

WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND

Form N-Q

March 30, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-Q
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY
Investment Company Act file number: 811-21269
Wells Fargo Advantage Income Opportunities Fund
(Exact name of registrant as specified in charter)
525 Market Street, 12th Floor, San Francisco, CA 94105
(Address of principal executive offices) (Zip code)
C. David Messman
Wells Fargo Funds Management, LLC
525 Market Street, 12th Floor, San Francisco, CA 94105
(Name and address of agent for service)
Registrant's telephone number, including area code: 800-643-9691
Date of fiscal year end: April 30, 2010
Date of reporting period: January 31, 2011**

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ITEM 1. SCHEDULE OF INVESTMENTS

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Principal	Security Name	Interest Rate	Maturity Date	Value
Corporate Bonds and Notes: 111.95%				
Consumer Discretionary: 17.56%				
Auto Components: 1.72%				
\$ 4,455,000	Cooper Tire & Rubber Company	7.63%	03/15/2027	\$ 4,265,663
6,830,000	Goodyear Tire & Rubber Company	10.50	05/15/2016	7,752,050
				12,017,713
Diversified Consumer Services: 3.55%				
4,055,000	Carriage Services Incorporated	7.88	01/15/2015	4,065,138
950,000	Service Corporation International	6.75	04/01/2016	1,002,250
1,125,000	Service Corporation International	7.00	05/15/2019	1,155,938
9,376,000	Service Corporation International	7.50	04/01/2027	9,141,600
880,000	Service Corporation International	8.00	11/15/2021	961,400
1,600,000	Service Corporation International Series WI	7.00	06/15/2017	1,686,000
6,550,000	StoneMor Operating LLC	10.25	12/01/2017	6,828,375
				24,840,701
Hotels, Restaurants & Leisure: 3.78%				
2,875,000	Ameristar Casinos Incorporated	9.25	06/01/2014	3,083,438
2,525,000	Chukchansi Economic Development Authority ±	3.94	11/15/2012	1,644,406
350,000	Citycenter Holdings LLC	7.63	01/15/2016	357,875
750,000	Citycenter Holdings LLC@	10.75	01/15/2017	781,875
1,025,000	Dineequity Incorporated	9.50	10/30/2018	1,103,156
6,262,000	Greektown Superholdings Incorporated	13.00	07/01/2015	7,091,715
1,775,000	NAI Entertainment Holdings LLC	8.25	12/15/2017	1,890,375
2,880,000	Pinnacle Entertainment Incorporated	7.50	06/15/2015	2,980,800
1,130,000	Scientific Games Corporation	9.25	06/15/2019	1,211,925
665,000	Shingle Springs Tribal Gaming Authority	9.38	06/15/2015	452,200
450,000	Speedway Motorsports Incorporated	6.75	02/01/2019	454,500
2,075,000	Speedway Motorsports Incorporated	8.75	06/01/2016	2,261,750
2,800,000	Yonkers Racing Corporation	11.38	07/15/2016	3,094,000
				26,408,015
Household Durables: 0.02%				
149,000	Sealy Mattress Company	10.88	04/15/2016	169,301
Internet & Catalog Retail: 0.15%				
990,000	QVC Incorporated	7.50	10/01/2019	1,054,350

Media: 7.43%

2,975,000	<i>Cablevision Systems Corporation</i>	8.63	09/15/2017	3,324,563
12,981,015	<i>CCH II Capital Corporation</i>	13.50	11/30/2016	15,707,028
940,000	<i>CCO Holdings LLC</i>	8.13	04/30/2020	1,001,100
2,290,000	<i>Charter Communications Incorporated Step Bond^{oo}</i>	8.00	04/30/2012	2,413,088
11,640,000	<i>Charter Communications Incorporated Step Bond^{oo}</i>	10.88	09/15/2014	13,095,000
350,000	<i>Cinemark USA Incorporated</i>	8.63	06/15/2019	378,875
200,000	<i>CSC Holdings LLC</i>	8.50	04/15/2014	223,500
2,260,000	<i>DISH DBS Corporation</i>	7.88	09/01/2019	2,392,775
650,000	<i>EchoStar DBS Corporation</i>	7.75	05/31/2015	699,563
1,275,000	<i>Gray Television Incorporated</i>	10.50	06/29/2015	1,310,063
675,000	<i>Lamar Media Corporation Series C</i>	9.75	04/01/2014	781,313
1,225,000	<i>LIN Television Corporation</i>	8.38	04/15/2018	1,316,875
5,050,000	<i>Regal Cinemas Corporation</i>	8.63	07/15/2019	5,378,250
2,461,000	<i>Salem Communications</i>	9.63	12/15/2016	2,670,185
250,000	<i>Sirius XM Radio Incorporated</i>	9.75	09/01/2015	281,875
815,000	<i>Sirius XM Radio Incorporated</i>	13.00	08/01/2013	969,850
3,619,000	<i>Young Broadcasting Incorporated^{^^}</i>	8.75	01/15/2014	36

The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report or Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.

Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

Principal	Security Name	Interest Rate	Maturity Date	Value
Media (continued)				
\$ 2,325,000	<i>Young Broadcasting Incorporated</i> ^{^(i)}	10.00%	03/01/2011	\$ 23
				51,943,962
Multiline Retail: 0.19%				
1,270,000	<i>Saks Incorporated</i>	9.88	10/01/2011	1,325,563
Specialty Retail: 0.10%				
700,000	<i>Rent-A-Center Incorporated</i>	6.63	11/15/2020	689,500
Textiles, Apparel & Luxury Goods: 0.62%				
3,850,000	<i>Oxford Industrial Incorporated</i>	11.38	07/15/2015	4,350,500
Consumer Staples: 1.37%				
Beverages: 0.04%				
250,000	<i>Cott Beverages Incorporated</i>	8.38	11/15/2017	270,313
Food Products: 1.33%				
250,000	<i>Darling International Incorporated</i>	8.50	12/15/2018	270,000
3,075,000	<i>Dole Food Company Incorporated</i>	13.88	03/15/2014	3,770,719
4,465,000	<i>Smithfield Foods Incorporated</i>	10.00	07/15/2014	5,251,956
				9,292,675
Energy: 15.96%				
Energy Equipment & Services: 3.16%				
2,210,000	<i>Bristow Group Incorporated</i>	7.50	09/15/2017	2,331,550
3,395,000	<i>Gulfmark Offshore Incorporated</i>	7.75	07/15/2014	3,454,413
5,325,000	<i>Hornbeck Offshore Services Incorporated Series B</i>	6.13	12/01/2014	5,271,750
4,920,000	<i>Hornbeck Offshore Services Incorporated Series B</i>	8.00	09/01/2017	5,049,150
860,000	<i>Parker Drilling Company</i>	9.13	04/01/2018	907,300
4,650,000	<i>PHI Incorporated</i>	8.63	10/15/2018	4,812,750
210,000	<i>Pride International Incorporated</i>	8.50	06/15/2019	248,850
				22,075,763

Oil, Gas & Consumable Fuels: 12.80%

5,085,000	<i>Chesapeake Energy Corporation</i>	9.50	02/15/2015	5,949,450
200,000	<i>Cloud Peak Enrgy Resources LLC</i>	8.25	12/15/2017	217,750
250,000	<i>Cloud Peak Enrgy Resources LLC</i>	8.50	12/15/2019	278,750
1,722,000	<i>Coffeyville Resources Incorporated</i>	9.00	04/01/2015	1,876,980
2,665,000	<i>Consol Energy Incorporated</i>	8.25	04/01/2020	2,911,513
850,000	<i>Denbury Resources Incorporated</i>	8.25	02/15/2020	936,063
1,155,000	<i>El Paso Corporation</i>	6.50	09/15/2020	1,173,032
325,000	<i>El Paso Corporation</i>	6.88	06/15/2014	353,391
375,000	<i>El Paso Corporation</i>	7.00	06/15/2017	404,213
2,104,000	<i>El Paso Corporation</i>	7.25	06/01/2018	2,299,529
1,820,000	<i>El Paso Corporation</i>	7.42	02/15/2037	1,719,278
271,000	<i>El Paso Corporation</i>	7.75	01/15/2032	274,499
3,050,000	<i>El Paso Corporation</i>	7.80	08/01/2031	3,104,873
5,950,000	<i>Energy Transfer Equity</i>	7.50	10/15/2020	6,359,063
1,125,000	<i>Ferrellgas Partners LP</i>	6.50	05/01/2021	1,091,250
1,825,000	<i>Ferrellgas Partners LP</i>	9.13	10/01/2017	2,012,063
1,870,000	<i>Forest Oil Corporation</i>	7.25	06/15/2019	1,940,125
1,115,000	<i>Forest Oil Corporation</i>	8.50	02/15/2014	1,234,863
1,000,000	<i>Griffin Coal Mining Company Limited^^</i>	9.50	12/01/2016	837,500
4,265,000	<i>Holly Corporation</i>	9.88	06/15/2017	4,702,163
1,125,000	<i>Inergy LP</i>	6.88	08/01/2021	1,134,844
1,185,000	<i>Newfield Exploration Company</i>	6.88	02/01/2020	1,273,875

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Principal	Security Name	Interest Rate	Maturity Date	Value
Oil, Gas & Consumable Fuels (continued)				
\$ 8,705,000	<i>Peabody Energy Corporation</i>	7.88%	11/01/2026	\$ 9,793,125
215,000	<i>Penn Virginia Corporation</i>	10.38	06/15/2016	241,875
2,045,000	<i>Petrohawk Energy Corporation</i>	7.88	06/01/2015	2,167,700
1,065,000	<i>Petrohawk Energy Corporation</i>	10.50	08/01/2014	1,224,750
3,170,000	<i>Pioneer Natural Resource Company</i>	7.50	01/15/2020	3,511,656
6,380,000	<i>Plains Exploration & Production Company</i>	8.63	10/15/2019	7,097,750
475,000	<i>Regency Energy Partners</i>	6.88	12/01/2018	488,063
4,940,000	<i>Sabine Pass LNG LP</i>	7.25	11/30/2013	4,902,950
4,475,000	<i>Sabine Pass LNG LP</i>	7.50	11/30/2016	4,385,500
4,020,000	<i>SandRidge Energy Incorporated</i>	8.75	01/15/2020	4,281,300
2,450,000	<i>Ship Finance International Limited</i>	8.50	12/15/2013	2,486,750
1,450,000	<i>Stallion Oilfield Holdings Incorporated</i>	10.50	02/15/2015	1,573,250
575,000	<i>Suburban Propane Partners LP</i>	7.38	03/15/2020	610,219
2,235,000	<i>Tesoro Corporation(i)</i>	7.50	07/17/2012	2,253,774
2,185,000	<i>Tesoro Corporation</i>	9.75	06/01/2019	2,458,125
				89,561,854

