

WELLS FARGO ADVANTAGE UTILITIES & HIGH INCOME FUND

Form N-CSR

November 03, 2015

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

**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: August 31, 2015**

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**ITEM 1. REPORT TO STOCKHOLDERS**

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**Wells Fargo Advantage**

**Utilities and High Income Fund**

**Annual Report**

August 31, 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:

<https://www.wellsfargoadvantagefunds.com/assets/edocs/regulatory/holdings/utilities-and-high-income-ann.pdf> or by calling *Wells Fargo Advantage Funds* at **1-800-222-8222**. This complete schedule, filed on Form N-CSR, is also available on the SEC's website at [sec.gov](http://sec.gov).

The views expressed and any forward-looking statements are as of August 31, 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)
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**Karla M. Rabusch**

President

Wells Fargo Advantage Funds

**During the period, investors confronted the likelihood of increasing interest rates in the U.S. and the end of the U.S. Federal Reserve's (Fed's) quantitative easing related bond-buying program, concerns about slowing growth in China, protracted negotiations to refinance Greece's sovereign debt, declining commodity prices, and global currency volatility.**

**In Europe, for the first time in five years, all four of the eurozone's largest economies—France, Germany, Italy, and Spain—recorded GDP growth on an annualized basis during the first and second quarters of 2015.**

**Dear Valued Shareholder:**

We are pleased to offer you this annual report for the *Wells Fargo Advantage Utilities and High Income Fund* for the 12-month period that ended August 31, 2015. During the period, investors confronted the likelihood of increasing interest rates in the U.S. and the end of the U.S. Federal Reserve's (Fed's) quantitative easing related bond-buying program, concerns about slowing growth in China, protracted negotiations to refinance Greece's sovereign debt, declining commodity prices, and global currency volatility. These influences tended to obscure improving economic

data in the U.S. and several developed European countries and contributed to a period characterized by increasing volatility in global equity and fixed-income markets.

#### **Commodity prices and global growth concerns overshadowed improved economic data.**

The U.S. economy strengthened with positive annualized gross domestic product (GDP) growth in all four quarters during the reporting period. The Fed restated its intention to increase the federal funds rate when labor-market conditions improve and inflation returns to 2%. Job growth and employment rates in the U.S. increased and corporate earnings were steady, but declining prices for commodities helped restrain inflation. This circumstance left the actual timing of interest-rate increases to question and caused investor uncertainty. Despite the positive trends, the S&P 500 Index<sup>1</sup> was essentially flat for the period, returning 0.48%, with 6 of 10 S&P 500 Index sectors achieving positive returns.

The S&P 500 Utilities Index<sup>2</sup> recorded six months of positive returns and six months of negative returns for the period, ending it with a positive return of 1.62%. The S&P 500 Energy Index,<sup>3</sup> which returned -30.35%, and the S&P 500 Materials Index,<sup>4</sup> which had a -12.83% return, as companies in both sectors suffered the effects of declining commodity prices. (The telecommunication services and industrials sectors also had negative returns for the period, at -4.08% and -2.91%, respectively.)

In Europe, for the first time in five years, all four of the eurozone's largest economies—France, Germany, Italy, and Spain—recorded GDP growth on an annualized basis during the first and second quarters of 2015. This positive trend was overshadowed by increasing concerns about slowing economic growth in emerging markets countries in Europe and Asia. Declining commodity prices negatively affected a number of emerging markets countries that depend on commodities exports to drive business activity. Contentious negotiations between Greece and its debtors to refinance the country's sovereign debt also unsettled investors. The implications for global growth of a slowdown in China's economy, the world's second largest, caused concern. As measured by the Morgan Stanley Capital International (MSCI) All Country World Index ex USA Index (Net),<sup>5</sup> international stock performance was -12.35%.

#### **High-yield bond returns turned negative in the second half of the reporting period.**

After recording an essentially flat return during the first six months of the reporting period, returns in the high-yield sector of the fixed-income market turned negative in the second half and finished the period with a -2.93% return, as measured by the Barclays U.S. Corporate High Yield Bond Index.<sup>6</sup> High-yield bonds fell subject to many of the same trends that limited returns for stocks, particularly the effects of declining commodity prices and investor uncertainty about timing for interest-rate increases in the U.S. Excluding high-yield bonds in the energy sector, high-yield bonds delivered a positive return of 0.18% for the 12-month period ended August 31, 2015.

The worst-performing sectors in the high-yield market were energy and basic materials. High-yield bonds in the energy sector, which constitutes about 15% of the market, declined about 20%, while high-yield bonds in the basic

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Letter to shareholders (unaudited) Wells Fargo Advantage Utilities and High Income Fund 3

materials sector's metals and mining industry, which comprises a much lower 4% of the overall market, fell more than 25%.

As concerns heightened about credit risk among borrowers, investor preferences for higher-rated bonds within the high-yield sector increased, and higher-rated bonds tended to outperform lower-rated bonds.

Credit concerns and uncertainty about the future direction of investment markets also supported increased investor interest in shorter duration bonds, which escalated demand for those bonds compared with intermediate issues and benefited the performance of the shorter-duration segment of the market.

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

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

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

Sincerely,

Karla M. Rabusch

President

Wells Fargo Advantage Funds

**Notice to shareholders**

At a meeting held on August 11-12, 2015, the Board of Trustees of the Fund approved a change in the name of the Fund whereby the word "Advantage" will be removed from its name, effective December 15, 2015.

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.



- <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 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>3</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>4</sup> The S&P 500 Materials Index is a market-value-weighted index that measures the performance of all stocks within the materials sector of the S&P 500 Index. You cannot invest directly in an index.
- <sup>5</sup> The Morgan Stanley Capital International (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>6</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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#### 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 August 31, 2015**

	1 year	5 year	10 year
Based on market value	(9.11)	7.13	4.98
Based on net asset value (NAV) per share	(3.38)	10.02	4.96

**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 year ended August 31, 2015, was 1.19% 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 the period. Dividends and distributions, if any, are assumed for the purposes of these calculations to be reinvested at prices obtained under the Fund's Automatic Dividend Reinvestment Plan.

<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 are included in the Fund's average annual total returns but 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

**MANAGERS DISCUSSION**

The Fund's return, based on market value, was -9.11% for the 12-month period that ended August 31, 2015. During the same period, the Fund's return based on net asset value was -3.38%.

**Overview**

Interest rates declined during the first six months, which positively influenced equity performance. Later in the period, despite a low-interest-rate environment, the advent of higher equity market volatility and a related increase in the equity-risk premium caused a shift in investor sentiment that led to some weakness in the performance of some stock holdings. The Fund's cash position as a percentage of net assets increased.

High-yield bonds, as measured by the BofA Merrill Lynch U.S. High Yield Master II Constrained Index,<sup>5</sup> fell in price, driven primarily by the energy sector and the metals and mining industry. Oil prices fell from over \$90 per barrel to below \$50 per barrel, and other commodity prices, including natural gas, came under pressure. Energy-related issues, which comprised approximately 15% of the high-yield bond market, had a negative total return of nearly 20%, on average. Similarly, while metals and mining industry stocks comprised a much smaller 4% of the high-yield bond market, they suffered a negative total return of more than 25%.

**Ten largest holdings<sup>3</sup> (%) as of August 31, 2015**

Entergy Louisiana LLC	5.52
American Electric Power Company Incorporated	4.73
Vivendi SA	4.31
NextEra Energy Incorporated	4.28
The Williams Companies Incorporated	4.20
Edison International	3.82
Great Plains Energy Incorporated	3.80
Eversource Energy	3.70
Deutsche Post AG	3.60
Terna SpA	2.64

**Credit quality<sup>4</sup> as of August 31, 2015****Contributors to performance**

Within the Fund's equity portfolio, significant performance contributors included utilities American Electric Power Company, Incorporated; Public Service Enterprise Group Incorporated; and TECO Energy, Incorporated, which agreed to be acquired by a Canadian utility, as well as preferred stock holdings in Entergy Louisiana, LLC, which gained when interest rates declined. Telecommunication services sector holding Shenandoah Telecommunications Company, which announced an acquisition and a favorable modification of a reselling agreement, also benefited performance.

The Fund's high yield bond holdings benefited from limited exposure to energy exploration and production and metals and mining companies. Exposure to both shorter- and longer-dated securities rather than intermediate-term securities, as well as limited holdings of higher-yielding securities, contributed to the Fund's performance.

<sup>3</sup>The ten largest holdings, excluding cash and cash equivalents, are calculated based on the value of the investments divided by total net assets of the Fund. Holdings are subject to change and may have changed since the date specified.

<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 distribution is subject to change and may have changed since the date specified.

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6 Wells Fargo Advantage Utilities and High Income Fund	Performance highlights (unaudited)
Country allocation <sup>6</sup> as of August 31, 2015	

**Detractors from performance**

The Fund's European equity holdings generally detracted from performance, partially due to a sharp decline in the euro/dollar exchange rate. The performance of Deutsche Post AG stock was a meaningful detractor from Fund performance. The collapse of the Canadian dollar against the U.S. dollar exacerbated nominal losses in Canada-based holdings Veresen Incorporated and BCE Incorporated. Spectra Energy Corporation and The Williams Companies, Incorporated, detracted because domestic stock holdings that were sensitive to the negative movement of natural gas prices suffered.

Among high-yield investments in the Fund, holdings of bonds issued by oil-field services companies detracted, although favorable security selection tempered those losses.

**Management outlook**

From an equity perspective, we are now seeing what appears to be a more solid and accelerating economic recovery in the U.S. In addition, the U.S. Federal Reserve (Fed) continues to signal that it is moving closer to the time when it will increase interest rates off of the historic low levels it has maintained since 2008. Stronger economic growth may be positive for utilities suffering from weak sales, while higher interest rates could be a near-term headwind for utilities stocks. Over the longer term, fundamentals for regulated network operators remain robust, while the outlook for utilities with significant commodity price exposure remains challenging.

In our base-case scenario for the high-yield bond market, we are of the opinion that the economy is likely to improve at a consistent or slightly increasing pace while Treasury yields could rise as the Fed increases interest rates. In this environment, we would expect high-yield bonds to be relatively stable, potentially outperforming other fixed-income assets such as government bonds—particularly intermediate-term U.S. Treasury securities—and investment-grade corporate credits. Historically, these two asset classes tended to be influenced by rising interest rates to a higher degree than high-yield bonds. We expect the performance of high-yield bonds going forward to be driven primarily by corporate fundamentals and defaults. In the near term, with the exception of the energy and other commodity-related sectors and industries, our outlook for default rates remains benign and supportive of high-yield bonds. With respect to energy exploration and development companies, if oil and natural gas prices do not rise, there could be an increasing number of defaults starting in 2015 and growing in 2016 and 2017. In our view, a potential default rate increase already has been priced in somewhat in the higher yields and lower prices of bonds offered by issuers in these sectors and industries. Over a full cycle, we believe the best way to protect the Fund's high-yield investments from periodic bouts of systemic fears and rebalancing will be our continued focus on a bottom-up research approach that attempts to minimize downside risk while capturing the return potential of high-yield issuers.

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

<sup>6</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 August 31, 2015

Wells Fargo Advantage Utilities and High Income Fund 7

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

Security name	Shares	Value	Percent of net assets
<b>Common Stocks: 61.68%</b>			
<b>Consumer Discretionary: 4.31%</b>			
<b>Media: 4.31%</b>			
<i>Vivendi SA</i>	200,000	\$ 4,947,562	4.31%
<b>Energy: 7.78%</b>			
<b>Oil, Gas &amp; Consumable Fuels: 7.78%</b>			
<i>EQT Corporation</i>	15,000	1,167,300	1.01
<i>Spectra Energy Corporation</i>	75,000	2,180,250	1.90
<i>The Williams Companies Incorporated</i>	100,000	4,820,000	4.20
<i>Veresen Incorporated</i>	75,000	774,742	0.67
		8,942,292	7.78
<b>Industrials: 3.64%</b>			
<b>Air Freight &amp; Logistics: 3.60%</b>			
<i>Deutsche Post AG</i>	150,000	4,133,161	3.60
<b>Construction &amp; Engineering: 0.04%</b>			
<i>Other securities</i>		51,030	0.04



**Information Technology: 1.97%**

**IT Services: 1.97%**

<i>Convergys Corporation</i>	100,000	2,260,000	1.97
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**Telecommunication Services: 4.20%**

**Diversified Telecommunication Services: 2.68%**

<i>BCE Incorporated</i>	16,000	647,040	0.56
<i>Verizon Communications Incorporated</i>	41,291	1,899,799	1.66
<i>Other securities</i>		532,136	0.46
		3,078,975	2.68

**Wireless Telecommunication Services: 1.52%**

<i>Shenandoah Telecommunications Company</i>	45,000	1,741,050	1.52
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**Utilities: 39.78%**

**Electric Utilities: 31.33%**

<i>American Electric Power Company Incorporated</i>	100,000	5,429,000	4.73
<i>Duke Energy Corporation</i>	30,514	2,163,748	1.88
<i>Edison International</i>	75,000	4,386,000	3.82
<i>Endesa SA</i>	80,000	1,660,783	1.45
<i>Enel SpA</i>	400,000	1,802,623	1.57
<i>Eversource Energy</i>	90,000	4,251,600	3.70
<i>Exelon Corporation</i>	16,000	492,160	0.43
<i>Great Plains Energy Incorporated</i>	175,000	4,361,000	3.80
<i>IDACORP Incorporated</i>	25,000	1,484,250	1.29

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 August 31, 2015

Security name	Shares	Value	Percent of net assets
<b>Electric Utilities (continued)</b>			
<i>NextEra Energy Incorporated</i>	50,000	\$ 4,920,500	4.28%
<i>PNM Resources Incorporated</i>	75,000	1,920,750	1.67
<i>Terna SpA</i>	650,000	3,031,378	2.64
<i>Other securities</i>		82,409	0.07
		35,986,201	31.33
<b>Gas Utilities: 0.45%</b>			
<i>Snam SpA</i>	100,000	489,482	0.43
<i>Other securities</i>		20,948	0.02
		510,430	0.45
<b>Multi-Utilities: 5.74%</b>			
<i>CenterPoint Energy Incorporated</i>	50,000	931,000	0.81
<i>Public Service Enterprise Group Incorporated</i>	50,000	2,012,500	1.75
<i>Sempra Energy</i>	19,900	1,887,515	1.64
<i>Suez Environnement Company SA</i>	25,000	451,245	0.39
<i>TECO Energy Incorporated</i>	50,000	1,053,500	0.92
<i>Other securities</i>		256,560	0.23
		6,592,320	5.74
<b>Water Utilities: 2.26%</b>			
<i>American Water Works Company Incorporated</i>	50,000	2,597,000	2.26
<b>Total Common Stocks (Cost \$55,608,262)</b>		70,840,021	61.68
<b>Corporate Bonds and Notes: 31.36%</b>			

**Consumer Discretionary: 5.09%**

**Auto Components: 0.20%**

<i>Other securities</i>				227,013	0.20
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**Distributors: 0.06%**

<i>Other securities</i>				71,906	0.06
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**Diversified Consumer Services:  
0.55%**

<i>Other securities</i>				633,497	0.55
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	Interest rate	Maturity date	Principal		
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**Hotels, Restaurants & Leisure:  
1.37%**

<i>CCM Merger Incorporated 144A</i>	9.13%	5-1-2019	\$ 465,000	495,225	0.43
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<i>Greektown Holdings LLC 144A</i>	8.88	3-15-2019	565,000	590,425	0.51
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<i>Other securities</i>				490,051	0.43
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				1,575,701	1.37
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**Household Durables: 0.16%**

<i>Other securities</i>				184,625	0.16
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The accompanying notes are an integral part of these financial statements.

