000	199,063
<i>HealthSouth Corporation</i>	5.75	11-1-2024	25,000	26,125
<i>HealthSouth Corporation</i>	7.75	9-15-2022	82,000	87,330
<i>HealthSouth Corporation</i>	8.13	2-15-2020	60,000	62,550
<i>MPT Operating Partnership LP</i>	6.38	2-15-2022	70,000	75,950
<i>MPT Operating Partnership LP</i>	6.88	5-1-2021	125,000	134,844
<i>Select Medical Corporation</i>	6.38	6-1-2021	455,000	457,275
<i>Tenet Healthcare Corporation</i>	6.00	10-1-2020	50,000	54,438
				2,096,882
<b>Health Care Technology: 0.31%</b>				
<i>Emdeon Incorporated</i>	11.00	12-31-2019	355,000	389,613

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Portfolio of investments February 28, 2015 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 7

Security name	Interest rate	Maturity date	Principal	Value
<b>Pharmaceuticals: 0.47%</b>				
<i>Endo Finance LLC 144A</i>	5.75%	1-15-2022	\$ 65,000	\$ 68,494
<i>Endo Finance LLC 144A</i>	6.00	2-1-2025	50,000	52,938
<i>Endo Finance LLC 144A</i>	7.25	1-15-2022	180,000	193,275
<i>Par Pharmaceutical Company</i>	7.38	10-15-2020	64,000	67,840
<i>Pinnacle Incorporated 144A</i>	9.50	10-1-2023	21,000	23,625
<i>Salix Pharmaceuticals Incorporated 144A</i>	6.50	1-15-2021	150,000	168,000
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	5.63	12-1-2021	5,000	5,088
				579,260
<b>Industrials: 1.69%</b>				
<b>Airlines: 0.14%</b>				
<i>Aviation Capital Group Corporation 144A</i>	6.75	4-6-2021	100,000	113,870
<i>Aviation Capital Group Corporation 144A</i>	7.13	10-15-2020	50,000	57,545
				171,415
<b>Commercial Services &amp; Supplies: 0.65%</b>				
<i>ADT Corporation</i>	4.13	6-15-2023	85,000	80,963
<i>ADT Corporation</i>	6.25	10-15-2021	300,000	324,750
<i>Covanta Holding Corporation</i>	5.88	3-1-2024	80,000	83,200
<i>Covanta Holding Corporation</i>	6.38	10-1-2022	195,000	210,113
<i>Covanta Holding Corporation</i>	7.25	12-1-2020	110,000	117,700
				816,726
<b>Construction &amp; Engineering: 0.18%</b>				
<i>AECOM 144A</i>	5.75	10-15-2022	15,000	15,713
<i>AECOM 144A</i>	5.88	10-15-2024	200,000	212,500
				228,213
<b>Trading Companies &amp; Distributors: 0.72%</b>				

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<i>Ashtead Capital Incorporated 144A</i>	6.50	7-15-2022	350,000	380,625
<i>H&amp;E Equipment Services Incorporated</i>	7.00	9-1-2022	355,000	364,763
<i>International Lease Finance Corporation 144A</i>	7.13	9-1-2018	35,000	39,813
<i>International Lease Finance Corporation</i>	8.63	9-15-2015	75,000	77,531
<i>Light Tower Rentals Incorporated 144A</i>	8.13	8-1-2019	45,000	32,400
				895,132

**Information Technology: 2.32%**

**Electronic Equipment, Instruments & Components: 0.69%**

<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	620,000	716,100
<i>Zebra Technologies Corporation 144A</i>	7.25	10-15-2022	135,000	145,800
				861,900

**Internet Software & Services: 0.11%**

<i>Sophia Holding Finance LP (PIK at 10.38%) 144A</i>	9.63	12-1-2018	140,000	141,400
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**IT Services: 0.98%**

<i>Audatex North America Incorporated 144A</i>	6.00	6-15-2021	155,000	164,688
<i>Audatex North America Incorporated 144A</i>	6.13	11-1-2023	60,000	63,600