Financials: 26.03%**Capital Markets: 1.90%**

1,675,000	<i>E*TRADE Financial Corporation</i>	7.38	09/15/2013	1,668,719
9,741,000	<i>E*TRADE Financial Corporation@</i>	12.50	11/30/2017	11,579,614
				13,248,333

Commercial Banks: 1.66%

4,375,000	<i>Capitalsource Incorporated</i>	12.75	07/15/2014	5,277,344
500,000	<i>CIT Group Incorporated</i>	7.00	05/01/2015	506,875
1,000,000	<i>CIT Group Incorporated</i>	7.00	05/01/2016	1,010,000
5,725,000	<i>Emigrant Bancorp Incorporated</i>	6.25	06/15/2014	4,778,245
				11,572,464

Consumer Finance: 15.99%

2,725,000	<i>American General Finance Corporation</i>	5.40	12/01/2015	2,329,875
2,250,000	<i>American General Finance Corporation</i>	5.75	09/15/2016	1,890,000
450,000	<i>American General Finance Corporation</i>	6.50	09/15/2017	380,250
3,150,000	<i>American General Finance Corporation</i>	6.90	12/15/2017	2,740,500
1,600,000	<i>Blue Acquisition Sub Incorporated</i>	9.88	10/15/2018	1,708,000
2,700,000	<i>Calpine Construction Finance Corporation</i>	8.00	06/01/2016	2,895,750
17,134,313	<i>CIT Group Incorporated</i>	7.00	05/01/2013	17,498,417
2,850,000	<i>CIT Group Incorporated</i>	7.00	05/01/2014	2,903,438

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5,420,000	<i>Clearwire Communications Finance Corporation</i>	12.00	12/01/2015	5,907,800
500,000	<i>Ford Motor Credit Company LLC</i>	7.00	10/01/2013	540,538
100,000	<i>Ford Motor Credit Company LLC</i>	8.00	12/15/2016	113,427
3,865,000	<i>Ford Motor Credit Company LLC</i>	9.88	08/10/2011	4,016,473
2,344,000	<i>GMAC LLC</i>	6.75	12/01/2014	2,519,800
130,000	<i>GMAC LLC</i>	6.88	09/15/2011	133,250
2,862,000	<i>GMAC LLC</i>	6.88	08/28/2012	3,022,988
6,855,000	<i>GMAC LLC</i>	7.50	12/31/2013	7,420,538
2,994,111	<i>Homer City Funding LLC</i>	8.73	10/01/2026	2,799,494
2,875,000	<i>International Lease Finance Corporation</i>	4.75	01/13/2012	2,932,500
4,170,000	<i>International Lease Finance Corporation</i>	5.30	05/01/2012	4,258,613
865,000	<i>International Lease Finance Corporation</i>	6.38	03/25/2013	901,763
1,700,000	<i>International Lease Finance Corporation</i>	8.63	09/15/2015	1,895,500
2,050,000	<i>International Lease Finance Corporation Series MTN</i>	5.75	06/15/2011	2,065,375
8,465,000	<i>JBS USA Finance Incorporated</i>	11.63	05/01/2014	9,861,725
1,529,000	<i>LBI Escrow Corporation</i>	8.00	11/01/2017	1,706,746
4,555,000	<i>Level 3 Financing Incorporated</i>	10.00	02/01/2018	4,555,000
1,925,000	<i>Nielsen Finance LLC Company</i>	7.75	10/15/2018	2,064,563
1,170,000	<i>Nielsen Finance LLC Company</i>	11.50	05/01/2016	1,364,513

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Principal	Security Name	Interest Rate	Maturity Date	Value
Consumer Finance (continued)				
\$ 755,000	Nielsen Finance LLC Senior Discount Note Step Bond ^{oo}	12.50%	08/01/2016	\$ 793,694
525,000	Nuveen Investments Incorporated	10.50	11/15/2015	540,750
9,875,000	Sprint Capital Corporation	6.88	11/15/2028	8,838,125
4,725,000	Sprint Capital Corporation	6.90	05/01/2019	4,736,813
6,133,000	Sprint Capital Corporation	8.38	03/15/2012	6,516,313
				111,852,531
Diversified Financial Services: 3.90%				
8,820,000	Ally Financial Incorporated	8.30	02/12/2015	9,966,600
1,325,000	Dunkin Finance Corporation	9.63	12/01/2018	1,351,500
1,300,000	Hub International Holdings Incorporated	10.25	06/15/2015	1,342,250
7,815,000	Leucadia National Corporation	8.13	09/15/2015	8,596,500
4,000,000	Nuveen Investments Incorporated	5.50	09/15/2015	3,480,000
2,495,000	Nuveen Investments Incorporated	10.50	11/15/2015	2,569,850
				27,306,700
Real Estate Investment Trusts (REITs): 2.58%				
11,580,000	Dupont Fabros Technology Incorporated	8.50	12/15/2017	12,535,350
490,000	Host Marriott Corporation	9.00	05/15/2017	548,800
3,375,000	Omega Healthcare Investors	6.75	10/15/2022	3,332,813
1,560,000	Ventas Incorporated	9.00	05/01/2012	1,643,265
				18,060,228
Health Care: 4.71%				
Health Care Equipment & Supplies: 1.00%				
1,215,000	Biomet Incorporated@	10.38	10/15/2017	1,360,800
3,485,000	Biomet Incorporated	11.63	10/15/2017	3,938,050
900,000	Cooper Companies Incorporated	7.13	02/15/2015	931,500
775,000	Fresenius Medical Care Incorporated	5.75	02/15/2021	765,313
				6,995,663
Health Care Providers & Services: 3.47%				
2,440,000	Apria Healthcare Group	11.25	11/01/2014	2,693,150
1,925,000	Aviv Healthcare Incorporated	7.75	02/15/2019	1,977,938
1,270,000	Community Health Systems Incorporated Series WI	8.88	07/15/2015	1,341,438
1,830,000	HCA Incorporated	7.88	02/01/2011	1,830,000