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Summary portfolio of investments August 31, 2015 Wells Fargo Advantage Utilities and High Income Fund 9

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Leisure Products: 0.01%</b>					
<i>Other securities</i>				\$ 15,263	0.01%
<b>Media: 2.37%</b>					
<i>Gray Television Incorporated</i>	7.50%	10-1-2020	\$ 500,000	517,025	0.45
<i>Other securities</i>				2,198,678	1.92
				2,715,703	2.37
<b>Specialty Retail: 0.37%</b>					
<i>Other securities</i>				418,534	0.37
<b>Consumer Staples: 0.33%</b>					
<b>Beverages: 0.07%</b>					
<i>Other securities</i>				86,813	0.07
<b>Food Products: 0.26%</b>					
<i>Other securities</i>				293,914	0.26
<b>Energy: 6.11%</b>					
<b>Energy Equipment &amp; Services: 2.45%</b>					
<i>NGPL PipeCo LLC 144A</i>	7.77	12-15-2037	825,000	709,500	0.62
<i>Other securities</i>				2,110,686	1.83
				2,820,186	2.45
<b>Oil, Gas &amp; Consumable Fuels: 3.66%</b>					
<i>Other securities</i>				4,199,617	3.66

**Financials: 5.78%**

**Banks: 0.31%**

<i>Other securities</i>				352,295	0.31
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**Capital Markets: 0.55%**

<i>Other securities</i>				625,679	0.55
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**Consumer Finance: 1.80%**

<i>Other securities</i>				2,072,586	1.80
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**Diversified Financial Services:  
0.61%**

<i>Other securities</i>				706,025	0.61
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**Insurance: 0.32%**

<i>Other securities</i>				370,125	0.32
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**Real Estate Management &  
Development: 0.21%**

<i>Other securities</i>				242,500	0.21
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**REITs: 1.98%**

<i>Iron Mountain Incorporated</i>	5.75	8-15-2024	450,000	451,688	0.39
<i>Other securities</i>				1,819,795	1.59
				2,271,483	1.98

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 August 31, 2015

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Health Care: 2.86%</b>					
<b>Health Care Equipment &amp; Supplies: 0.35%</b>					
<i>Other securities</i>				\$ 403,576	0.35%
<b>Health Care Providers &amp; Services: 1.79%</b>					
<i>Capella Healthcare Incorporated</i>	9.25%	7-1-2017	\$ 435,000	446,963	0.39
<i>Select Medical Corporation</i>	6.38	6-1-2021	455,000	461,825	0.40
<i>Other securities</i>				1,140,077	1.00
				2,048,865	1.79
<b>Health Care Technology: 0.33%</b>					
<i>Other securities</i>				381,181	0.33
<b>Life Sciences Tools &amp; Services: 0.03%</b>					
<i>Other securities</i>				35,700	0.03
<b>Pharmaceuticals: 0.36%</b>					
<i>Other securities</i>				416,113	0.36
<b>Industrials: 1.98%</b>					
<b>Airlines: 0.10%</b>					
<i>Other securities</i>				113,250	0.10
<b>Commercial Services &amp; Supplies: 0.75%</b>					

<i>Other securities</i>				858,919	0.75
<b>Construction &amp; Engineering: 0.19%</b>					
<i>Other securities</i>				216,575	0.19
<b>Trading Companies &amp; Distributors: 0.94%</b>					
<i>H&amp;E Equipment Services Incorporated</i>	7.00	9-1-2022	450,000	447,750	0.39
<i>Other securities</i>				638,315	0.55
				1,086,065	0.94
<b>Information Technology: 2.63%</b>					
<b>Communications Equipment: 0.04%</b>					
<i>Other securities</i>				48,625	0.04
<b>Electronic Equipment, Instruments &amp; Components: 0.73%</b>					
<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	620,000	696,701	0.61
<i>Other securities</i>				144,450	0.12
				841,151	0.73
<b>Internet Software &amp; Services: 0.10%</b>					
<i>Other securities</i>				114,844	0.10
<b>IT Services: 1.13%</b>					
<i>Other securities</i>				1,300,699	1.13

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

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Summary portfolio of investments August 31, 2015 Wells Fargo Advantage Utilities and High Income Fund 11

Security name	Value	Percent of net assets
<b>Semiconductors &amp; Semiconductor Equipment: 0.10%</b> <i>Other securities</i>	\$ 112,025	0.10%
<b>Software: 0.17%</b> <i>Other securities</i>	192,712	0.17
<b>Technology Hardware, Storage &amp; Peripherals: 0.36%</b> <i>Other securities</i>	408,317	0.36
<b>Materials: 0.53%</b> <b>Chemicals: 0.02%</b> <i>Other securities</i>	20,950	0.02
<b>Containers &amp; Packaging: 0.31%</b> <i>Other securities</i>	358,917	0.31
<b>Metals &amp; Mining: 0.04%</b> <i>Other securities</i>	45,500	0.04
<b>Paper &amp; Forest Products: 0.16%</b> <i>Other securities</i>	179,741	0.16

Interest rate    Maturity date    Principal

Telecommunication Services:  
3.79%



**Diversified Telecommunication****Services: 1.69%**

<i>Syniverse Holdings Incorporated</i>	9.13%	1-15-2019	\$ 600,000	520,500	0.45
<i>Other securities</i>				1,420,108	1.24
				1,940,608	1.69

**Wireless Telecommunication****Services: 2.10%**

<i>Sprint Capital Corporation</i>	6.88	11-15-2028	1,100,000	946,000	0.82
<i>Other securities</i>				1,467,969	1.28
				2,413,969	2.10

**Utilities: 2.26%****Electric Utilities: 1.42%**

<i>ComEd Financing III</i>	6.35	3-15-2033	1,340,000	1,395,492	1.22
<i>Other securities</i>				234,571	0.20
				1,630,063	1.42

**Gas Utilities: 0.27%**

<i>Other securities</i>				310,376	0.27
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**Independent Power & Renewable****Electricity Producers: 0.57%**

<i>Other securities</i>				650,878	0.57
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**Total Corporate Bonds and Notes**

<b>(Cost \$36,302,227)</b>				36,013,084	31.36
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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 August 31, 2015

Security name	Value	Percent of net assets
<b>Loans: 1.88%</b>		
<b>Consumer Discretionary: 0.75%</b>		
<b>Diversified Consumer Services: 0.04%</b>		
<i>Other securities</i>	\$ 41,175	0.04%
<b>Media: 0.56%</b>		
<i>Other securities</i>	637,159	0.56
<b>Specialty Retail: 0.15%</b>		
<i>Other securities</i>	177,377	0.15
<b>Financials: 0.06%</b>		
<b>Diversified Financial Services: 0.04%</b>		
<i>Other securities</i>	49,750	0.04
<b>Insurance: 0.02%</b>		
<i>Other securities</i>	24,458	0.02
<b>Industrials: 0.32%</b>		
<b>Airlines: 0.01%</b>		
<i>Other securities</i>	9,863	0.01
<b>Commercial Services &amp; Supplies: 0.17%</b>		
<i>Other securities</i>	193,925	0.17

**Transportation Infrastructure:**

**0.14%**

<i>Other securities</i>	158,832	0.14
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**Information Technology: 0.06%**

**Internet Software & Services:**

**0.03%**

<i>Other securities</i>	35,190	0.03
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**Technology Hardware, Storage & Peripherals: 0.03%**

<i>Other securities</i>	28,500	0.03
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**Telecommunication Services:**

**0.13%**

**Diversified Telecommunication Services: 0.13%**

<i>Other securities</i>	153,436	0.13
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	<b>Interest rate</b>	<b>Maturity date</b>	<b>Principal</b>		
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**Utilities: 0.56%**

**Electric Utilities: 0.56%**

<i>Texas Competitive Electric Holdings Company LLC ±(s)</i>	4.66%	10-10-2016	\$ 1,471,940	648,699	0.56
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<b>Total Loans (Cost \$2,999,951)</b>	2,158,364	1.88
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**Preferred Stocks: 13.14%**

**Financials: 0.08%**

**Banks: 0.08%**

<i>Other securities</i>	88,257	0.08
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The accompanying notes are an integral part of these financial statements.

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Summary portfolio of investments August 31, 2015      Wells Fargo Advantage Utilities and High Income Fund 13

Security name	Dividend yield	Shares	Value	Percent of net assets
<b>Utilities: 13.06%</b>				
<b>Electric Utilities: 13.06%</b>				
<i>Alabama Power Company</i>	6.45%	50,000	\$ 1,325,000	1.15%
<i>Entergy Arkansas Incorporated</i>	4.90	44,335	1,074,680	0.94
<i>Entergy Louisiana LLC</i>	4.70	270,483	6,340,122	5.52
<i>Entergy Louisiana LLC</i>	6.95	21,050	2,106,316	1.83
<i>Indianapolis Power &amp; Light Company</i>	5.65	24,345	2,511,340	2.19
<i>NextEra Energy Capital Holding Incorporated Series I</i>	5.13	44,000	1,056,000	0.92
<i>The Connecticut Light &amp; Power Company</i>	5.28	12,000	588,750	0.51
			15,002,208	13.06
<b>Total Preferred Stocks (Cost \$14,356,211)</b>			15,090,465	13.14
<b>Warrants: 0.02%</b>				
<b>Utilities: 0.02%</b>				
<b>Gas Utilities: 0.02%</b>				
<i>Other securities</i>			21,280	0.02
<b>Total Warrants (Cost \$30,480)</b>			21,280	0.02
<b>Yankee Corporate Bonds and Notes: 2.66%</b>				
<b>Energy: 0.05%</b>				
<b>Oil, Gas &amp; Consumable Fuels: 0.05%</b>				
<i>Other securities</i>			58,110	0.05
<b>Financials: 0.35%</b>				
<b>Banks: 0.35%</b>				

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<i>Other securities</i>	403,088	0.35
<b>Health Care: 0.47%</b>		
<b>Pharmaceuticals: 0.47%</b>		
<i>Other securities</i>	536,795	0.47
<b>Industrials: 0.14%</b>		
<b>Commercial Services &amp; Supplies: 0.13%</b>		
<i>Other securities</i>	147,900	0.13
<b>Machinery: 0.01%</b>		
<i>Other securities</i>	19,400	0.01
<b>Materials: 0.60%</b>		
<b>Containers &amp; Packaging: 0.20%</b>		
<i>Other securities</i>	224,841	0.20
<b>Metals &amp; Mining: 0.32%</b>		
<i>Other securities</i>	364,939	0.32

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

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14 Wells Fargo Advantage Utilities and High Income Fund

Summary portfolio of investments August 31, 2015

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
<b>Paper &amp; Forest Products: 0.08%</b>					
<i>Other securities</i>				\$ 94,500	0.08%
<b>Telecommunication Services: 1.05%</b>					
<b>Diversified Telecommunication Services: 1.00%</b>					
<i>Intelsat Jackson Holdings SA</i>	5.50%	8-1-2023	\$ 545,000	479,600	0.42
<i>Other securities</i>				672,554	0.58
				1,152,154	1.00
<b>Wireless Telecommunication Services: 0.05%</b>					
<i>Other securities</i>				50,625	0.05
<b>Total Yankee Corporate Bonds and Notes</b>					
<b>(Cost \$3,307,631)</b>				3,052,352	2.66
	<b>Yield</b>		<b>Shares</b>		
<b>Short-Term Investments: 7.99%</b>					
<b>Investment Companies: 7.99%</b>					
<i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)##</i>	0.15		9,179,571	9,179,571	7.99
<b>Total Short-Term Investments (Cost \$9,179,571)</b>					
				9,179,571	7.99

<b>Total investments in securities (Cost \$121,784,333) *</b>	136,355,137	118.73%
<i>Other assets and liabilities, net</i>	(21,506,954)	(18.73)
<b>Total net assets</b>	<b>\$ 114,848,183</b>	<b>100.00%</b>

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

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

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

(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.

(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.