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8 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>IT Services (continued)</b>				
<i>First Data Corporation 144A</i>	6.75%	11-1-2020	\$ 52,000	\$ 55,770
<i>First Data Corporation 144A</i>	7.38	6-15-2019	110,000	115,533
<i>First Data Corporation 144A</i>	8.88	8-15-2020	25,000	26,813
<i>First Data Corporation</i>	11.75	8-15-2021	375,000	436,875
<i>SunGard Data Systems Incorporated</i>	6.63	11-1-2019	35,000	36,400
<i>SunGard Data Systems Incorporated</i>	7.38	11-15-2018	253,000	263,436
<i>SunGard Data Systems Incorporated</i>	7.63	11-15-2020	60,000	64,200
				1,227,315
<b>Semiconductors &amp; Semiconductor Equipment: 0.10%</b>				
<i>Micron Technology Incorporated</i>	5.88	2-15-2022	115,000	121,469
<b>Software: 0.10%</b>				
<i>Activision Blizzard Incorporated 144A</i>	5.63	9-15-2021	45,000	48,150
<i>Activision Blizzard Incorporated 144A</i>	6.13	9-15-2023	10,000	11,063
<i>Boxer Parent Company Incorporated (PIK at 9.75%) 144A</i>	9.00	10-15-2019	80,000	67,600
				126,813
<b>Technology Hardware, Storage &amp; Peripherals: 0.34%</b>				
<i>NCR Corporation</i>	5.88	12-15-2021	15,000	15,525
<i>NCR Corporation</i>	6.38	12-15-2023	383,000	405,023
				420,548
<b>Materials: 0.52%</b>				
<b>Chemicals: 0.02%</b>				
<i>Celanese US Holdings LLC</i>	5.88	6-15-2021	20,000	21,750
<b>Containers &amp; Packaging: 0.35%</b>				

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<i>Crown Americas LLC</i>	6.25	2-1-2021	20,000	21,200
<i>Crown Cork &amp; Seal Company Incorporated</i>	7.38	12-15-2026	5,000	5,688
<i>Crown Cork &amp; Seal Company Incorporated (i)</i>	7.50	12-15-2096	50,000	48,000
<i>Owens-Illinois Incorporated</i>	7.80	5-15-2018	60,000	67,500
<i>Sealed Air Corporation 144A</i>	8.38	9-15-2021	215,000	243,219
<i>Silgan Holdings Incorporated</i>	5.00	4-1-2020	50,000	51,875
				437,482

**Paper & Forest Products: 0.15%**

<i>Georgia-Pacific LLC</i>	8.88	5-15-2031	125,000	192,292
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**Telecommunication Services: 3.75%**

**Diversified Telecommunication Services:  
1.80%**

<i>Citizens Communications Company</i>	7.88	1-15-2027	200,000	205,500
<i>Frontier Communications Corporation</i>	8.13	10-1-2018	60,000	68,250
<i>GCI Incorporated</i>	6.75	6-1-2021	170,000	172,444
<i>GCI Incorporated</i>	8.63	11-15-2019	428,000	447,795
<i>Level 3 Financing Incorporated</i>	8.13	7-1-2019	74,000	78,255
<i>Level 3 Financing Incorporated</i>	5.38	8-15-2022	110,000	113,816
<i>Level 3 Financing Incorporated 144A</i>	5.63	2-1-2023	65,000	67,275

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Portfolio of investments February 28, 2015 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 9