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375,000	<i>HCA Incorporated</i>	8.50	04/15/2019	418,125
6,745,000	<i>HCA Incorporated</i>	9.25	11/15/2016	7,259,306
3,757,000	<i>HCA Incorporated@</i>	9.63	11/15/2016	4,052,864
175,000	<i>Health Management plc</i>	6.13	04/15/2016	177,625
750,000	<i>Healthsouth Corporation</i>	7.25	10/01/2018	767,813
750,000	<i>Healthsouth Corporation</i>	7.75	09/15/2022	780,000
900,000	<i>Omnicare Incorporated</i>	6.88	12/15/2015	931,500
1,975,000	<i>Sabra Health Care Corporation</i>	8.13	11/01/2018	2,049,063
				24,278,822

Pharmaceuticals: 0.24%

650,000	<i>Mylan Incorporated</i>	7.63	07/15/2017	708,500
300,000	<i>Mylan Incorporated</i>	7.88	07/15/2020	331,875
650,000	<i>Mylan Incorporated</i>	6.00	11/15/2018	663,000
				1,703,375

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Industrials: 10.25%				
Aerospace & Defense: 3.52%				
\$ 4,470,000	<i>Alliant Techsystems Incorporated</i>	6.75%	04/01/2016	\$ 4,604,100
800,000	<i>Digitalglobe Incorporated</i>	10.50	05/01/2014	914,000
1,030,000	<i>Gencorp Incorporated</i>	9.50	08/15/2013	1,057,038
1,140,000	<i>GeoEye Incorporated</i>	9.63	10/01/2015	1,288,200
1,089,000	<i>Hexcel Corporation</i>	6.75	02/01/2015	1,108,058
2,570,000	<i>Kratos Defense & Security Solutions Incorporated</i>	10.00	06/01/2017	2,868,763
5,585,000	<i>L-3 Communications Holdings Incorporated</i>	5.88	01/15/2015	5,696,700
5,506,000	<i>L-3 Communications Holdings Incorporated</i>	6.38	10/15/2015	5,678,063
1,445,000	<i>Wyle Services Corporation</i>	10.50	04/01/2018	1,434,163
				24,649,085
Commercial Services & Supplies: 2.67%				
250,000	<i>Casella Waste Systems Incorporated</i>	7.75	02/15/2019	255,625
4,385,000	<i>Casella Waste Systems Incorporated</i>	11.00	07/15/2014	4,922,163
1,840,000	<i>Corrections Corporation of America</i>	6.25	03/15/2013	1,844,600
2,035,000	<i>Corrections Corporation of America</i>	7.75	06/01/2017	2,223,238
2,205,000	<i>Geo Group Incorporated</i>	7.75	10/15/2017	2,315,250
300,000	<i>Interface Incorporated</i>	7.63	12/01/2018	314,250
3,520,000	<i>Iron Mountain Incorporated</i>	8.38	08/15/2021	3,828,000
400,000	<i>KAR Holdings Incorporated</i>	10.00	05/01/2015	424,000
2,125,000	<i>KAR Holdings Incorporated ±</i>	4.29	05/01/2014	2,050,625
500,000	<i>KAR Holdings Incorporated</i>	8.75	05/01/2014	520,000
				18,697,751
Machinery: 1.40%				
1,440,000	<i>Cleaver-Brooks Incorporated</i>	12.25	05/01/2016	1,544,400
900,000	<i>Columbus McKinnon Corporation</i>	7.88	02/01/2019	920,250
940,000	<i>Commercial Vehicle Group Incorporated</i>	8.00	07/01/2013	921,200
4,888,161	<i>Commercial Vehicle Group Incorporated@</i>	13.00	02/15/2013	5,181,451
450,000	<i>Thermadyne Holdings Corporation</i>	9.00	12/15/2017	474,750
700,000	<i>Titan International Incorporated</i>	7.88	10/01/2017	745,500
				9,787,551
Professional Services: 0.57%				
207,000	<i>Affinia Group Incorporated</i>	10.75	08/15/2016	230,805
500,000	<i>Brickman Group Holdings</i>	9.13	11/01/2018	525,625
450,000	<i>Interactive Data Corporation</i>	10.25	08/01/2018	498,375

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3,050,000	<i>NCO Group Incorporated</i>	11.88	11/15/2014	2,699,250
				3,954,055
Road & Rail: 1.92%				
8,285,000	<i>Kansas City Southern</i>	8.00	06/01/2015	8,947,800
1,184,000	<i>Kansas City Southern</i>	13.00	12/15/2013	1,414,880
2,775,000	<i>RailAmerica Incorporated</i>	9.25	07/01/2017	3,062,906
				13,425,586