\* Cost for federal income tax purposes is \$122,506,173 and unrealized gains (losses) consists of:

Gross unrealized gains	\$ 20,508,332
Gross unrealized losses	(6,659,368)
<b>Net unrealized gains</b>	<b>\$ 13,848,964</b>

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

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Statement of assets and liabilities August 31, 2015	Wells Fargo Advantage Utilities and High Income Fund	15
<b>Assets</b>		
Investments		
In unaffiliated securities, at value (cost \$112,604,762)		\$ 127,175,566
In affiliated securities, at value (cost \$9,179,571)		9,179,571
Total investments, at value (cost \$121,784,333)		136,355,137
Foreign currency, at value (cost \$65,790)		66,287
Receivable for investments sold		251,270
Receivable for dividends and interest		1,243,903
Prepaid expenses and other assets		8,816
Total assets		137,925,413
<b>Liabilities</b>		
Dividends payable		712,783
Payable for investments purchased		162,254
Secured borrowing payable		22,014,564
Advisory fee payable		71,396
Administration fee payable		5,950
Accrued expenses and other liabilities		110,283
Total liabilities		23,077,230
<b>Total net assets</b>		<b>\$ 114,848,183</b>
<b>NET ASSETS CONSIST OF</b>		
Paid-in capital		\$ 151,460,387
Undistributed net investment income		155,876
Accumulated net realized losses on investments		(51,336,598)
Net unrealized gains on investments		14,568,518
<b>Total net assets</b>		<b>\$ 114,848,183</b>
<b>NET ASSET VALUE PER SHARE</b>		
Based on \$114,848,183 divided by 9,232,832 shares issued and outstanding (unlimited number of shares authorized)		\$12.44



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 operations year ended August 31, 2015
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**Investment income**

Dividends (net of foreign withholding taxes of \$508,835)	\$ 6,920,396
Interest	2,954,012
Income from affiliated securities	8,416
 Total investment income	 9,882,824

**Expenses**

Advisory fee	866,645
Administration fee	72,220
Custody and accounting fees	25,874
Professional fees	163,551
Shareholder report expenses	67,410
Trustees fees and expenses	23,255
Transfer agent fees	29,530
Interest expense	198,189
Secured borrowing fees	2,271
Other fees and expenses	11,294
 Total expenses	 1,460,239
 Net investment income	 8,422,585

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

Net realized gains on investments	319,865
Net change in unrealized gains (losses) on investments	(13,285,652)
 Net realized and unrealized gains (losses) on investments	 (12,965,787)
 <b>Net decrease in net assets resulting from operations</b>	 <b>\$ (4,543,202)</b>

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

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Statement of changes in net assets	Wells Fargo Advantage Utilities and High Income Fund 17	
	Year ended	Year ended
	August 31, 2015	August 31, 2014
<b>Operations</b>		
Net investment income	\$ 8,422,585	\$ 8,968,521
Net realized gains on investments	319,865	1,474,455
Net change in unrealized gains (losses) on investments	(13,285,652)	12,542,009
Net increase (decrease) in net assets resulting from operations	(4,543,202)	22,984,985
<b>Distributions to shareholders from</b>		
Net investment income	(8,308,807)	(8,308,065)
<b>Capital share transactions</b>		
Net asset value of shares issued under the Automatic Dividend Reinvestment Plan	22,151	0
Total increase (decrease) in net assets	(12,829,858)	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>\$ 114,848,183</b>	<b>\$ 127,678,041</b>
<b>Undistributed net investment income</b>	<b>\$ 155,876</b>	<b>\$ 105,977</b>

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

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18 Wells Fargo Advantage Utilities and High Income Fund Statement of cash flows year ended August 31, 2015

**Cash flows from operating activities:**

Net decrease in net assets resulting from operations \$ (4,543,202)

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

Purchase of securities (85,564,199)

Proceeds from sale of securities 87,653,486

Amortization (33,508)

Proceeds from short-term securities, net (3,886,659)

Increase in receivable for investments sold (241,270)

Increase in dividends and interest receivable (3,861)

Increase in prepaid expenses and other assets (5,609)

Decrease in payable for investments purchased (3,102)

Decrease in advisory fee payable (5,840)

Decrease in administration fee payable (486)

Decrease in accrued expenses and other liabilities (39,724)

Litigation payments received 1,273

Net realized gains on investments (319,865)

Net change in unrealized gains (losses) on investments 13,285,652

Net cash provided by operating activities 6,293,086

**Cash flows from financing activities:**

Cash distributions paid (8,265,951)

Increase in secured borrowing payable 16,856

Net cash used in financing activities (8,249,095)

Net decrease in cash (1,956,009)

**Cash (including foreign currency):**

Beginning of period \$ 2,022,296

End of period \$ 66,287

**Supplemental cash disclosure**

Cash paid for interest \$ 181,333

**Supplemental non-cash financing disclosure**

Reinvestment of dividends \$ 22,151

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

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Financial highlights Wells Fargo Advantage Utilities and High Income Fund 19

(For a share outstanding throughout each period)

	Year ended August 31				
	2015	2014	2013	2012	2011
<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>
Net investment income	0.91	0.97 <sup>1</sup>	0.87 <sup>1</sup>	0.87 <sup>1</sup>	0.99 <sup>1</sup>
Net realized and unrealized gains (losses) on investments	(1.40)	1.52	0.53	0.02	0.43
<b>Total from investment operations</b>	<b>(0.49)</b>	<b>2.49</b>	<b>1.40</b>	<b>0.89</b>	<b>1.42</b>
<b>Distributions to shareholders from</b>					
Net investment income	(0.90)	(0.90)	(0.90)	(0.90)	(0.90)
<b>Net asset value, end of period</b>	<b>\$12.44</b>	<b>\$13.83</b>	<b>\$12.24</b>	<b>\$11.74</b>	<b>\$11.75</b>
<b>Market value, end of period</b>	<b>\$10.89</b>	<b>\$12.87</b>	<b>\$12.04</b>	<b>\$11.92</b>	<b>\$11.03</b>
<b>Total return based on market value<sup>2</sup></b>	<b>(9.11)%</b>	<b>14.89%</b>	<b>8.93%</b>	<b>17.03%</b>	<b>5.99%</b>
<b>Ratios to average net assets (annualized)</b>					
Gross expenses <sup>3</sup>	1.19%	1.11%	1.25%	1.20%	1.24%
Net expenses <sup>3</sup>	1.19%	1.11%	1.25%	1.20%	1.24%
Net investment income	6.88%	7.38%	7.11%	7.48%	8.14%
<b>Supplemental data</b>					
Portfolio turnover rate	61%	29%	65%	48%	64%
Net assets, end of period (000s omitted)	\$114,848	\$127,678	\$113,001	\$108,327	\$108,146
Borrowings outstanding, end of period (000s omitted)	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000
Asset coverage per \$1,000 of borrowing, end of period	\$6,220	\$6,804	\$6,136	\$5,866	\$5,916

<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:

Year ended August 31, 2015	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%

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



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20 Wells Fargo Advantage Utilities and High Income Fund

Notes to financial statements

**1. ORGANIZATION**

The *Wells Fargo Advantage Utilities and High Income Fund* (the Fund) was organized as a statutory trust under the laws of the state of Delaware on February 4, 2004. 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 August 31, 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

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

**Foreign currency translation**

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

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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.

### **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.

Reclassifications are made to the Fund's capital accounts for permanent tax differences to reflect income and gains available for distribution (or available capital loss carryforwards) under federal income tax regulations. U.S. generally accepted accounting principles require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. The primary permanent difference causing such reclassifications is due to bond premiums. At

August 31, 2015, as a result of permanent book-to-tax differences, the following reclassification adjustments were made on the Statement of Assets and Liabilities:

Undistributed net investment income	Accumulated net realized losses on investments
\$(63,879)	\$63,879

As of August 31, 2015, the Fund had capital loss carryforwards available to offset future net realized capital gains in the amount of \$47,268,666 with \$19,833,087 expiring in 2017; and \$27,435,579 expiring in 2018.

As of August 31, 2015, the Fund had current year deferred post-October capital losses consisting of \$3,364,114 in short-term losses which will be recognized on the first day of the following fiscal year.

### 3. FAIR VALUATION MEASUREMENTS

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

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

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

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

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

The following is a summary of the inputs used in valuing the Fund's assets and liabilities as of August 31, 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>Consumer discretionary</i>	\$ 4,947,562	\$ 0	\$ 0	\$ 4,947,562
<i>Energy</i>	8,942,292	0	0	8,942,292
<i>Industrials</i>	4,184,191	0	0	4,184,191
<i>Information technology</i>	2,260,000	0	0	2,260,000
<i>Telecommunication services</i>	4,820,025	0	0	4,820,025
<i>Utilities</i>	45,685,951	0	0	45,685,951
<b>Corporate bonds and notes</b>	0	36,013,084	0	36,013,084
<b>Loans</b>	0	1,489,428	668,936	2,158,364
<b>Preferred stocks</b>				
<i>Financials</i>	88,257	0	0	88,257
<i>Utilities</i>	9,795,802	5,206,406	0	15,002,208
<b>Warrants</b>				
<i>Utilities</i>	0	21,280	0	21,280
<b>Yankee corporate bonds and notes</b>	0	3,015,105	37,247	3,052,352
<b>Short-term investments</b>				
<i>Investment companies</i>	9,179,571	0	0	9,179,571
<b>Total assets</b>	<b>\$ 89,903,651</b>	<b>\$ 45,745,303</b>	<b>\$ 706,183</b>	<b>\$ 136,355,137</b>

The Fund recognizes transfers between levels within the fair value hierarchy at the end of the reporting period. At August 31, 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.



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**5. CAPITAL SHARE TRANSACTIONS**

The Fund has authorized an unlimited number of shares with no par value. For the year ended August 31, 2015 the Fund issued 1,649 shares. For the year ended August 31, 2014, the Fund did not issue any shares.

**6. BORROWINGS**

The Fund has borrowed \$22 million through a revolving credit facility administered by a major financial institution (the Facility). The Facility has a commitment amount of \$25 million with no specific contract expiration date but the Facility can be terminated upon 180 days notice. The Fund is charged interest at London Interbank Offered Rate (LIBOR) plus 0.70% and a commitment fee of 0.30% of the average daily unutilized amount of the commitment which may be waived if the amount drawn on the Facility is over 75% of the committed amount.

Prior to March 6, 2015, the Fund borrowed under a secured debt financing agreement and was charged interest at a rate determined by the type of loan elected by the Fund. The Fund had pledged all of its assets to secure the borrowings and paid a commitment fee at an annual rate equal to 0.15% of average daily unutilized commitment amount.

At August 31, 2015, the Fund had borrowings outstanding in the amount of \$22,014,564 (including accrued interest and commitment fees payable). The borrowing fees on the Statement of Operations of \$2,271 represents commitment fees. During the year ended August 31, 2015, an effective interest rate of 0.90% was incurred on the borrowings and the Fund incurred interest expense in the amount of \$198,189, representing 0.16% of the Fund's average daily net assets.

**7. INVESTMENT PORTFOLIO TRANSACTIONS**

Purchases and sales of investments, excluding U.S. government obligations (if any) and short-term securities, for the year ended August 31, 2015 were \$82,452,560 and \$82,409,730, respectively.

**8. DISTRIBUTIONS TO SHAREHOLDERS**

The tax character of distributions paid was \$8,308,807 and \$8,308,065 of ordinary income for the years ended August 31, 2015 and August 31, 2014, respectively.

As of August 31, 2015, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	Unrealized gains	Post-October capital losses deferred	Capital loss carryforward
\$930,749	\$13,846,679	\$(3,364,114)	\$(47,268,666)

**9. 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 industry.

#### 10. INDEMNIFICATION

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

#### 11. SUBSEQUENT DISTRIBUTIONS

The Fund declared the following distributions to shareholders:

Declaration date	Record date	Payable date	Per share amount
August 12, 2015	September 15, 2015	October 1, 2015	\$0.075
September 25, 2015	October 15, 2015	November 2, 2015	\$0.075
October 30, 2015	November 12, 2015	December 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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<b>BOARD OF TRUSTEES AND SHAREHOLDERS OF WELLS FARGO ADVANTAGE UTILITIES AND HIGH INCOME FUND:</b>		

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments and the summary portfolio of investments, of the Wells Fargo Advantage Utilities and High Income Fund (the Fund ), as of August 31, 2015, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, the statement of cash flows for the year then ended, and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of August 31, 2015, by correspondence with the custodian and brokers, or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Wells Fargo Advantage Utilities and High Income Fund as of August 31, 2015, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, its cash flows for the year then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts

October 26, 2015

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Other information (unaudited)

**TAX INFORMATION**

For corporate shareholders, pursuant to Section 854 of the Internal Revenue Code, 37.69% of ordinary income dividends qualify for the corporate dividends-received deduction for the fiscal year ended August 31, 2015.

Pursuant to Section 854 of the Internal Revenue Code, \$5,528,190 of income dividends paid during the fiscal year ended August 31, 2015 has been designated as qualified dividend income (QDI).

For the fiscal year ended August 31, 2015, \$2,254,611 has been designated as interest-related dividends for nonresident alien shareholders pursuant to Section 871 of the Internal Revenue Code.

**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 **wellsfargoadvantagemfunds.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 **wellsfargoadvantagemfunds.com** or by visiting the SEC website at [sec.gov](http://sec.gov).

**PORTFOLIO HOLDINGS INFORMATION**

The complete portfolio holdings for the Fund are publicly available monthly on the Fund's website (**wellsfargoadvantagemfunds.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 27

**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 133 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 public company or investment company directorships during past 5 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 a CFA® charterholder and an Adjunct Lecturer, Finance, at Babson College.	Asset Allocation Trust
Jane A. Freeman (Born 1953)	Trustee, since 2015*	Retired. From 2012 to 2014 and 1999 to 2008, Chief Financial Officer of Scientific Learning Corporation. From 2008 to 2012, Ms. Freeman provided consulting services related to strategic business projects. Prior to 1999, Portfolio Manager at Rockefeller & Co. and Scudder, Stevens & Clark. Board member of the Harding Loevner Funds from 1996 to 2014, serving as both Lead Independent Director and chair of the Audit Committee.	Asset Allocation Trust; Harding Loevner Funds; Russell Exchange Traded Funds Trust

		Board member of the Russell Exchange Traded Funds Trust from 2011 to 2012 and the chair of the Audit Committee. Ms. Freeman is Chair of Taproot Foundation (non-profit organization), a Board Member of Ruth Bancroft Garden (non-profit organization) and an inactive chartered financial analyst.	
Peter G. Gordon (Born 1942)	Trustee, since 2010; Chairman, since 2010	Co-Founder, Retired Chairman, President and CEO of Crystal Geyser Water Company. Trustee Emeritus, Colby College.	Asset Allocation Trust
Isaiah Harris, Jr. (Born 1952)	Trustee, since 2010	Retired. Chairman of the Board of CIGNA Corporation since 2009, and Director since 2005. From 2003 to 2011, Director of Deluxe Corporation. Prior thereto, President and CEO of BellSouth Advertising and Publishing Corp. from 2005 to 2007, President and CEO of BellSouth Enterprises from 2004 to 2005 and President of BellSouth Consumer Services from 2000 to 2003. Emeritus member of the Iowa State University Foundation Board of Governors. Emeritus Member of the Advisory Board of Iowa State University School of Business. Advisory Board Member, Palm Harbor Academy (charter school). 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	Asset Allocation Trust

1978 to 1993.

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Other information (unaudited)

Name and year of birth	Position held and length of service	Principal occupations during past five years or longer	Other public company or investment company directorships during past 5 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 Fund complex (and its predecessors) from 1984 to 2010. Chairman of the Evergreen Fund 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

\* 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 Wisner <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.
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.
David Berardi (Born 1975)	Assistant Treasurer, since 2009	Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Manager of Fund Reporting and Control for Evergreen Investment Management Company, LLC from 2004 to 2010.
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 and head of the Fund Reporting and Control Team within Fund Administration from 2005 to 2010.

<sup>1</sup> Nancy Wisner acts as Treasurer of 72 funds in the Fund Complex. Jeremy DePalma acts as Treasurer of 61 funds and Assistant Treasurer of 72 funds in the Fund Complex.