Security name	Interest rate	Maturity date	Principal	Value
<b>Diversified Telecommunication Services</b>				
(continued)				
<i>Level 3 Financing Incorporated</i>	6.13%	1-15-2021	\$ 80,000	\$ 84,500
<i>Level 3 Financing Incorporated</i>	7.00	6-1-2020	15,000	16,128
<i>Qwest Corporation</i>	7.25	9-15-2025	125,000	144,692
<i>Qwest Corporation</i>	7.63	8-3-2021	20,000	21,550
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	525,000	546,000
<i>Windstream Corporation</i>	7.88	11-1-2017	265,000	286,863
				2,253,068
<b>Wireless Telecommunication Services:</b>				
<b>1.95%</b>				
<i>MetroPCS Wireless Incorporated</i>	6.63	11-15-2020	240,000	253,200
<i>SBA Communications Corporation 144A</i>	4.88	7-15-2022	85,000	85,000
<i>SBA Communications Corporation</i>	5.63	10-1-2019	10,000	10,525
<i>SBA Communications Corporation</i>	5.75	7-15-2020	100,000	105,250
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	1,100,000	1,034,000
<i>Sprint Capital Corporation</i>	8.75	3-15-2032	105,000	110,906
<i>Sprint Communications Incorporated 144A</i>	9.00	11-15-2018	25,000	29,063
<i>Sprint Communications Incorporated</i>	11.50	11-15-2021	25,000	30,875
<i>Sprint Corporation</i>	7.13	6-15-2024	70,000	69,650
<i>Sprint Corporation</i>	7.25	9-15-2021	10,000	10,250
<i>Sprint Corporation</i>	7.88	9-15-2023	10,000	10,325
<i>T-Mobile USA Incorporated</i>	6.13	1-15-2022	5,000	5,263
<i>T-Mobile USA Incorporated</i>	6.38	3-1-2025	135,000	141,075
<i>T-Mobile USA Incorporated</i>	6.46	4-28-2019	10,000	10,388
<i>T-Mobile USA Incorporated</i>	6.50	1-15-2024	5,000	5,250
<i>T-Mobile USA Incorporated</i>	6.54	4-28-2020	10,000	10,600
<i>T-Mobile USA Incorporated</i>	6.63	4-1-2023	35,000	37,188
<i>T-Mobile USA Incorporated</i>	6.63	4-28-2021	65,000	69,144
<i>T-Mobile USA Incorporated</i>	6.73	4-28-2022	305,000	325,588
<i>T-Mobile USA Incorporated</i>	6.84	4-28-2023	75,000	79,875
				2,433,415

**Utilities: 2.08%****Electric Utilities: 1.41%**

<i>ComEd Financing III</i>	6.35	3-15-2033	1,340,000	1,370,603
<i>IPALCO Enterprises Incorporated 144A</i>	7.25	4-1-2016	145,000	152,613
<i>Otter Tail Corporation (i)</i>	9.00	12-15-2016	215,000	241,630
				1,764,846

**Gas Utilities: 0.22%**

<i>AmeriGas Finance LLC</i>	6.75	5-20-2020	175,000	186,813
<i>AmeriGas Finance LLC</i>	7.00	5-20-2022	75,000	80,250
				267,063

**Independent Power & Renewable****Electricity Producers: 0.45%**

<i>Calpine Corporation 144A</i>	5.88	1-15-2024	20,000	21,700
<i>Calpine Corporation 144A</i>	6.00	1-15-2022	40,000	43,620
<i>Calpine Corporation 144A</i>	7.88	1-15-2023	48,000	53,940
<i>NSG Holdings LLC 144A</i>	7.75	12-15-2025	335,904	361,937