Transportation Infrastructure: 0.17%

1,190,000	<i>United Maritime Group</i>	11.75	06/15/2015	1,190,000
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Information Technology: 9.18%

Communications Equipment: 1.24%

2,234,000	<i>Allbritton Communication</i>	8.00	05/15/2018	2,320,568
585,000	<i>EchoStar DBS Corporation</i>	7.13	02/01/2016	611,325

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Principal	Security Name	Interest Rate	Maturity Date	Value
Communications Equipment (continued)				
\$ 3,100,000	<i>Lucent Technologies Incorporated</i>	6.45%	03/15/2029	\$ 2,464,500
1,875,000	<i>Seagate Technology Holdings</i>	7.75	12/15/2018	1,921,875
1,275,000	<i>Seagate Technology Holdings</i>	6.80	10/01/2016	1,313,250
				8,631,518
Electronic Equipment & Instruments: 5.11%				
3,750,000	<i>GCI Incorporated</i>	7.25	02/15/2014	3,787,500
2,820,000	<i>Intcomex Incorporated</i>	13.25	12/15/2014	2,961,000
13,532,000	<i>Jabil Circuit Incorporated</i>	8.25	03/15/2018	15,494,140
3,380,000	<i>Kemet Corporation</i>	10.50	05/01/2018	3,718,000
6,014,750	<i>SunGard Data Systems Incorporated</i>	10.25	08/15/2015	6,338,043
550,000	<i>SunGard Data Systems Incorporated</i>	7.63	11/15/2020	567,875
2,530,000	<i>Viasystem Group Incorporated</i>	12.00	01/15/2015	2,874,713
				35,741,271
Internet Software & Services: 0.93%				
2,125,000	<i>Equinix Incorporated</i>	8.13	03/01/2018	2,295,000
3,395,000	<i>Terremark Worldwide Incorporated</i>	12.00	06/15/2017	4,235,263
				6,530,263
IT Services: 1.90%				
3,050,000	<i>First Data Corporation</i>	11.25	03/31/2016	2,821,250
2,835,000	<i>iPayment Incorporated</i>	9.75	05/15/2014	2,757,038
1,100,000	<i>Sungard Data Systems Incorporated</i>	7.38	11/15/2018	1,122,000
1,950,000	<i>Syniverse Holdings Incorporated</i>	9.13	01/15/2019	2,076,750
1,065,000	<i>Unisys Corporation</i>	12.50	01/15/2016	1,184,813
1,600,000	<i>Unisys Corporation</i>	12.75	10/15/2014	1,920,000
1,155,000	<i>Unisys Corporation</i>	14.25	09/15/2015	1,394,663
				13,276,514
Materials: 6.55%				
Chemicals: 1.48%				
500,000	<i>Chemtura Corporation</i>	7.88	09/01/2018	533,750
2,855,000	<i>Huntsman International LLC</i>	5.50	06/30/2016	2,797,900
4,807,125	<i>Lyondell Chemical Company</i>	11.00	05/01/2018	5,480,123
1,300,000	<i>Solutia Incorporated</i>	7.88	03/15/2020	1,410,500
150,000	<i>Vertellus Specialties Incorporated</i>	9.38	10/01/2015	161,438

10,383,711

Construction Materials: 1.77%

1,480,000	<i>CPG International Incorporated ±</i>	7.21	07/01/2012	1,480,000
3,415,000	<i>CPG International Incorporated</i>	10.50	07/01/2013	3,491,838
3,025,000	<i>CPG International Incorporated</i>	10.63	09/01/2014	3,267,000
3,725,000	<i>Headwaters Incorporated</i>	11.38	11/01/2014	4,153,375

12,392,213

Containers & Packaging: 1.31%

5,780,000	<i>Exopack Holding Corporation</i>	11.25	02/01/2014	5,938,950
350,000	<i>Graham Packaging Company Incorporated</i>	8.25	01/01/2017	367,500
2,450,000	<i>Graham Packaging Company Incorporated</i>	9.88	10/15/2014	2,535,750
325,000	<i>Owens Brockway Glass Container Incorporated</i>	7.38	05/15/2016	353,438

9,195,638

The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report or Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.

Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

Principal	Security Name	Interest Rate	Maturity Date	Value
Metals & Mining: 1.24%				
\$ 5,725,000	<i>Freeport-McMoRan Copper & Gold Incorporated</i>	8.38%	04/01/2017	\$ 6,383,375
5,985,000	<i>Indalex Holdings Corporation^</i>	11.50	02/01/2014	97,256
1,000,000	<i>Novelis Incorporated</i>	8.75	12/15/2020	1,086,250
1,000,000	<i>Novelis Incorporated</i>	8.38	12/15/2017	1,077,500
				8,644,381
Paper & Forest Products: 0.75%				
1,175,000	<i>Clearwater Paper Corporation</i>	10.63	06/15/2016	1,340,969
887,000	<i>Georgia-Pacific Corporation</i>	7.00	01/15/2015	918,045
2,430,000	<i>Georgia-Pacific Corporation</i>	8.88	05/15/2031	2,958,525
				5,217,539
Telecommunication Services: 11.09%				
Diversified Telecommunication Services: 6.60%				
9,580,000	<i>Citizens Communications Company</i>	7.88	01/15/2027	9,484,200
2,550,000	<i>FairPoint Communications Incorporated</i>	10.88	04/01/2017	2,836,875
1,980,000	<i>Frontier Communications Corporation</i>	8.13	10/01/2018	2,229,975
4,455,000	<i>Frontier Communications Corporation</i>	8.25	04/15/2017	4,989,600
1,000,000	<i>Frontier Communications Corporation</i>	8.50	04/15/2020	1,127,500
1,200,000	<i>GCI Incorporated</i>	8.63	11/15/2019	1,305,000
345,000	<i>Global Crossing Limited</i>	12.00	09/15/2015	396,750
3,260,000	<i>Qwest Corporation</i>	7.50	06/15/2023	3,268,150
440,000	<i>Qwest Corporation</i>	7.63	08/03/2021	444,400
7,340,000	<i>Qwest Corporation</i>	8.88	03/15/2012	7,908,850
1,090,000	<i>SBA Telecommunications Incorporated</i>	8.00	08/15/2016	1,190,825
485,000	<i>SBA Telecommunications Incorporated</i>	8.25	08/15/2019	534,713
1,810,000	<i>U.S. West Communications Incorporated</i>	7.13	11/15/2043	1,751,175
2,755,000	<i>U.S. West Communications Incorporated</i>	7.25	09/15/2025	2,947,850
5,380,000	<i>Windstream Corporation</i>	7.88	11/01/2017	5,763,325
				46,179,188
Wireless Telecommunication Services: 4.49%				
650,000	<i>CC Holdings LLC</i>	7.75	05/01/2017	715,000
3,255,000	<i>Cricket Communications Incorporated</i>	7.75	05/15/2016	3,425,888
165,000	<i>Crown Castle International Corporation</i>	7.13	11/01/2019	175,313
650,000	<i>Crown Castle International Corporation</i>	9.00	01/15/2015	724,750
4,155,000	<i>Intelsat Limited</i>	8.50	01/15/2013	4,175,775
465,000	<i>Intelsat Limited</i>	11.25	06/15/2016	499,875

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2,607,559	<i>iPCS Incorporated@</i>	3.54	05/01/2014	2,529,332
4,150,000	<i>Metropcs Wireless Incorporated</i>	6.63	11/15/2020	4,004,750
1,050,000	<i>Metropcs Wireless Incorporated</i>	7.88	09/01/2018	1,097,250
7,935,000	<i>Nextel Communications Incorporated Series D</i>	7.38	08/01/2015	7,994,513
6,065,000	<i>Nextel Communications Incorporated Series F</i>	5.95	03/15/2014	6,072,581
				31,415,027

Utilities: 9.25%

Electric Utilities: 4.48%

14,996,000	<i>Aquila Incorporated Step Bond^{oo}</i>	11.88	07/01/2012	16,939,313
150,000	<i>Energy Future Holdings Corporation</i>	10.00	12/01/2020	159,000
1,708,722	<i>Energy Future Holdings Corporation@</i>	11.25	11/01/2017	1,136,300
250,000	<i>Mirant Americas Generation LLC</i>	8.50	10/01/2021	263,750
7,560,525	<i>Mirant Mid-Atlantic LLC Series C</i>	10.06	12/30/2028	8,543,393
3,985,000	<i>Otter Tail Corporation</i>	9.00	12/15/2016	4,303,800
				31,345,556

The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report or Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.

Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

Principal	Security Name	Interest Rate	Maturity Date	Value
Gas Utilities: 0.23%				
\$ 1,050,000	<i>AmeriGas Partners LP</i>	6.50%	05/20/2021	\$ 1,068,375
550,000	<i>AmeriGas Partners LP</i>	7.13	05/20/2016	573,375
				1,641,750
Independent Power Producers & Energy Traders: 4.54%				
2,045,000	<i>AES Corporation</i>	8.88	02/15/2011	2,045,000
7,569,000	<i>Calpine Corporation</i>	7.25	10/15/2017	7,739,303
4,850,000	<i>Dynegy Holding Incorporated</i>	7.63	10/15/2026	3,140,375
4,175,000	<i>NRG Energy Incorporated</i>	7.38	02/01/2016	4,321,125
5,650,000	<i>NRG Energy Incorporated</i>	7.38	01/15/2017	5,876,000
3,675,000	<i>NRG Energy Incorporated</i>	8.50	06/15/2019	3,831,188
1,020,000	<i>RRI Energy Incorporated</i>	7.63	06/15/2014	1,071,000
75,000	<i>RRI Energy Incorporated</i>	7.88	06/15/2017	75,563
2,617,955	<i>RRI Energy Incorporated</i>	9.24	07/02/2017	2,801,212
780,000	<i>RRI Energy Incorporated</i>	9.68	07/02/2026	842,400
				31,743,166
Total Corporate Bonds and Notes (Cost \$739,914,366)				783,060,089
Yankee Corporate Bonds and Notes: 2.76%				
Consumer Discretionary: 0.10%				
Media: 0.10%				
100,000	<i>Videotron Limited</i>	6.38	12/15/2015	102,500
525,000	<i>Videotron Limited</i>	9.13	04/15/2018	587,344
				689,844
Energy: 1.27%				
Oil, Gas & Consumable Fuels: 1.27%				
1,610,000	<i>Connacher Oil & Gas Limited</i>	10.25	12/15/2015	1,694,525
360,000	<i>Connacher Oil & Gas Limited</i>	11.75	07/15/2014	391,050
7,306,000	<i>Griffin Coal Mining Company Limited</i> ^^	9.50	12/31/2049	6,118,775
1,115,000	<i>OPTI Canada Incorporated</i>	7.88	12/15/2014	666,213
				8,870,563
Financials: 0.36%				