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**BOARD CONSIDERATION OF INVESTMENT ADVISORY AND SUB-ADVISORY AGREEMENTS**

Under the Investment Company Act of 1940 (the 1940 Act ), the Board of Trustees (the Board ) of *Wells Fargo Advantage Utilities and High Income Fund* (the Fund ) must determine whether to approve the continuation of the Fund s investment advisory and sub-advisory agreements. In this regard, at an in-person meeting held on May 19-20, 2015 (the Meeting ), the Board, all the members of which have no direct or indirect interest in the investment advisory and sub-advisory agreements and are not interested persons of the Fund, as defined in the 1940 Act (the Independent Trustees ), reviewed and approved: (i) an investment advisory agreement with Wells Fargo Funds Management, LLC ( Funds Management ), (ii) an investment sub-advisory agreement with Wells Capital Management Incorporated ( WellsCap ), an affiliate of Funds Management; and (iii) an investment sub-advisory agreement with Crow Point Partners, LLC ( Crow Point ). The investment advisory agreement with Funds Management and the investment sub-advisory agreements with WellsCap and Crow Point (each, a Sub-Adviser and together, the Sub-Advisers ) are collectively referred to as the Advisory Agreements.

At the Meeting, the Board considered the factors and reached the conclusions described below relating to the selection of Funds Management and the Sub-Advisers and the continuation of the Advisory Agreements. Prior to the Meeting, including at an in-person meeting in March 2015, the Trustees conferred extensively among themselves and with representatives of Funds Management about these matters. Also, the Board has adopted a team-based approach, with each team consisting of a sub-set of Trustees, to assist the full Board in the discharge of its duties in reviewing performance and other matters throughout the year. The Independent Trustees were assisted in their evaluation of the Advisory Agreements by independent legal counsel, from whom they received separate legal advice and with whom they met separately.

In providing information to the Board, Funds Management and the Sub-Advisers were guided by a detailed set of requests for information submitted to them by independent legal counsel on behalf of the Independent Trustees at the start of the Board s annual contract renewal process earlier in 2015. In considering and approving the Advisory Agreements, the Trustees considered the information they believed relevant, including but not limited to the information discussed below. The Board considered not only the specific information presented in connection with the Meeting, but also the knowledge gained over time through interaction with Funds Management and the Sub-Advisers about various topics. In this regard, the Board reviewed reports of Funds Management at each of its quarterly meetings, which included, among other things, portfolio reviews and performance reports. In addition, the Board and the teams mentioned above confer with portfolio managers at various times throughout the year. The Board did not identify any particular information or consideration that was all-important or controlling, and each individual Trustee may have attributed different weights to various factors.

After its deliberations, the Board unanimously approved the continuation of the Advisory Agreements and determined that the compensation payable to Funds Management and the Sub-Advisers is reasonable. The Board considered the continuation of the Advisory Agreements for the Fund as part of its consideration of agreements for funds across the complex, but its approvals were made on a fund-by-fund basis. The following summarizes a number of important, but not necessarily all, factors considered by the Board in support of its approvals.

**Nature, extent and quality of services**

The Board received and considered various information regarding the nature, extent and quality of services provided to the Fund by Funds Management and the Sub-Advisers under the Advisory Agreements. This information included, among other things, a summary of the background and experience of senior management of Funds Management, and the qualifications, background, tenure and responsibilities of each of the portfolio managers primarily responsible for the day-to-day portfolio management of the Fund.

The Board evaluated the ability of Funds Management and the Sub-Advisers to attract and retain qualified investment professionals, including research, advisory and supervisory personnel. The Board further considered the compliance programs and compliance records of Funds Management and the Sub-Advisers. In addition, the Board took into account the full range of services provided to the Fund by Funds Management and its affiliates.

#### **Fund performance and expenses**

The Board considered the performance results for the Fund over various time periods ended March 31, 2015. The Board considered these results in comparison to the performance of funds in a custom peer group that included funds selected by Lipper, Inc. ( Lipper ) and additional funds that were determined by Funds Management to be similar to the Fund (the Custom Peer Group ), and in comparison to the Fund s benchmark index and to other comparative data. The Board received a description of the methodology used by Lipper and Funds Management to select the funds in the Custom

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Peer Group and discussed the limitations inherent in the use of other peer groups. The Board noted that the performance of the Fund was lower than the average performance of the Custom Peer Group for all periods under review except the first quarter of 2015. The Board also noted that the performance of the Fund was lower than its benchmark, the ERH Blended Index, which is a proprietary index used by the Board to help it assess the Fund's relative performance, for all periods under review except the first quarter of 2015 and the three-year period.

The Board received information concerning, and discussed factors contributing to, the underperformance of the Fund relative to the Custom Peer Group and benchmark for the periods noted above. The Board took note of the explanations for the relative underperformance in these periods, including with respect to overall investment approach, sector allocations and investment decisions that affected the Fund's performance.

The Board also received and considered information regarding the Fund's net operating expense ratio and its various components, including actual management fees (which reflect fee waivers, if any, and include advisory and administration fees), and custodian and other non-management fees. The Board considered this ratio in comparison to the median ratio of funds in an expense group that was determined by Lipper to be similar to the Fund (the Group). Lipper is an independent provider of investment company data. The Board received a description of the methodology used by Lipper to select the funds in the expense Group and an explanation of how funds comprising expense groups and their expense ratios may vary from year-to-year. Based on the Lipper reports, the Board noted that the net operating expense ratio of the Fund was lower than the median net operating expense ratio of the expense Group.

The Board took into account the Fund performance and expense information provided to it among the factors considered in deciding to re-approve the Advisory Agreements.

**Investment advisory and sub-advisory fee rates**

The Board reviewed and considered the contractual investment advisory fee rate that is payable by the Fund to Funds Management for investment advisory services (the Advisory Agreement Rate), both on a stand-alone basis and on a combined basis with the Fund's contractual administration fee rate (the Management Rate). The Board also reviewed and considered the contractual investment sub-advisory fee rates that are payable by Funds Management to each of the Sub-Advisers for investment sub-advisory services (the Sub-Advisory Agreement Rate).

Among other information reviewed by the Board was a comparison of the Management Rate of the Fund with those of other funds in the expense Group at a common asset level. The Board noted that the Management Rate of the Fund was lower than the average rate for the Fund's expense Group.

The Board also received and considered information about the portion of the total advisory fee that was retained by Funds Management after payment of the fee to the Sub-Advisers for sub-advisory services. In assessing the reasonableness of this amount, the Board received and evaluated information about the nature and extent of responsibilities retained and risks assumed by Funds Management and not delegated to or assumed by the Sub-Advisers, and about Funds Management's on-going oversight services. However, given the affiliation between Funds Management and WellsCap, the Board ascribed limited relevance to the allocation of the advisory fee between them. The Board also considered that the sub-advisory fees paid to Crow Point had been negotiated by Funds Management on an arm's-length basis.

Based on its consideration of the factors and information it deemed relevant, including those described here, the Board determined that the Advisory Agreement Rate and each Sub-Advisory Agreement Rate was reasonable, in light of the services covered by the Advisory Agreements.

### **Profitability**

The Board received and considered information concerning the profitability of Funds Management, as well as the profitability of Wells Fargo as a whole, from providing services to the Fund and the fund family as a whole. The Board also received and considered information concerning the profitability of WellsCap from providing services to the fund family as a whole, noting that WellsCap's profitability information with respect to providing services to the Fund was subsumed in the Wells Fargo profitability analysis. The Board did not consider profitability with respect to Crow Point, as the sub-advisory fees paid to Crow Point had been negotiated by Funds Management on an arm's-length basis.

Funds Management reported on the methodologies and estimates used in calculating profitability. Among other things, the Board noted that the levels of profitability reported on a fund-by-fund basis varied widely, depending on factors such as the size and type of fund. Based on its review, the Board did not deem the profits reported by Funds Management or Wells Fargo from its services to the Fund to be at a level that would prevent it from approving the continuation of the Advisory Agreements.

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Other information (unaudited)	Wells Fargo Advantage Utilities and High Income Fund	31
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**Economies of scale**

The Board considered the extent to which there may be sharing with the Fund of potential economies of scale in the provision of advisory services to the Fund. The Board noted that, as is typical of closed-end funds, there are no breakpoints in the Management Rate. Although the Fund would not share in any potential economies of scale through contractual breakpoints, the Board noted that fee waiver and expense reimbursement arrangements and competitive fee rates at the outset are means of sharing potential economies of scale with shareholders of the Fund and the fund family as a whole. The Board concluded that the Fund's fee waiver and expense arrangements constituted a reasonable approach to sharing potential economies of scale with the Fund and its shareholders. The Board also noted that it would have opportunities to revisit the Management Rate as part of future contract reviews.

**Other benefits to Funds Management and the Sub-Advisers**

The Board received and considered information regarding potential fall-out or ancillary benefits received by Funds Management and its affiliates, including WellsCap, and Crow Point as a result of their relationships with the Fund. Ancillary benefits could include, among others, benefits directly attributable to other relationships with the Fund and benefits potentially derived from an increase in Funds Management's and the Sub-Advisers' business as a result of their relationships with the Fund. The Board also reviewed information about soft dollar credits earned and utilized by the Sub-Advisers and commissions earned by affiliated brokers from portfolio transactions.

Based on its consideration of the factors and information it deemed relevant, including those described here, the Board did not find that any ancillary benefits received by Funds Management and its affiliates, including WellsCap, or Crow Point were unreasonable.

**Conclusion**

At the Meeting, after considering the above-described factors and based on its deliberations and its evaluation of the information described above, the Board unanimously approved the continuation of the Advisory Agreements for an additional one-year period and determined that the compensation payable to Funds Management and the Sub-Advisers is reasonable.

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32 Wells Fargo Advantage Utilities and High Income Fund	Automatic dividend reinvestment plan
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**AUTOMATIC DIVIDEND REINVESTMENT PLAN**

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

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List of abbreviations	Wells Fargo Advantage Utilities and High Income Fund	33
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The following is a list of common abbreviations for terms and entities that may have appeared in this report.

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



GO	General obligation
HCFR	Healthcare facilities revenue
HEFA	Health & Educational Facilities Authority
HEFAR	Higher education facilities authority revenue
HFA	Housing Finance Authority
HFFA	Health Facilities Financing Authority
HKD	Hong Kong dollar
HUD	Department of Housing and Urban Development
HUF	Hungarian forint
IDA	Industrial Development Authority
IDAG	Industrial Development Agency
IDR	Indonesian rupiah
IEP	Irish pound
JPY	Japanese yen
KRW	Republic of Korea won
LIBOR	London Interbank Offered Rate
LIFER	Long Inverse Floating Exempt Receipts
LIQ	Liquidity agreement
LLC	Limited liability company
LLLP	Limited liability limited partnership
LLP	Limited liability partnership
LOC	Letter of credit
LP	Limited partnership
MBIA	Municipal Bond Insurance Association
MFHR	Multifamily housing revenue
MSTR	Municipal securities trust receipts
MTN	Medium-term note
MUD	Municipal Utility District
MXN	Mexican peso
MYR	Malaysian ringgit
National	National Public Finance Guarantee Corporation
NGN	Nigerian naira
NOK	Norwegian krone
NZD	New Zealand dollar
PCFA	Pollution Control Financing Authority
PCL	Public Company Limited
PCR	Pollution control revenue
PFA	Public Finance Authority
PFFA	Public Facilities Financing Authority
PFOTER	Puttable floating option tax-exempt receipts
PIK	Payment-in-kind
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 leu
RUB	Russian ruble
SAVRS	Select auction variable rate securities
SBA	Small Business Authority
SDR	Swedish depositary receipt
SEK	Swedish krona
SFHR	Single-family housing revenue
SFMR	Single-family mortgage revenue
SGD	Singapore dollar
SPA	Standby purchase agreement
SPDR	Standard & Poor's Depositary Receipts
SPEAR	Short Puttable Exempt Adjustable Receipts
STRIPS	Separate trading of registered interest and principal securities
TAN	Tax anticipation notes
TBA	To be announced
THB	Thai baht
TIPS	Treasury inflation-protected securities
TRAN	Tax revenue anticipation notes
TRY	Turkish lira
TTFA	Transportation Trust Fund Authority
TVA	Tennessee Valley Authority
ZAR	South African rand

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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)

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**Table of Contents****ITEM 2. CODE OF ETHICS**

(a) As of the end of the period, covered by the report, Wells Fargo Advantage Utilities and High Income Fund has adopted a code of ethics that applies to its President and Treasurer. A copy of the code of ethics is filed as an exhibit to this Form N-CSR.

(c) During the period covered by this report, there were no amendments to the provisions of the code of ethics adopted in Item 2(a) above.

(d) During the period covered by this report, there were no implicit or explicit waivers to the provisions of the code of ethics adopted in Item 2(a) above.

**ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT**

The Board of Trustees of Wells Fargo Advantage Utilities and High Income Fund has determined that Judith Johnson is an audit committee financial expert, as defined in Item 3 of Form N-CSR. Mrs. Johnson is independent for purposes of Item 3 of Form N-CSR.

**ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

(a), (b), (c), (d) The following table presents aggregate fees billed in each of the last two fiscal years for services rendered to the Registrant by the Registrant's principal accountant. These fees were billed to the registrant and were approved by the Registrant's audit committee.

	<b>Fiscal year ended August 31, 2015</b>	<b>Fiscal year ended August 31, 2014</b>
Audit fees	\$ 49,900	\$ 49,900
Audit-related fees		
Tax fees (1)	4,030	3,830
All other fees		
	<b>\$ 53,930</b>	<b>\$ 53,730</b>

(1) Tax fees consist of fees for tax compliance, tax advice, tax planning and excise tax.

(e) The Chairman of the Audit Committees is authorized to pre-approve: (1) audit services for the Wells Fargo Advantage Utilities and High Income Fund; (2) non-audit tax or compliance consulting or training services provided to the Wells Fargo Advantage Utilities and High Income Fund by the independent auditors ( Auditors ) if the fees for any particular engagement are not anticipated to exceed \$50,000; and (3) non-audit tax or compliance consulting or training services provided by the Auditors to a Wells Fargo Advantage Utilities and High Income Fund's investment adviser and its controlling entities (where pre-approval is required because the engagement relates directly to the operations and financial reporting of the Wells Fargo Advantage Utilities and High Income Fund) if the fee to the Auditors for any particular engagement is not anticipated to exceed \$50,000. For any such pre-approval sought from

the Chairman, Management shall prepare a brief description of the proposed services. If the Chairman approves of such service, he or she shall sign the statement prepared by Management. Such written statement shall be presented to the full Committees at their next regularly scheduled meetings.

(f) Not applicable

(g) Not applicable

(h) Not applicable



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**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 is filed under this Item.