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## 10 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of investments February 28, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Independent Power &amp; Renewable Electricity Producers (continued)</b>				
<i>Reliant Energy Incorporated (i)</i>	9.24%	7-2-2017	\$ 49,955	\$ 52,828
<i>Reliant Energy Incorporated (i)</i>	9.68	7-2-2026	10,000	10,850
<i>TerraForm Power Operating LLC 144A</i>	5.88	2-1-2023	15,000	15,597
				560,472
<b>Total Corporate Bonds and Notes (Cost \$34,653,059)</b>				36,165,247
<b>Loans: 2.40%</b>				
<i>Accellent Incorporated ±&lt;%%</i>	7.50	3-11-2022	57,692	54,663
<i>Alliance Laundry Systems LLC ±</i>	9.50	12-10-2019	159,122	159,321
<i>Applied Systems Incorporated ±</i>	7.50	1-24-2022	25,000	24,775
<i>Asurion LLC ±</i>	8.50	3-3-2021	25,000	25,156
<i>CCM Merger Incorporated ±</i>	4.50	8-8-2021	43,969	44,024
<i>Centaur Acquisition LLC ±</i>	8.75	2-20-2020	135,000	135,844
<i>Focus Brands Incorporated ±(i)</i>	10.25	8-21-2018	176,935	177,819
<i>HGIM Corporation ±&lt;%%</i>	5.50	6-18-2020	229,148	160,158
<i>Interactive Data Corporation ±</i>	4.75	5-2-2021	139,300	139,648
<i>Learfield Communications Incorporated ±</i>	8.75	10-9-2021	212,434	212,169
<i>LM U.S. Corp Acquisition Incorporated ±(i)</i>	8.25	1-25-2021	10,000	9,950
<i>Neff Rental LLC ±</i>	7.25	6-9-2021	49,983	48,983
<i>nTelos Incorporated ±</i>	5.75	11-9-2019	155,000	130,200
<i>Peak 10 Incorporated ±</i>	8.25	6-17-2022	30,000	28,675
<i>Sedgwick Claims Management Services Incorporated ±</i>	6.75	2-28-2022	55,000	53,763
<i>Spin Holdco Incorporated ±</i>	4.25	11-14-2019	118,602	117,676
<i>Tallgrass Operations LLC ±</i>	5.44	11-13-2018	84,844	84,137
<i>Texas Competitive Electric Holdings Company LLC ±(s)</i>	4.66	10-10-2015	1,471,940	931,002
<i>TGI Friday s Incorporated ±</i>	9.25	7-15-2021	45,000	45,000
<i>TWCC Holdings Corporation ±</i>	7.00	6-26-2020	275,000	255,406
<i>Vertafore Incorporated ±</i>	9.75	10-29-2017	35,000	35,140

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<i>W3 Company ±(i)</i>	9.25	9-13-2020	19,950	18,803
<i>WASH Multifamily Laundry Systems LLC</i>				
<i>±</i>	4.50	2-21-2019	108,075	105,373
<b>Total Loans (Cost \$3,589,380)</b>				2,997,685

	<b>Dividend yield</b>		<b>Shares</b>	
<b>Preferred Stocks: 10.89%</b>				
<b>Financials: 0.07%</b>				
<b>Banks: 0.07%</b>				
<i>GMAC Capital Trust I ±</i>	7.80		3,457	89,986
<b>Utilities: 10.82%</b>				
<b>Electric Utilities: 10.82%</b>				
<i>Alabama Power Company</i>	6.45		20,576	568,412
<i>Entergy Arkansas Incorporated</i>	4.75		65,000	1,537,250
<i>Entergy Arkansas Incorporated</i>	4.90		80,000	1,972,000
<i>Entergy Louisiana LLC</i>	4.70		270,483	6,421,266
<i>Indianapolis Power &amp; Light Company</i>	5.65		20,000	1,940,626
<i>NextEra Energy Capital Holding Incorporated Series I</i>	5.13		44,000	1,067,000
				13,506,554
<b>Total Preferred Stocks (Cost \$12,476,809)</b>				13,596,540

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Portfolio of investments February 28, 2015 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 11

Security name	Expiration date	Shares	Value
<b>Warrants: 0.05%</b>			
<b>Utilities: 0.05%</b>			
<b>Gas Utilities: 0.05%</b>			
<i>Kinder Morgan Incorporated</i>	5-25-2017	16,000	\$ 61,760
<b>Total Warrants (Cost \$30,480)</b>			61,760
	Interest rate	Maturity date	Principal
<b>Yankee Corporate Bonds and Notes: 2.31%</b>			
<b>Consumer Discretionary: 0.00%</b>			
<b>Media: 0.00%</b>			
<i>Videotron Limited</i>	9.13%	4-15-2018	\$ 3,000 3,083
<b>Energy: 0.37%</b>			
<b>Oil, Gas &amp; Consumable Fuels: 0.37%</b>			
<i>Griffin Coal Mining Company Limited</i>			
<i>144A(s)(i)</i>	9.50	12-1-2016	93,118 61,977
<i>Teekay Corporation</i>	8.50	1-15-2020	360,000 404,100
			466,077
<b>Financials: 0.02%</b>			
<b>Banks: 0.02%</b>			
<i>Nielsen Holding and Finance BV 144A</i>	5.50	10-1-2021	30,000 31,200
<b>Health Care: 0.32%</b>			
<b>Pharmaceuticals: 0.32%</b>			
<i>Valeant Pharmaceuticals International</i>			
<i>Incorporated 144A</i>	5.50	3-1-2023	25,000 25,156
<i>Valeant Pharmaceuticals International</i>			
<i>Incorporated 144A</i>	6.75	8-15-2018	50,000 53,125
	7.50	7-15-2021	300,000 325,500