Consumer Finance: 0.36%

2,205,000	<i>Wind Acquisition Finance SA</i>	11.75	07/15/2017	2,513,700
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Diversified Financial Services: 0.00%

1,540,000	<i>Preferred Term Securities XII Limited ±^(i)</i>	0.00	12/24/2033	462
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Materials: 0.78%

Metals & Mining: 0.17%

630,000	<i>Novelis Incorporated</i>	7.25	02/15/2015	642,600
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500,000	<i>Vedanta Resources plc</i>	9.50	07/18/2018	555,000
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1,197,600

The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report or Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.

Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

Principal	Security Name	Interest Rate	Maturity Date	Value
Paper & Forest Products: 0.61%				
\$ 715,000	<i>PE Paper Escrow GmbH</i>	12.00%	08/01/2014	\$ 833,098
1,265,000	<i>Sappi Limited</i>	6.75	06/15/2012	1,299,825
2,355,000	<i>Sappi Limited</i>	7.50	06/15/2032	2,098,858
				4,231,781
Telecommunication Services: 0.25%				
Wireless Telecommunication Services: 0.25%				
870,000	<i>Digicel Group Limited</i>	12.00	04/01/2014	1,014,638
690,000	<i>Telesat Canada Incorporated</i>	11.00	11/01/2015	774,525
				1,789,163
Total Yankee Corporate Bonds and Notes (Cost \$16,581,057)				19,293,113
Convertible Debentures: 0.74%				
Information Technology: 0.74%				
Communications Equipment: 0.44%				
3,225,000	<i>Lucent Technologies Incorporated Series B</i>	2.88	06/15/2025	3,067,781
Semiconductors & Semiconductor Equipment: 0.30%				
2,025,000	<i>Advanced Micro Devices Incorporated</i>	5.75	08/15/2012	2,098,406
Total Convertible Debentures (Cost \$4,244,600)				5,166,187
Shares				
Closed End Mutual Funds: 0.43%				
92,340	<i>Dreyfus High Yield Strategies Fund Incorporated</i>			419,224
85,251	<i>Eaton Vance Limited Duration Income Trust</i>			1,359,753
29,726	<i>LMP Corporate Loan Fund Incorporated</i>			356,712
85,764	<i>New America High Income Fund Incorporated</i>			855,067
Total Closed End Mutual Funds (Cost \$1,592,609)				2,990,756

Principal**Term Loans: 10.58%**

\$ 900,000	<i>Advantage Sales & Marketing Incorporated</i>	9.25	06/18/2018	915,192
1,975,000	<i>Barrington Broadcasting Company</i>	4.53	08/12/2013	1,900,938
2,608,650	<i>Blackstone Group LP</i>	7.75	11/02/2014	2,686,910
6,109,380	<i>Capital Automotive</i>	5.00	12/14/2012	6,262,115
5,726,082	<i>Coinmach Corporation[^]</i>	3.28	11/20/2014	5,350,337
11,732,499	<i>Fairpoint Communications Incorporated</i>	0.00	03/31/2015	8,545,131
819,103	<i>Federal Mogul Corporation</i>	2.20	12/28/2015	795,849
823,458	<i>Federal Mogul Corporation</i>	2.20	12/29/2014	800,080
7,200,000	<i>First Data Corporation</i>	3.01	09/24/2014	6,800,746
1,819,319	<i>Gray Television</i>	3.77	12/31/2014	1,799,834
1,300,000	<i>Level 3 Financing Incorporated</i>	2.55	03/13/2014	1,270,750
3,186,847	<i>Local TV Finance LLC</i>	2.31	05/07/2013	3,083,274
1,901,672	<i>Merisant Company (i)</i>	7.50	01/08/2014	1,807,786
2,692,045	<i>NCO Group Incorporated</i>	7.50	11/15/2013	2,646,631
5,920,000	<i>Newsday LLC</i>	10.50	08/01/2013	6,286,330
484,688	<i>Panolam Industries International</i>	8.25	12/31/2013	437,431
2,375,000	<i>Sugarhouse HSP Gaming Properties LP</i>	11.25	09/23/2014	2,411,623
24,562,583	<i>TXU Energy Company LLC[^]</i>	3.76	10/10/2014	20,208,865

Total Term Loans (Cost \$71,222,779) 74,009,822

The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report or Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.

Table of Contents**PORTFOLIO OF INVESTMENTS January 31, 2011 (UNAUDITED)****INCOME OPPORTUNITIES FUND**

Shares	Security Name	Value
Short-Term Investments: 5.28%		
36,979,607	Wells Fargo Advantage Cash Investment Money Market Fund##(l)(u)	\$ 36,979,607
Total Short-Term Investments (Cost \$36,979,607)		36,979,607
Total Investments in Securities		
(Cost \$870,535,018)*		131.74% 921,499,574
<i>Other Assets and Liabilities, Net</i>		(31.74) (222,013,795)
Total Net Assets		100.00% \$ 699,485,779

Footnote Legend: 0.00%

All or a portion of this security has been segregated for when-issued, delayed delivery securities and/or unfunded loans.