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Portfolio of investments August 31, 2015

Wells Fargo Advantage Utilities and High Income Fund 1

Security name	Shares	Value
<b>Common Stocks: 61.68%</b>		
<b>Consumer Discretionary: 4.31%</b>		
<b>Media: 4.31%</b>		
<i>Vivendi SA</i>	200,000	\$ 4,947,562
<b>Energy: 7.78%</b>		
<b>Oil, Gas &amp; Consumable Fuels: 7.78%</b>		
<i>EQT Corporation</i>	15,000	1,167,300
<i>Spectra Energy Corporation</i>	75,000	2,180,250
<i>The Williams Companies Incorporated</i>	100,000	4,820,000
<i>Veresen Incorporated</i>	75,000	774,742
		8,942,292
<b>Industrials: 3.64%</b>		
<b>Air Freight &amp; Logistics: 3.60%</b>		
<i>Deutsche Post AG</i>	150,000	4,133,161
<b>Construction &amp; Engineering: 0.04%</b>		
<i>Ameresco Incorporated Class A</i>	9,000	51,030
<b>Information Technology: 1.97%</b>		
<b>IT Services: 1.97%</b>		
<i>Convergys Corporation</i>	100,000	2,260,000
<b>Telecommunication Services: 4.20%</b>		
<b>Diversified Telecommunication Services: 2.68%</b>		
<i>Alteva Incorporated</i>	100,000	380,000
<i>BCE Incorporated</i>	16,000	647,040
<i>Telefonica Deutschland Holding AG</i>	25,000	152,136
<i>Verizon Communications Incorporated</i>	41,291	1,899,799

3,078,975

**Wireless Telecommunication Services: 1.52%**

<i>Shenandoah Telecommunications Company</i>	45,000	1,741,050
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**Utilities: 39.78%****Electric Utilities: 31.33%**

<i>American Electric Power Company Incorporated</i>	100,000	5,429,000
<i>Chesapeake Utilities Corporation</i>	300	14,781
<i>Duke Energy Corporation</i>	30,514	2,163,748
<i>Edison International</i>	75,000	4,386,000
<i>Endesa SA</i>	80,000	1,660,783
<i>Enel SpA</i>	400,000	1,802,623
<i>Entergy Corporation</i>	1,000	65,330
<i>Eversource Energy</i>	90,000	4,251,600
<i>Exelon Corporation</i>	16,000	492,160
<i>Great Plains Energy Incorporated</i>	175,000	4,361,000
<i>IDACORP Incorporated</i>	25,000	1,484,250

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2 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of investments August 31, 2015

Security name	Shares	Value
<b>Electric Utilities (continued)</b>		
<i>NextEra Energy Incorporated</i>	50,000	\$ 4,920,500
<i>Pepco Holdings Incorporated</i>	100	2,298
<i>PNM Resources Incorporated</i>	75,000	1,920,750
<i>Terna SpA</i>	650,000	3,031,378
		35,986,201
<b>Gas Utilities: 0.45%</b>		
<i>New Jersey Resources Corporation</i>	400	11,308
<i>Snam SpA</i>	100,000	489,482
<i>South Jersey Industries Incorporated</i>	400	9,640
		510,430
<b>Multi-Utilities: 5.74%</b>		
<i>Alliant Energy Corporation</i>	4,000	226,680
<i>CenterPoint Energy Incorporated</i>	50,000	931,000
<i>Dominion Resources Incorporated</i>	300	20,925
<i>MDU Resources Group Incorporated</i>	500	8,955
<i>Public Service Enterprise Group Incorporated</i>	50,000	2,012,500
<i>Sempra Energy</i>	19,900	1,887,515
<i>Suez Environnement Company SA</i>	25,000	451,245
<i>TECO Energy Incorporated</i>	50,000	1,053,500
		6,592,320
<b>Water Utilities: 2.26%</b>		
<i>American Water Works Company Incorporated</i>	50,000	2,597,000
<b>Total Common Stocks (Cost \$55,608,262)</b>		<b>70,840,021</b>

Corporate Bonds and Notes: 31.36%	Interest rate	Maturity date	Principal
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**Consumer Discretionary: 5.09%**

**Auto Components: 0.20%**

<i>Cooper Tire &amp; Rubber Company (i)</i>	7.63%	3-15-2027	\$ 190,000	200,450
<i>Goodyear Tire &amp; Rubber Company</i>	7.00	5-15-2022	25,000	26,563
				227,013

**Distributors: 0.06%**

<i>LKQ Corporation</i>	4.75	5-15-2023	75,000	71,906
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**Diversified Consumer Services: 0.55%**

<i>Monitronics International</i>	9.13	4-1-2020	25,000	23,375
<i>Service Corporation International</i>	6.75	4-1-2016	100,000	103,410
<i>Service Corporation International</i>	7.00	6-15-2017	25,000	26,875
<i>Service Corporation International</i>	7.50	4-1-2027	351,000	405,237
<i>Service Corporation International</i>	7.63	10-1-2018	25,000	28,000
<i>Service Corporation International</i>	8.00	11-15-2021	40,000	46,600
				633,497

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Portfolio of investments August 31, 2015

Wells Fargo Advantage Utilities and High Income Fund 3

Security name	Interest rate	Maturity date	Principal	Value
<b>Hotels, Restaurants &amp; Leisure: 1.37%</b>				
<i>CCM Merger Incorporated 144A</i>	9.13%	5-1-2019	\$ 465,000	\$ 495,225
<i>Greektown Holdings LLC 144A</i>	8.88	3-15-2019	565,000	590,425
<i>Hilton Worldwide Finance LLC</i>	5.63	10-15-2021	15,000	15,638
<i>Pinnacle Entertainment Incorporated</i>	7.50	4-15-2021	355,000	375,413
<i>Speedway Motorsports Incorporated</i>	5.13	2-1-2023	100,000	99,000
				1,575,701
<b>Household Durables: 0.16%</b>				
<i>American Greetings Corporation</i>	7.38	12-1-2021	150,000	157,875
<i>Tempur Sealy International Incorporated</i>	6.88	12-15-2020	25,000	26,750
				184,625
<b>Leisure Products: 0.01%</b>				
<i>Vista Outdoor Incorporated 144A</i>	5.88	10-1-2023	15,000	15,263
<b>Media: 2.37%</b>				
<i>Altice US Finance II Corporation 144A</i>	7.75	7-15-2025	75,000	72,938
<i>Cable One Incorporated 144A</i>	5.75	6-15-2022	25,000	25,250
<i>Cablevision Systems Corporation</i>	8.63	9-15-2017	145,000	158,413
<i>CCO Holdings LLC</i>	5.13	2-15-2023	50,000	49,875
<i>CCO Holdings LLC 144A</i>	5.13	5-1-2023	35,000	35,000
<i>CCO Holdings LLC</i>	5.25	9-30-2022	90,000	90,720
<i>CCO Holdings LLC 144A</i>	5.38	5-1-2025	210,000	203,963
<i>CCO Holdings LLC 144A</i>	5.88	5-1-2027	50,000	49,000
<i>CCO Holdings LLC</i>	6.63	1-31-2022	50,000	52,625
<i>CCO Holdings LLC</i>	7.38	6-1-2020	125,000	130,313
<i>CCO Safari II LLC 144A</i>	4.91	7-23-2025	100,000	99,314
<i>Cequel Communications Holdings I LLC 144A</i>	5.13	12-15-2021	100,000	91,625
<i>Cinemark USA Incorporated</i>	7.38	6-15-2021	75,000	79,313
<i>CSC Holdings LLC</i>	7.88	2-15-2018	75,000	81,938
<i>CSC Holdings LLC</i>	8.63	2-15-2019	125,000	140,625
<i>DISH DBS Corporation</i>	7.88	9-1-2019	115,000	124,649

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<i>EchoStar DBS Corporation</i>	7.13	2-1-2016	50,000	50,750
<i>Gray Television Incorporated</i>	7.50	10-1-2020	500,000	517,025
<i>Lamar Media Corporation</i>	5.88	2-1-2022	75,000	78,375
<i>LIN Television Corporation</i>	6.38	1-15-2021	25,000	25,313
<i>Live Nation Entertainment Incorporated 144A</i>	7.00	9-1-2020	35,000	37,100
<i>National CineMedia LLC</i>	6.00	4-15-2022	155,000	158,488
<i>National CineMedia LLC</i>	7.88	7-15-2021	100,000	104,250
<i>Nexstar Broadcasting Group Incorporated 144A</i>	6.13	2-15-2022	25,000	25,188
<i>Nexstar Broadcasting Group Incorporated</i>	6.88	11-15-2020	145,000	152,250
<i>Outfront Media Capital Corporation</i>	5.25	2-15-2022	15,000	15,103
<i>Outfront Media Capital Corporation</i>	5.88	3-15-2025	65,000	66,300
				2,715,703
<b>Specialty Retail: 0.37%</b>				
<i>ABC Supply Company Incorporated 144A</i>	5.63	4-15-2021	40,000	39,900
<i>Century Intermediate Holding Company (PIK at 10.50%) 144A(i)</i>	9.75	2-15-2019	15,000	15,563

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4 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of investments August 31, 2015

Security name	Interest rate	Maturity date	Principal	Value
<b>Specialty Retail (continued)</b>				
<i>Penske Auto Group Incorporated</i>	5.38%	12-1-2024	\$ 85,000	\$ 85,213
<i>Penske Auto Group Incorporated</i>	5.75	10-1-2022	94,000	96,820
<i>Sonic Automotive Incorporated</i>	5.00	5-15-2023	70,000	68,425
<i>Sonic Automotive Incorporated</i>	7.00	7-15-2022	105,000	112,613
				418,534
<b>Consumer Staples: 0.33%</b>				
<b>Beverages: 0.07%</b>				
<i>Cott Beverages Incorporated</i>	6.75	1-1-2020	60,000	62,250
<i>Cott Beverages Incorporated</i>	5.38	7-1-2022	25,000	24,563
				86,813
<b>Food Products: 0.26%</b>				
<i>B&amp;G Foods Incorporated</i>	4.63	6-1-2021	30,000	29,213
<i>Darling Ingredients Incorporated</i>	5.38	1-15-2022	15,000	14,813
<i>Pilgrim s Pride Corporation 144A</i>	5.75	3-15-2025	85,000	86,700
<i>Simmons Foods Incorporated 144A</i>	7.88	10-1-2021	175,000	163,188
				293,914
<b>Energy: 6.11%</b>				
<b>Energy Equipment &amp; Services: 2.45%</b>				
<i>Bristow Group Incorporated</i>	6.25	10-15-2022	380,000	334,400
<i>Cleaver Brooks Incorporated 144A</i>	8.75	12-15-2019	40,000	38,450
<i>CSI Compressco LP</i>	7.25	8-15-2022	95,000	77,900
<i>Era Group Incorporated</i>	7.75	12-15-2022	334,000	320,640
<i>Forum Energy Technologies Incorporated</i>	6.25	10-1-2021	15,000	13,500
<i>Gulfmark Offshore Incorporated</i>	6.38	3-15-2022	450,000	288,000
<i>Hilcorp Energy Company 144A</i>	5.00	12-1-2024	50,000	43,255
<i>Hilcorp Energy Company 144A</i>	5.75	10-1-2025	75,000	67,500
<i>Hornbeck Offshore Services Incorporated</i>	5.00	3-1-2021	230,000	171,350
<i>Hornbeck Offshore Services Incorporated</i>	5.88	4-1-2020	235,000	188,000
<i>NGPL PipeCo LLC 144A</i>	7.12	12-15-2017	190,000	176,700



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<i>NGPL PipeCo LLC 144A</i>	7.77	12-15-2037	825,000	709,500
<i>NGPL PipeCo LLC 144A</i>	9.63	6-1-2019	35,000	32,550
<i>PHI Incorporated</i>	5.25	3-15-2019	405,000	347,288
<i>Pride International Incorporated</i>	8.50	6-15-2019	10,000	11,153
				2,820,186

**Oil, Gas & Consumable Fuels: 3.66%**

<i>Alpha Natural Resources Incorporated</i>	6.25	6-1-2021	50,000	1,375
<i>Arch Coal Incorporated</i>	7.00	6-15-2019	100,000	13,000
<i>Arch Coal Incorporated</i>	7.25	6-15-2021	50,000	6,875
<i>Chesapeake Energy Corporation</i>	6.13	2-15-2021	70,000	54,207
<i>CVR Refining LLC</i>	6.50	11-1-2022	93,000	91,121
<i>Denbury Resources Incorporated</i>	4.63	7-15-2023	25,000	16,750
<i>Denbury Resources Incorporated</i>	5.50	5-1-2022	30,000	21,375
<i>Denbury Resources Incorporated</i>	6.38	8-15-2021	160,000	127,634
<i>Exterran Partners LP</i>	6.00	4-1-2021	225,000	180,000

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Portfolio of investments August 31, 2015

Wells Fargo Advantage Utilities and High Income Fund 5

Security name	Interest rate	Maturity date	Principal	Value
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>				
<i>Kinder Morgan Incorporated</i>	6.50%	9-15-2020	\$ 45,000	\$ 49,629
<i>Kinder Morgan Incorporated</i>	7.00	6-15-2017	50,000	53,720
<i>Kinder Morgan Incorporated (i)</i>	7.42	2-15-2037	90,000	88,361
<i>Kinder Morgan Incorporated</i>	7.80	8-1-2031	100,000	108,475
<i>Northern Tier Energy LLC</i>	7.13	11-15-2020	300,000	303,000
<i>Overseas Shipholding Group Incorporated</i>	7.50	2-15-2021	150,000	149,250
<i>Overseas Shipholding Group Incorporated</i>	8.13	3-30-2018	200,000	204,500
<i>Pioneer Natural Resources Company</i>	7.50	1-15-2020	145,000	164,291
<i>Rockies Express Pipeline LLC 144A</i>	5.63	4-15-2020	260,000	250,900
<i>Rockies Express Pipeline LLC 144A</i>	6.00	1-15-2019	50,000	50,000
<i>Rockies Express Pipeline LLC 144A</i>	6.88	4-15-2040	290,000	275,500
<i>Rockies Express Pipeline LLC 144A</i>	7.50	7-15-2038	205,000	210,638
<i>Sabine Oil &amp; Gas Corporation (s)</i>	7.25	6-15-2019	50,000	7,750
<i>Sabine Oil &amp; Gas Corporation (s)</i>	7.50	9-15-2020	260,000	39,000
<i>Sabine Pass Liquefaction LLC</i>	5.63	2-1-2021	75,000	73,875
<i>Sabine Pass Liquefaction LLC</i>	5.63	4-15-2023	90,000	87,413
<i>Sabine Pass Liquefaction LLC</i>	5.75	5-15-2024	50,000	48,875
<i>Sabine Pass Liquefaction LLC</i>	6.25	3-15-2022	200,000	201,000
<i>Sabine Pass LNG LP</i>	6.50	11-1-2020	395,000	398,950
<i>Sabine Pass LNG LP</i>	7.50	11-30-2016	370,000	381,100
<i>SemGroup Corporation</i>	7.50	6-15-2021	220,000	217,800
<i>Suburban Propane Partners LP</i>	5.50	6-1-2024	20,000	18,950
<i>Suburban Propane Partners LP</i>	7.38	8-1-2021	26,000	27,235
<i>Swift Energy Company</i>	7.13	6-1-2017	422,000	122,380
<i>Swift Energy Company</i>	8.88	1-15-2020	75,000	21,000
<i>Ultra Petroleum Corporation 144A</i>	5.75	12-15-2018	35,000	28,088
<i>Ultra Petroleum Corporation 144A</i>	6.13	10-1-2024	160,000	105,600
				4,199,617
<b>Financials: 5.78%</b>				
<b>Banks: 0.31%</b>				
<i>CIT Group Incorporated 144A</i>	5.50	2-15-2019	100,000	105,125
<i>CIT Group Incorporated 144A</i>	6.63	4-1-2018	231,000	247,170