*Valeant Pharmaceuticals International  
Incorporated 144A*

403,781

**Industrials: 0.04%**

**Aerospace & Defense: 0.04%**

<i>Bombardier Incorporated 144A%%</i>	5.50	9-15-2018	15,000	15,000
<i>Bombardier Incorporated 144A%%</i>	7.50	3-15-2025	30,000	30,000
				45,000

**Materials: 0.52%**

**Containers & Packaging: 0.18%**

<i>Ardagh Finance Holdings SA (PIK at 8.63%) 144A¥</i>	8.63	6-15-2019	3,945	4,028
<i>Ardagh Packaging Finance plc 144A</i>	9.13	10-15-2020	210,000	225,225
				229,253

**Metals & Mining: 0.26%**

<i>Novelis Incorporated</i>	8.38	12-15-2017	100,000	104,500
<i>Novelis Incorporated</i>	8.75	12-15-2020	200,000	217,000
				321,500



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12 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2015 (unaudited)

Security name	Interest rate	Maturity date	Principal	Value
<b>Paper &amp; Forest Products: 0.08%</b>				
<i>Sappi Limited 144A</i>	7.50%	6-15-2032	\$ 100,000	\$ 93,000
<b>Telecommunication Services: 1.04%</b>				
<b>Diversified Telecommunication Services: 0.98%</b>				
<i>Intelsat Jackson Holdings SA</i>	5.50	8-1-2023	575,000	543,375
<i>Intelsat Jackson Holdings SA</i>	7.25	10-15-2020	175,000	182,000
<i>Intelsat Jackson Holdings SA</i>	7.50	4-1-2021	150,000	157,125
<i>Intelsat Luxembourg SA</i>	7.75	6-1-2021	125,000	115,781
<i>Intelsat Luxembourg SA</i>	8.13	6-1-2023	225,000	209,250
<i>Virgin Media Finance plc 144A</i>	5.38	4-15-2021	10,000	10,575
<i>Virgin Media Finance plc 144A</i>	6.38	4-15-2023	25,000	27,000
				1,245,106
<b>Wireless Telecommunication Services: 0.06%</b>				
<i>Telesat Canada Incorporated 144A</i>	6.00	5-15-2017	50,000	51,188
<b>Total Yankee Corporate Bonds and Notes (Cost \$2,924,078)</b>				2,889,188
	<b>Yield</b>		<b>Shares</b>	
<b>Short-Term Investments: 10.12%</b>				
<b>Investment Companies: 10.12%</b>				
<i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)##</i>	0.10		12,636,577	\$ 12,636,577
<b>Total Short-Term Investments (Cost \$12,636,577)</b>				12,636,577

<b>Total investments in securities (Cost</b>	118.00%	147,327,030
<b>\$120,192,658) *</b>		
<i>Other assets and liabilities, net</i>	(18.00)	(22,474,532)
<b>Total net assets</b>	<b>100.00%</b>	<b>\$ 124,852,498</b>

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

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

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

Non-income-earning security

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

(i) Illiquid security

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

¥ A 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.

(l) The security represents an affiliate of the Fund as defined in the Investment Company Act of 1940.

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

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

\* Cost for federal income tax purposes is \$120,714,424 and unrealized gains (losses) consists of:

Gross unrealized gains	\$ 30,683,305
Gross unrealized losses	(4,070,699)
Net unrealized gains	\$ 26,612,606

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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 24, 2015

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 24, 2015

By:

/s/ Nancy Wisner

Nancy Wisner  
Treasurer

Date: April 24, 2015