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

∞ Stepped coupon bond. Interest rate presented is yield to maturity.

@ Payment-in-kind (PIK) securities are securities 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) Investment in an affiliate.

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

± Variable rate investments.

^^ This security is currently in default with regards to scheduled interest and/or principal payments. The Fund has stopped accruing interest on this security.

(i) Illiquid security

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

* Cost for federal income tax purposes is \$875,350,350 and net unrealized appreciation (depreciation) consists of:

Gross unrealized appreciation	\$ 60,488,971
Gross unrealized depreciation	(14,339,747)
Net unrealized appreciation	\$ 46,149,224

The Portfolio of Investments should be read in conjunction with the Financial Statements and Notes to Financial Statements which are included in the Fund's audited Annual Report or Semi-Annual Report. These reports include additional information about the Fund's security valuation policies and about certain security types invested in by the Fund.

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Wells Fargo Advantage Income Opportunities Fund

Notes to Portfolio of Investments January 31, 2011 (unaudited)

SECURITIES VALUATION

Investments in securities are valued each business day as of the close of regular trading on the New York Stock Exchange, which is usually 4:00 p.m. (Eastern Time). Securities which are traded on a national or foreign securities exchange are valued at the last reported sales price, except that securities listed on The Nasdaq Stock Market, Inc. (Nasdaq) are valued at the Nasdaq Official Closing Price (NOCP), and if no NOCP is available, then at the last reported sales price. If no sales price is shown on the Nasdaq, the bid price will be used. In the absence of any sale of securities listed on the Nasdaq, and in the case of other securities, including U.S. Government obligations, but excluding debt securities maturing in 60 days or less, the price will be deemed stale and the valuations will be determined in accordance with the Fund's Fair Valuation Procedures.

Certain fixed income securities with maturities exceeding 60 days are valued based on available market quotations received from an independent pricing service approved by the Trust's Board of Trustees which may utilize both transaction data and market information such as yield, prices of securities of comparable quality, coupon rate, maturity, type of issue, trading characteristics and other market data. If valuations are not available from the pricing service or values received are deemed not representative of market value, values will be obtained from a third party broker-dealer or determined based on the Fund's Fair Value Procedures.

Certain investments which are not valued using any of the methods discussed above, are valued at their fair value, as determined by procedures established in good faith and approved by the Board of Trustees.

The valuation techniques used by the Fund to measure fair value are consistent with the market approach, income approach and/or cost approach, where applicable, for each security type.

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 to cover its obligation by confirming the availability of qualifying assets having a value sufficient to make payment for the securities purchased. Securities purchased on a when-issued basis are marked-to-market daily and the Fund begins earning interest on the settlement date. Losses may arise due to changes in the market value of the underlying securities or if the counterparty does not perform under the contract.

TERM LOANS

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

As of January 31, 2011, the Fund had unfunded loan commitments of \$1,849,000.

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 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:

Level 1 quoted prices in active markets for identical securities

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

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 securities are not necessarily an indication of the risk associated with investing in those securities.

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As of January 31, 2011, the inputs used in valuing the Fund's assets, which are carried at fair value, were as follows:

	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments in Securities				
Corporate bonds and notes	\$ 0	\$ 771,045,023	\$ 12,015,066	\$ 783,060,089
Yankee corporate bonds and notes	0	19,292,651	462	19,293,113
Convertible debentures	0	5,166,187	0	5,166,187
Investment companies	2,990,756	0	0	2,990,756
Term loans	0	74,009,822	0	74,009,822
Short-term investments				
<i>Investment companies</i>	36,979,607	0	0	36,979,607
Total	\$ 39,970,363	\$ 869,513,683	\$ 12,015,528	\$ 921,499,574

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

	Corporate bonds and notes	Yankee corporate bonds and notes	Term loans	Total
Balance as of April 30, 2010	\$ 817,002	\$ 0	\$ 13,198,721	\$ 14,015,723
Accrued discounts (premiums)	157	0	50,444	50,601
Realized gains (losses)	(962,719)	0	(101,472)	(1,064,191)
Change in unrealized gains (losses)	1,025,056	0	(335,812)	689,244
Purchases	0	0	1,731,631	1,731,631
Sales	(879,496)	0	(14,543,512)	(15,423,008)
Transfers into Level 3	12,015,066	462	0	12,015,528
Transfers out of Level 3	0	0	0	0
Balance as of January 31, 2011	\$ 12,015,066	\$ 462	\$ 0	\$ 12,015,528
Change in unrealized gains (losses) included in earnings relating to securities still held at January 31, 2011	\$ 0	\$ 0		\$ 0

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ITEM 2. CONTROLS AND PROCEDURES

(a) The President and Treasurer have concluded that the Wells Fargo Advantage Income Opportunities 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 registrant s last fiscal quarter that has materially affected or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

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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 Income Opportunities
Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch
President

Date: March 29, 2011

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 dates indicated.

Wells Fargo Advantage Income Opportunities
Fund

By: /s/ Karla M. Rabusch

Karla M. Rabusch
President

Date: March 29, 2011

By: /s/ Kasey L. Phillips

Kasey L. Phillips
Treasurer

Date: March 29, 2011