352,295

**Capital Markets: 0.55%**

<i>Jefferies Finance LLC 144A</i>	6.88	4-15-2022	350,000	328,650
<i>Jefferies Finance LLC 144A</i>	7.38	4-1-2020	80,000	78,216
<i>Jefferies Finance LLC 144A</i>	7.50	4-15-2021	225,000	218,813
				625,679

**Consumer Finance: 1.80%**

<i>Ally Financial Incorporated</i>	8.00	12-31-2018	100,000	111,000
<i>Ally Financial Incorporated</i>	8.00	3-15-2020	178,000	208,705
<i>Ford Motor Credit Company LLC</i>	8.00	12-15-2016	25,000	26,956
<i>Homer City Generation (PIK at 9.23%) LLC</i>				
¥	8.73	10-1-2026	143,213	141,781
<i>Navient Corporation</i>	5.88	3-25-2021	40,000	35,900
<i>Navient Corporation</i>	8.00	3-25-2020	355,000	358,763

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6 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of investments August 31, 2015

Security name	Interest rate	Maturity date	Principal	Value
<b>Consumer Finance</b> (continued)				
<i>SLM Corporation</i>	6.13%	3-25-2024	\$ 140,000	\$ 119,000
<i>SLM Corporation</i>	7.25	1-25-2022	70,000	65,975
<i>SLM Corporation</i>	8.45	6-15-2018	125,000	133,125
<i>Springleaf Finance Corporation</i>	5.40	12-1-2015	140,000	140,350
<i>Springleaf Finance Corporation</i>	5.75	9-15-2016	50,000	51,188
<i>Springleaf Finance Corporation</i>	6.00	6-1-2020	175,000	177,625
<i>Springleaf Finance Corporation</i>	6.50	9-15-2017	50,000	52,500
<i>Springleaf Finance Corporation</i>	6.90	12-15-2017	243,000	258,188
<i>Springleaf Finance Corporation</i>	7.75	10-1-2021	37,000	40,330
<i>Springleaf Finance Corporation</i>	8.25	10-1-2023	135,000	151,200
				2,072,586
<b>Diversified Financial Services: 0.61%</b>				
<i>Denali Borrower LLC 144A</i>	5.63	10-15-2020	330,000	338,250
<i>Infinity Acquisition LLC 144A</i>	7.25	8-1-2022	185,000	169,275
<i>NewStar Financial Incorporated 144A</i>	7.25	5-1-2020	200,000	198,500
				706,025
<b>Insurance: 0.32%</b>				
<i>Hub Holdings LLC (PIK at 8.88%) 144A</i>	8.13	7-15-2019	225,000	220,500
<i>Hub International Limited 144A</i>	7.88	10-1-2021	150,000	149,625
				370,125
<b>Real Estate Management &amp; Development: 0.21%</b>				
<i>Onex Corporation 144A</i>	7.75	1-15-2021	250,000	242,500
<b>REITs: 1.98%</b>				
<i>Crown Castle International Corporation</i>	4.88	4-15-2022	35,000	35,919
<i>Crown Castle International Corporation</i>	5.25	1-15-2023	70,000	73,238
<i>DuPont Fabros Technology Incorporated LP</i>	5.63	6-15-2023	225,000	221,625
<i>DuPont Fabros Technology Incorporated LP</i>	5.88	9-15-2021	340,000	350,200

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<i>ESH Hospitality Incorporated 144A</i>	5.25	5-1-2025	200,000	194,000
<i>Iron Mountain Incorporated</i>	5.75	8-15-2024	450,000	451,688
<i>Iron Mountain Incorporated</i>	6.00	8-15-2023	205,000	209,613
<i>Iron Mountain Incorporated</i>	7.75	10-1-2019	30,000	31,200
<i>Iron Mountain Incorporated</i>	8.38	8-15-2021	64,000	65,824
<i>Omega Healthcare Investors Incorporated</i>	6.75	10-15-2022	125,000	129,688
<i>Sabra Health Care Incorporated</i>	5.38	6-1-2023	50,000	51,750
<i>Sabra Health Care Incorporated</i>	5.50	2-1-2021	105,000	109,725
<i>The Geo Group Incorporated</i>	5.13	4-1-2023	25,000	24,875
<i>The Geo Group Incorporated</i>	5.88	1-15-2022	205,000	213,200
<i>The Geo Group Incorporated</i>	5.88	10-15-2024	35,000	35,963
<i>The Geo Group Incorporated</i>	6.63	2-15-2021	70,000	72,975
				2,271,483

**Health Care: 2.86%**

**Health Care Equipment & Supplies: 0.35%**

<i>Crimson Merger Sub Incorporated 144A</i>	6.63	5-15-2022	320,000	286,000
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Portfolio of investments August 31, 2015

Wells Fargo Advantage Utilities and High Income Fund 7

Security name	Interest rate	Maturity date	Principal	Value
<b>Health Care Equipment &amp; Supplies</b>				
(continued)				
<i>Hill-Rom Holdings Incorporated 144A%%</i>	5.75%	9-1-2023	\$ 25,000	\$ 25,438
<i>Hologic Incorporated 144A</i>	5.25	7-15-2022	90,000	92,138
				403,576
<b>Health Care Providers &amp; Services: 1.79%</b>				
<i>Acadia Healthcare Company Incorporated</i>	5.63	2-15-2023	15,000	15,292
<i>Capella Healthcare Incorporated</i>	9.25	7-1-2017	435,000	446,963
<i>Centene Corporation</i>	5.75	6-1-2017	75,000	78,656
<i>Community Health Systems Incorporated</i>	6.88	2-1-2022	5,000	5,319
<i>DaVita HealthCare Partners Incorporated</i>	5.00	5-1-2025	35,000	34,300
<i>DaVita HealthCare Partners Incorporated</i>	5.75	8-15-2022	170,000	180,880
<i>HCA Incorporated</i>	5.88	3-15-2022	25,000	27,188
<i>HCA Incorporated</i>	6.50	2-15-2020	325,000	359,125
<i>HealthSouth Corporation 144A</i>	5.75	11-1-2024	25,000	25,348
<i>HealthSouth Corporation</i>	5.13	3-15-2023	45,000	44,550
<i>HealthSouth Corporation</i>	5.75	11-1-2024	25,000	25,348
<i>HealthSouth Corporation</i>	7.75	9-15-2022	82,000	85,383
<i>MPT Operating Partnership LP</i>	6.38	2-15-2022	70,000	73,938
<i>MPT Operating Partnership LP</i>	6.88	5-1-2021	125,000	131,250
<i>Select Medical Corporation</i>	6.38	6-1-2021	455,000	461,825
<i>Tenet Healthcare Corporation</i>	6.00	10-1-2020	50,000	53,500
				2,048,865
<b>Health Care Technology: 0.33%</b>				
<i>Emdeon Incorporated</i>	11.00	12-31-2019	355,000	381,181
<b>Life Sciences Tools &amp; Services: 0.03%</b>				
<i>Quintiles Transnational Corporation 144A</i>	4.88	5-15-2023	35,000	35,700
<b>Pharmaceuticals: 0.36%</b>				
<i>Endo Finance LLC 144A</i>	5.38	1-15-2023	50,000	50,375

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<i>Endo Finance LLC 144A</i>	5.75	1-15-2022	65,000	66,463
<i>Endo Finance LLC 144A</i>	6.00	2-1-2025	50,000	51,375
<i>Endo Finance LLC 144A</i>	7.75	1-15-2022	180,000	192,150
<i>Pinnacle Incorporated 144A</i>	9.50	10-1-2023	50,000	55,750
				416,113

**Industrials: 1.98%**

**Airlines: 0.10%**

<i>Aviation Capital Group Corporation 144A</i>	6.75	4-6-2021	100,000	113,250
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**Commercial Services & Supplies: 0.75%**

<i>ADT Corporation</i>	4.13	6-15-2023	85,000	77,988
<i>ADT Corporation</i>	6.25	10-15-2021	300,000	309,750
<i>Covanta Holding Corporation</i>	5.88	3-1-2024	160,000	156,000
<i>Covanta Holding Corporation</i>	6.38	10-1-2022	195,000	200,363
<i>Covanta Holding Corporation</i>	7.25	12-1-2020	110,000	114,818
				858,919

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8 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of investments August 31, 2015

Security name	Interest rate	Maturity date	Principal	Value
<b>Construction &amp; Engineering: 0.19%</b>				
<i>AECOM 144A</i>	5.75%	10-15-2022	\$ 15,000	\$ 15,075
<i>AECOM 144A</i>	5.88	10-15-2024	200,000	201,500
				216,575
<b>Trading Companies &amp; Distributors: 0.94%</b>				
<i>Ashtead Capital Incorporated 144A</i>	6.50	7-15-2022	350,000	364,000
<i>H&amp;E Equipment Services Incorporated</i>	7.00	9-1-2022	450,000	447,750
<i>International Lease Finance Corporation 144A</i>	7.13	9-1-2018	35,000	38,681
<i>International Lease Finance Corporation</i>	8.63	9-15-2015	75,000	75,096
<i>United Rentals North America Incorporated</i>	4.63	7-15-2023	90,000	88,538
<i>United Rentals North America Incorporated</i>	5.50	7-15-2025	75,000	72,000
				1,086,065
<b>Information Technology: 2.63%</b>				
<b>Communications Equipment: 0.04%</b>				
<i>CommScope Technologies Finance LLC 144A</i>	6.00	6-15-2025	50,000	48,625
<b>Electronic Equipment, Instruments &amp; Components: 0.73%</b>				
<i>Jabil Circuit Incorporated</i>	8.25	3-15-2018	620,000	696,701
<i>Zebra Technologies Corporation 144A</i>	7.25	10-15-2022	135,000	144,450
				841,151
<b>Internet Software &amp; Services: 0.10%</b>				
<i>Infor Software Parent LLC (PIK at 7.88%)</i>				
<i>144A</i>	7.13	5-1-2021	75,000	67,969
<i>Infor US Incorporated 144A</i>	6.50	5-15-2022	50,000	46,875
				114,844
<b>IT Services: 1.13%</b>				
<i>Audatex North America Incorporated 144A</i>	6.00	6-15-2021	225,000	219,704



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<i>Audatex North America Incorporated 144A</i>	6.13	11-1-2023	140,000	138,760
<i>First Data Corporation 144A</i>	6.75	11-1-2020	152,000	160,360
<i>First Data Corporation</i>	11.75	8-15-2021	375,000	422,438
<i>SunGard Data Systems Incorporated</i>	6.63	11-1-2019	35,000	36,313
<i>SunGard Data Systems Incorporated</i>	7.38	11-15-2018	253,000	260,274
<i>SunGard Data Systems Incorporated</i>	7.63	11-15-2020	60,000	62,850
				1,300,699

**Semiconductors & Semiconductor  
Equipment: 0.10%**

<i>Micron Technology Incorporated 144A</i>	5.25	8-1-2023	25,000	23,375
<i>Micron Technology Incorporated</i>	5.88	2-15-2022	90,000	88,650
				112,025

**Software: 0.17%**

<i>Activision Blizzard Incorporated 144A</i>	5.63	9-15-2021	45,000	47,306
<i>Activision Blizzard Incorporated 144A</i>	6.13	9-15-2023	10,000	10,750
<i>Boxer Parent Company Incorporated (PIK at 9.75%) 144A</i>	9.00	10-15-2019	175,000	129,500
<i>SS&amp;C Technologies Incorporated 144A</i>	5.88	7-15-2023	5,000	5,156
				192,712

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Portfolio of investments August 31, 2015

Wells Fargo Advantage Utilities and High Income Fund 9

Security name	Interest rate	Maturity date	Principal	Value
<b>Technology Hardware, Storage &amp; Peripherals: 0.36%</b>				
<i>NCR Corporation</i>	5.88%	12-15-2021	\$ 15,000	\$ 15,263
<i>NCR Corporation</i>	6.38	12-15-2023	383,000	393,054
				408,317
<b>Materials: 0.53%</b>				
<b>Chemicals: 0.02%</b>				
<i>Celanese US Holdings LLC</i>	5.88	6-15-2021	20,000	20,950
<b>Containers &amp; Packaging: 0.31%</b>				
<i>Ball Corporation</i>	5.25	7-1-2025	15,000	14,925
<i>Crown Americas LLC</i>	6.25	2-1-2021	20,000	20,825
<i>Crown Cork &amp; Seal Company Incorporated</i>	7.38	12-15-2026	5,000	5,538
<i>Crown Cork &amp; Seal Company Incorporated (i)</i>	7.50	12-15-2096	50,000	47,766
<i>Owens-Brockway Glass Container Incorporated 144A</i>	5.88	8-15-2023	50,000	50,875
<i>Owens-Brockway Glass Container Incorporated 144A</i>	6.38	8-15-2025	25,000	25,563
<i>Owens-Illinois Incorporated</i>	7.80	5-15-2018	60,000	66,300
<i>Sealed Air Corporation 144A</i>	5.13	12-1-2024	75,000	75,890
<i>Silgan Holdings Incorporated</i>	5.00	4-1-2020	50,000	51,235
				358,917
<b>Metals &amp; Mining: 0.04%</b>				
<i>Cliffs Natural Resources Incorporated 144A</i>	8.25	3-31-2020	50,000	45,500
<b>Paper &amp; Forest Products: 0.16%</b>				
<i>Georgia-Pacific LLC</i>	8.88	5-15-2031	125,000	179,741
<b>Telecommunication Services: 3.79%</b>				

**Diversified Telecommunication Services:****1.69%**

<i>Citizens Communications Company</i>	7.88	1-15-2027	200,000	170,000
<i>Frontier Communications Corporation</i>	8.13	10-1-2018	60,000	64,800
<i>GCI Incorporated</i>	6.75	6-1-2021	170,000	174,675
<i>GCI Incorporated</i>	6.88	4-15-2025	100,000	102,750
<i>Level 3 Financing Incorporated</i>	5.63	2-1-2023	65,000	65,569
<i>Level 3 Financing Incorporated 144A</i>	5.13	5-1-2023	75,000	73,125
<i>Level 3 Financing Incorporated</i>	5.38	8-15-2022	125,000	125,443
<i>Level 3 Financing Incorporated 144A</i>	5.38	5-1-2025	75,000	72,469
<i>Level 3 Financing Incorporated</i>	6.13	1-15-2021	80,000	83,800
<i>Level 3 Financing Incorporated</i>	7.00	6-1-2020	15,000	15,788
<i>Qwest Corporation</i>	7.25	9-15-2025	125,000	137,573
<i>Qwest Corporation</i>	7.63	8-3-2021	20,000	21,000
<i>Syniverse Holdings Incorporated</i>	9.13	1-15-2019	600,000	520,500
<i>Windstream Corporation</i>	6.38	8-1-2023	50,000	36,853
<i>Windstream Corporation</i>	7.88	11-1-2017	265,000	276,263
				1,940,608

**Wireless Telecommunication Services:****2.10%**

<i>MetroPCS Wireless Incorporated</i>	6.63	11-15-2020	240,000	248,400
<i>SBA Communications Corporation</i>	4.88	7-15-2022	85,000	84,256
<i>SBA Communications Corporation</i>	5.63	10-1-2019	10,000	10,438

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10 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of investments August 31, 2015

Security name	Interest rate	Maturity date	Principal	Value
<b>Wireless Telecommunication Services</b>				
(continued)				
<i>SBA Communications Corporation</i>	5.75%	7-15-2020	\$ 100,000	\$ 104,375
<i>Sprint Capital Corporation</i>	6.88	11-15-2028	1,100,000	946,000
<i>Sprint Capital Corporation</i>	8.75	3-15-2032	105,000	99,356
<i>Sprint Communications Incorporated 144A</i>	9.00	11-15-2018	25,000	27,844
<i>Sprint Communications Incorporated</i>	11.50	11-15-2021	25,000	28,563
<i>Sprint Corporation</i>	7.13	6-15-2024	70,000	64,925
<i>Sprint Corporation</i>	7.63	2-15-2025	25,000	23,328
<i>Sprint Corporation</i>	7.88	9-15-2023	50,000	48,063
<i>T-Mobile USA Incorporated</i>	6.00	3-1-2023	25,000	25,487
<i>T-Mobile USA Incorporated</i>	6.13	1-15-2022	5,000	5,156
<i>T-Mobile USA Incorporated</i>	6.25	4-1-2021	30,000	30,984
<i>T-Mobile USA Incorporated</i>	6.38	3-1-2025	135,000	137,700
<i>T-Mobile USA Incorporated</i>	6.46	4-28-2019	10,000	10,288
<i>T-Mobile USA Incorporated</i>	6.50	1-15-2024	5,000	5,138
<i>T-Mobile USA Incorporated</i>	6.54	4-28-2020	10,000	10,425
<i>T-Mobile USA Incorporated</i>	6.63	4-1-2023	35,000	36,505
<i>T-Mobile USA Incorporated</i>	6.63	4-28-2021	65,000	67,925
<i>T-Mobile USA Incorporated</i>	6.73	4-28-2022	305,000	320,250
<i>T-Mobile USA Incorporated</i>	6.84	4-28-2023	75,000	78,563
				2,413,969
<b>Utilities: 2.26%</b>				
<b>Electric Utilities: 1.42%</b>				
<i>ComEd Financing III</i>	6.35	3-15-2033	1,340,000	1,395,492
<i>Otter Tail Corporation (i)</i>	9.00	12-15-2016	215,000	234,571
				1,630,063
<b>Gas Utilities: 0.27%</b>				
<i>AmeriGas Finance LLC</i>	6.75	5-20-2020	175,000	180,688
<i>AmeriGas Finance LLC</i>	7.00	5-20-2022	125,000	129,688
				310,376

**Independent Power & Renewable**

**Electricity Producers: 0.57%**

<i>Calpine Corporation 144A</i>	5.88	1-15-2024	20,000	21,000
<i>Calpine Corporation 144A</i>	6.00	1-15-2022	40,000	42,550
<i>Calpine Corporation 144A</i>	7.88	1-15-2023	48,000	51,480
<i>NSG Holdings LLC 144A</i>	7.75	12-15-2025	328,050	361,676
<i>Reliant Energy Incorporated</i>	9.24	7-2-2017	34,985	36,472
<i>Reliant Energy Incorporated</i>	9.68	7-2-2026	10,000	10,200
<i>TerraForm Power Operating LLC 144A</i>	5.88	2-1-2023	35,000	33,250
<i>TerraForm Power Operating LLC 144A</i>	6.13	6-15-2025	100,000	94,250
				650,878

**Total Corporate Bonds and Notes (Cost  
\$36,302,227)**

36,013,084

**Loans: 1.88%**

**Consumer Discretionary: 0.75%**

**Diversified Consumer Services: 0.04%**

<i>CCM Merger Incorporated ±</i>	4.50	8-8-2021	41,214	41,175
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Portfolio of investments August 31, 2015

Wells Fargo Advantage Utilities and High Income Fund 11

Security name	Interest rate	Maturity date	Principal	Value
<b>Media: 0.56%</b>				
<i>Learfield Communications Incorporated ±</i>	8.75%	10-9-2021	\$ 212,434	\$ 210,310
<i>TWCC Holdings Corporation ±</i>	7.00	6-26-2020	455,000	426,849
				637,159
<b>Specialty Retail: 0.15%</b>				
<i>Focus Brands Incorporated ±(i)</i>	10.25	8-21-2018	176,935	177,377
<b>Financials: 0.06%</b>				
<b>Diversified Financial Services: 0.04%</b>				
<i>American Beacon Advisors Incorporated ±</i>	9.75	3-3-2023	50,000	49,750
<b>Insurance: 0.02%</b>				
<i>Asurion LLC ±</i>	8.50	3-3-2021	25,000	24,458
<b>Industrials: 0.32%</b>				
<b>Airlines: 0.01%</b>				
<i>LM U.S. Corp Acquisition Incorporated ±</i>	8.25	1-25-2021	10,000	9,863
<b>Commercial Services &amp; Supplies: 0.17%</b>				
<i>Interactive Data Corporation ±</i>	4.75	5-2-2021	138,600	138,398
<i>W3 Company ±(i)</i>	9.25	9-13-2020	19,950	15,827
<i>WASH Multifamily Laundry Systems LLC ±</i>	4.25	5-14-2022	25,529	25,274
<i>WASH Multifamily Laundry Systems LLC ±</i>	4.25	5-14-2022	4,471	4,426
<i>WASH Multifamily Laundry Systems LLC ±</i>	8.00	5-12-2023	1,490	1,490
<i>WASH Multifamily Laundry Systems LLC ±</i>	8.00	5-14-2023	8,510	8,510
				193,925
<b>Transportation Infrastructure: 0.14%</b>				
<i>HGIM Corporation ±</i>	5.50	6-18-2020	227,988	158,832

**Information Technology: 0.06%**

**Internet Software & Services: 0.03%**

<i>Vertafore Incorporated ±</i>	9.75	10-29-2017	35,000	35,190
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**Technology Hardware, Storage & Peripherals: 0.03%**

<i>Peak 10 Incorporated ±</i>	8.25	6-17-2022	30,000	28,500
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**Telecommunication Services: 0.13%**

**Diversified Telecommunication Services:**

**0.13%**

<i>nTelos Incorporated ±</i>	5.75	11-9-2019	154,207	153,436
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**Utilities: 0.56%**

**Electric Utilities: 0.56%**

<i>Texas Competitive Electric Holdings Company LLC ±(s)</i>	4.66	10-10-2016	1,471,940	648,699
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<b>Total Loans (Cost \$2,999,951)</b>				2,158,364
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12 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of investments August 31, 2015

Security name	Dividend yield	Shares	Value
<b>Preferred Stocks: 13.14%</b>			
<b>Financials: 0.08%</b>			
<b>Banks: 0.08%</b>			
<i>GMAC Capital Trust I ±</i>	7.96%	3,457	\$ 88,257
<b>Utilities: 13.06%</b>			
<b>Electric Utilities: 13.06%</b>			
<i>Alabama Power Company</i>	6.45	50,000	1,325,000
<i>Entergy Arkansas Incorporated</i>	4.90	44,335	1,074,680
<i>Entergy Louisiana LLC</i>	4.70	270,483	6,340,122
<i>Entergy Louisiana LLC</i>	6.95	21,050	2,106,316
<i>Indianapolis Power &amp; Light Company</i>	5.65	24,345	2,511,340
<i>NextEra Energy Capital Holding Incorporated Series I</i>	5.13	44,000	1,056,000
<i>The Connecticut Light &amp; Power Company</i>	5.28	12,000	588,750
			15,002,208
<b>Total Preferred Stocks (Cost \$14,356,211)</b>			15,090,465

	Expiration date	Shares	Value
<b>Warrants: 0.02%</b>			
<b>Utilities: 0.02%</b>			
<b>Gas Utilities: 0.02%</b>			
<i>Kinder Morgan Incorporated</i>	5-25-2017	16,000	21,280
<b>Total Warrants (Cost \$30,480)</b>			21,280

Interest rate	Maturity date	Principal
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**Yankee Corporate Bonds and Notes:****2.66%****Energy: 0.05%****Oil, Gas & Consumable Fuels: 0.05%**

<i>Baytex Energy Corporation 144A</i>	5.63	6-1-2024	\$ 25,000	20,863
<i>Griffin Coal Mining Company Limited 144A(a)(i)(s)</i>	9.50	12-1-2016	93,118	37,247
				58,110

**Financials: 0.35%****Banks: 0.35%**

<i>Nielsen Holding and Finance BV 144A</i>	5.50	10-1-2021	30,000	30,488
<i>Teekay Corporation</i>	8.50	1-15-2020	360,000	372,600
				403,088

**Health Care: 0.47%****Pharmaceuticals: 0.47%**

<i>Mallinckrodt plc 144A</i>	5.50	4-15-2025	50,000	49,563
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	5.63	12-1-2021	5,000	5,113
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	5.88	5-15-2023	75,000	76,781
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	6.13	4-15-2025	30,000	30,900
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	6.75	8-15-2018	50,000	52,313
<i>Valeant Pharmaceuticals International Incorporated 144A</i>	7.50	7-15-2021	300,000	322,125
				536,795

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Portfolio of investments August 31, 2015

Wells Fargo Advantage Utilities and High Income Fund 13

Security name	Interest rate	Maturity date	Principal	Value
<b>Industrials: 0.14%</b>				
<b>Commercial Services &amp; Supplies: 0.13%</b>				
<i>GFL Environmental Incorporated 144A</i>	7.88%	4-1-2020	\$ 145,000	\$ 147,900
<b>Machinery: 0.01%</b>				
<i>Sensata Technologies BV 144A</i>	5.00	10-1-2025	20,000	19,400
<b>Materials: 0.60%</b>				
<b>Containers &amp; Packaging: 0.20%</b>				
<i>Ardagh Finance Holdings SA (PIK at 8.63%) 144A¥</i>	8.63	6-15-2019	4,115	4,341
<i>Ardagh Packaging Finance plc 144A</i>	9.13	10-15-2020	210,000	220,500
				224,841
<b>Metals &amp; Mining: 0.32%</b>				
<i>ArcelorMittal SA</i>	7.00	2-25-2022	25,000	24,938
<i>FMG Resources (August 2006) Proprietary Limited 144A</i>	6.88	4-1-2022	25,000	15,438
<i>Novelis Incorporated</i>	8.38	12-15-2017	100,000	100,125
<i>Novelis Incorporated</i>	8.75	12-15-2020	225,000	224,438
				364,939
<b>Paper &amp; Forest Products: 0.08%</b>				
<i>Sappi Limited 144A</i>	7.50	6-15-2032	100,000	94,500
<b>Telecommunication Services: 1.05%</b>				
<b>Diversified Telecommunication Services: 1.00%</b>				
<i>Intelsat Jackson Holdings SA</i>	5.50	8-1-2023	545,000	479,600
<i>Intelsat Jackson Holdings SA</i>	7.25	10-15-2020	50,000	48,063
<i>Intelsat Jackson Holdings SA</i>	7.50	4-1-2021	150,000	145,313

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<i>Intelsat Luxembourg SA</i>	7.75	6-1-2021	125,000	93,656
<i>Intelsat Luxembourg SA</i>	8.13	6-1-2023	475,000	350,313
<i>Virgin Media Finance plc 144A</i>	5.38	4-15-2021	9,000	9,225
<i>Virgin Media Finance plc 144A</i>	6.38	4-15-2023	25,000	25,984
				1,152,154
<b>Wireless Telecommunication Services: 0.05%</b>				
<i>Telesat Canada Incorporated 144A</i>	6.00	5-15-2017	50,000	50,625
<b>Total Yankee Corporate Bonds and Notes (Cost \$3,307,631)</b>				3,052,352
<b>Short-Term Investments: 7.99%</b>				
	<b>Yield</b>		<b>Shares</b>	
<b>Investment Companies: 7.99%</b>				
<i>Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)##</i>	0.15		9,179,571	9,179,571
<b>Total Short-Term Investments (Cost \$9,179,571)</b>				9,179,571
<b>Total investments in securities (Cost \$121,784,333) *</b>	118.73%			136,355,137
<i>Other assets and liabilities, net</i>	(18.73)			(21,506,954)
<b>Total net assets</b>	<b>100.00%</b>			<b>\$ 114,848,183</b>

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14 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of investments August 31, 2015

(i) Illiquid security for which the designation as illiquid is unaudited.

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

Non-income-earning 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.

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.

¥ 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.

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

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

(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.

\* Cost for federal income tax purposes is \$122,506,173 and unrealized gains (losses) consists of:

Gross unrealized gains	\$ 20,508,332
Gross unrealized losses	(6,659,368)
Net unrealized gains	\$ 13,848,964

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**Report of Independent Registered Public Accounting Firm**

The Board of Trustees of

Wells Fargo Advantage Utilities and High Income Fund:

We have audited the financial statements of the Wells Fargo Advantage Utilities and High Income Fund (the Fund ) as of August 31, 2015, and for each of the years presented and have issued our unqualified report thereon dated October 26, 2015 (which report and financial statements are included in Item 1 of this Certified Shareholder Report on Form N-CSR). We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our audit included an audit of the Fund s portfolio of investments (the Portfolio ) as of August 31, 2015 appearing in Item 6 of this Form N-CSR. This Portfolio is the responsibility of management. Our responsibility is to express an opinion on this Portfolio based on our audit.

In our opinion, the Portfolio referred to above, when read in conjunction with the financial statements of the Fund, presents fairly, in all material respects, the information set forth therein.

Boston, Massachusetts

October 26, 2015

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

**PROXY VOTING POLICIES AND PROCEDURES**

**REVISED AS OF AUGUST 13, 2014**

**Scope of Policies and Procedures.** These Policies and Procedures ( Procedures ) are used to determine how to vote proxies relating to portfolio securities held by the series of Wells Fargo Funds Trust, Wells Fargo Master Trust, Wells Fargo Variable Trust, Asset Allocation Trust, Wells Fargo Advantage Global Dividend Opportunity Fund, Wells Fargo Advantage Income Opportunities Fund, Wells Fargo Advantage Multi-Sector Income Fund, and Wells Fargo Advantage Utilities & High Income Fund (the Trusts ) except for those series that exclusively hold non-voting securities (hereafter, all such series, and all such Trusts not having separate series, holding voting securities are referred to as the Funds ).

**Voting Philosophy.** The Funds and Wells Fargo Funds Management, LLC ( Funds Management ) have adopted these Procedures to ensure that proxies are voted in the best interests of Fund shareholders, without regard to any relationship that any affiliated person of the Fund (or an affiliated person of such affiliated person) may have with the issuer. Funds Management exercises its voting responsibility, as a fiduciary, with the goal of maximizing value to shareholders consistent with governing laws and the investment policies of each Fund. While securities are not purchased to exercise control or to seek to effect corporate change through share ownership, the Funds support sound corporate governance practices within companies in which they invest.

**Responsibilities**

(a) **Board of Trustees.** The Board of Trustees of each Trust (the Board ) has delegated the responsibility for voting proxies relating to the Funds portfolio securities to Funds Management. The Board retains the authority to make or ratify any voting decisions or approve any changes to these Procedures as the Board deems appropriate. Funds Management will provide reports to the Board regarding voting matters when and as reasonably requested by the Board. The Board shall review these Procedures as often as it deems appropriate to consider whether any revisions are warranted. On an annual basis, the Board shall receive and review a Funds Management on the proxy voting process.

(b) **Funds Management Proxy Committee**

**Responsibilities.** The Funds Management Proxy Voting Committee (the Proxy Committee ) shall be responsible for overseeing the proxy voting process to ensure its implementation in conformance with these Procedures. The Proxy Committee shall monitor Institutional Shareholder Services ( ISS ), the proxy voting agent for Funds Management, to determine that ISS is accurately applying the Procedures as set forth herein. The Proxy Committee shall review the continuing appropriateness of the Procedures set forth herein, recommend revisions to the Board as necessary and provide an annual update to the Board on the proxy voting process.

Voting Guidelines. Appendix A hereto sets forth guidelines regarding how proxies will be voted on the issues specified. ISS will vote proxies for or against as directed by the guidelines. Where the guidelines specify a case by case determination for a particular issue, ISS will forward the proxy to the Proxy Committee for a vote determination by the Proxy Committee. Finally, with respect to issues for which a vote for or against is specified by the Procedures, the Proxy Committee shall have the authority to direct ISS to forward the proxy to the Proxy Committee for a discretionary vote by the Proxy Committee if the Proxy Committee determines that a case-by-case review of such matter is warranted. The Proxy Committee may also consult Fund sub-advisers on certain proxy voting issues on a case-by-case basis as the Proxy Committee deems appropriate or to the extent that a sub-adviser of a Fund makes a recommendation regarding a proxy voting issue. As a general matter, however, proxies are voted consistently on the same matter when securities of an issuer are held by multiple Funds.



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Proxy Committee. In all cases, the Proxy Committee will exercise its voting discretion in accordance with the voting philosophy of the Funds. In cases where a proxy is forwarded by ISS to the Proxy Committee, the Proxy Committee may be assisted in its voting decision through receipt of:

- independent research and voting recommendations provided by ISS or other independent sources;
- (ii) input from the investment sub-adviser responsible for purchasing the security; and
- (iii) information provided by company management and shareholder groups.

Voting decisions made by the Proxy Committee will be reported to ISS to ensure that the vote is registered in a timely manner and included in Form N-PX reporting.

Securities on Loan. As a general matter, securities on loan will not be recalled to facilitate proxy voting (in which case the borrower of the security shall be entitled to vote the proxy). However, if the Proxy

Committee is aware of an item in time to recall the security and has determined in good faith that the importance of the matter to be voted upon outweighs the loss in lending revenue that would result from recalling the security (i.e., if there is a controversial upcoming merger or acquisition, or some other significant matter), the security will be recalled for voting.

Practical Limitations to Proxy Voting. While Funds Management uses its best efforts to vote proxies, in certain circumstances it may be impractical or impossible for Funds Management to vote proxies (e.g., limited value or unjustifiable costs). For example, in accordance with local law or business practices, many foreign companies prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting ( share blocking ). Due to these restrictions, Funds Management must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. As a result, Funds Management will generally not vote those proxies in the absence of an unusual, significant vote or compelling economic importance. Additionally, Funds Management may not be able to vote proxies for certain foreign securities if Funds Management does not receive the proxy statement in time to vote the proxies due to custodial processing delays.

Conflicts of Interest. Funds Management may have a conflict of interest regarding a proxy to be voted upon if, for example, Funds Management or its affiliates have other relationships with the issuer of the proxy. In most instances, conflicts of interest are avoided through a strict and objective application of the voting guidelines attached hereto. However, when the Proxy Committee is aware of a material conflict of interest regarding a matter that would otherwise require a vote by the Proxy Committee, the Proxy Committee shall address the material conflict by using any of the following methods: (1) instructing ISS to vote in accordance with the recommendation ISS makes to its clients; (2) disclosing the conflict to the Board and obtaining their consent before voting; (3) submitting the matter to the Board to exercise its authority to vote on such matter; (4) engaging an independent fiduciary who will direct the Proxy Committee on voting instructions for the proxy; (5) consulting with outside legal counsel for guidance on resolution of the conflict of interest; (6) erecting information barriers around the person or persons making voting decisions; (7) voting in proportion to other shareholders ( mirror voting ); or (8) voting in other ways that are consistent with each

Fund's obligation to vote in the best interests of its shareholders. Additionally, the Proxy Committee will not permit its votes to be influenced by any conflict of interest that exists for any other affiliated person of the Fund (such as a sub-adviser or principal underwriter) or any affiliated persons of such affiliated persons and the Proxy Committee will vote all such matters without regard to the conflict.

Funds Management may also have a conflict of interest regarding a proxy to be voted on if a member of the Board has an affiliation, directly or indirectly, with a public or private company (an Identified Company). Identified Companies include a Board member's

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employer, as well as any company of which the Board member is a director or officer or a 5% or more shareholder. The Proxy Committee shall address such a conflict by instructing ISS to vote in accordance with the recommendation ISS makes to its clients.

**Meetings.** The Proxy Committee shall convene as needed and when discretionary voting determinations need to be considered, and shall have the authority to act by vote of a majority of the Proxy Committee members available at that time. The Proxy Committee shall also meet at least semi- annually to review the Procedures and the performance of ISS in exercising its proxy voting responsibilities.

**Membership.** The voting members of the Proxy Committee shall be Tom Biwer, Travis Keshemberg, Erik Sens, Aldo Ceccarelli and Melissa Duller. Changes to the membership of the Proxy Committee will be made only with Board approval. Upon departure from Funds Management, a member's position on the Proxy Committee will automatically terminate.

**Disclosure of Policies and Procedures.** Each Fund shall disclose in its statement of additional information a description of the policies and procedures it uses to determine how to vote proxies relating to securities held in its portfolio. In addition, each Fund shall disclose in its semi- and annual reports that a description of its proxy voting policies and procedures is available without charge, upon request, by calling 1-800-222-8222, on the Fund's web site at [www.wellsfargo.com/advantagefunds](http://www.wellsfargo.com/advantagefunds) and on the Securities and Exchange Commission's website at <http://www.sec.gov>.

**Disclosure of Proxy Voting Record.** Each Trust shall file with the Commission an annual report on Form N-PX not later than August 31 of each year (beginning August 31, 2004), containing the Trust's proxy voting record for the most recent twelve-month period ended June 30.

Each Fund shall disclose in its statement of additional information and semi- and annual reports that information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge on the Funds' web site at [www.wellsfargo.com/advantagefunds](http://www.wellsfargo.com/advantagefunds) or by accessing the Commission's web site at [www.sec.gov](http://www.sec.gov).

Each Fund shall disclose the following information on Form N-PX for each matter relating to a portfolio security considered at any shareholder meeting held during the period covered by the report and with respect to which the Fund was entitled to vote:

The name of the issuer of the portfolio security;

The exchange ticker symbol of the portfolio security;

The Council of Uniform Securities Identification Procedures (CUSIP) number for the portfolio security (unless the CUSIP is not available through reasonably practicable means, in which case it will be omitted);

The shareholder meeting date;

A brief identification of the matter voted on;

Whether the matter was proposed by the issuer or by a security holder;

Whether the Fund cast its vote on the matter;

How the Fund cast its vote (e.g. for or against a proposal, or abstain; for or withhold regarding election of directors); and

Whether the Fund cast its vote for or against management.

Form N-PX shall be made available to Fund shareholders through the SEC web site.

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**APPENDIX A**  
**TO**  
**PROXY VOTING POLICIES AND PROCEDURES**

Funds Management will vote proxies relating to portfolio securities held by the Trusts in accordance with the following proxy voting guidelines. To the extent the specific guidelines below do not address a proxy voting proposal, Funds Management will vote pursuant to ISS current U.S. and International proxy voting guidelines. Proxies related to issues not addressed by the specific guidelines below or by ISS current U.S. and International proxy voting guidelines will be forwarded to the Proxy Committee for a vote determination by the Proxy Committee.

**Uncontested Election of Directors or Trustees**

<p>THE FUNDS will generally vote for all uncontested director or trustee nominees. The Nominating Committee is in the best position to select nominees who are available and capable of working well together to oversee management of the company. THE FUNDS will not require a performance test for directors.</p>	<p>FOR</p>
<p>THE FUNDS will generally vote for reasonably crafted shareholder proposals calling for directors to be elected with an affirmative majority of votes cast and/or the elimination of the plurality standard for electing directors, unless the company has adopted formal corporate governance principles that present a meaningful alternative to the majority voting standard.</p>	<p>FOR</p>
<p>THE FUNDS will withhold votes for a director if the nominee fails to attend at least 75% of the board and committee meetings without a valid excuse.</p>	<p>WITHHOLD</p>
<p>THE FUNDS will vote against routine election of directors if any of the following apply: company fails to disclose adequate information in a timely manner, serious issues with the finances, questionable transactions, conflicts of interest, record of abuses against minority shareholder interests, bundling of director elections, and/or egregious governance practices.</p>	<p>AGAINST</p>
<p>THE FUNDS will withhold votes from the entire board (except for new nominees) where the director(s) receive more than 50% withhold votes out of those cast and the issue that was the underlying cause of the high level of withhold votes has not been addressed.</p>	<p>WITHHOLD</p>
<p>THE FUNDS will withhold votes from members of the Audit Committee and/or the full board if poor accounting practices, which rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures, are identified.</p>	<p>WITHHOLD</p>

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THE FUNDS will withhold votes from members of the Audit Committee if the company receives an adverse opinion on the company's financial statements from its auditor. WITHHOLD

THE FUNDS will withhold votes from members of the Audit Committee if there is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm. WITHHOLD

THE FUNDS will withhold votes from all directors (except for new nominees) if the company has adopted or renewed a poison pill without shareholder approval since the company's last annual meeting, does not put the pill to a vote at the current annual meeting, and does not have a requirement or does not commit to put the pill to shareholder vote within 12 months. In addition, THE FUNDS will withhold votes on all directors at any company that responds to the majority of the shareholders voting by putting the poison pill to a shareholder vote with a recommendation other than to eliminate the pill. WITHHOLD

THE FUNDS will withhold votes from compensation committee members if they fail to submit one-time transferable stock options (TSOs) to shareholders for approval. WITHHOLD

**Limitation on Number of Boards a Director May Sit On**

THE FUNDS will withhold votes from directors who sit on more than six boards. WITHHOLD

THE FUNDS will withhold votes from CEO directors who sit on more than two outside boards besides their own. WITHHOLD

**Ratification of Auditors**

THE FUNDS will vote against auditors and withhold votes from audit committee members if non-audit fees are greater than audit fees, audit-related fees, and permitted tax fees, combined. THE FUNDS will follow the disclosure categories being proposed by the SEC in applying the above formula. AGAINST/  
WITHHOLD

With the above exception, THE FUNDS will generally vote for proposals to ratify auditors unless: FOR

an auditor has a financial interest in or association with the company, and is therefore not independent, or AGAINST

there is reason to believe that the independent auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position. AGAINST

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THE FUNDS will vote against proposals that require auditors to attend annual meetings as auditors are regularly reviewed by the board audit committee, and such attendance is unnecessary. AGAINST

THE FUNDS will vote for shareholder proposals requesting a shareholder vote for audit firm ratification. FOR

THE FUNDS will vote against shareholder proposals asking for audit firm rotation. This practice is viewed as too disruptive and too costly to implement for the benefit achieved. AGAINST

**Company Name Change/Purpose**

THE FUNDS will vote for proposals to change the company name as management and the board is best suited to determine if such change in company name is necessary. FOR

However, where the name change is requested in connection with a reorganization of the company, the vote will be based on the merits of the reorganization. CASE-BY-CASE

In addition, THE FUNDS will generally vote for proposals to amend the purpose of the company. Management is in the best position to know whether the description of what the company does is accurate, or whether it needs to be updated by deleting, adding or revising language. FOR

**Employee Stock Purchase Plans/401(k) Employee Benefit Plans**

THE FUNDS will vote for proposals to adopt, amend or increase authorized shares for employee stock purchase plans and 401(k) plans for employees as properly structured plans enable employees to purchase common stock at a slight discount and thus own a beneficial interest in the company, provided that the total cost of the company's plan is not above the allowable cap for the company. FOR

Similarly, THE FUNDS will generally vote for proposals to adopt or amend thrift and savings plans, retirement plans, pension plans and profit plans. FOR

**Anti-Hedging/Pledging/Speculative Investments Policy**

THE FUNDS will consider proposals prohibiting named executive officers from engaging in derivative or speculative transactions involving company stock, including hedging, holding stock in a margin account, or pledging stock as collateral for a loan on a case-by-case basis. The company's existing policies regarding responsible use of company stock will be considered. CASE-BY-CASE

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**Approve Other Business**

THE FUNDS will generally vote for proposals to approve other business. This transfer of authority allows the corporation to take certain ministerial steps that may arise at the annual or special meeting. FOR

However, THE FUNDS retains the discretion to vote against such proposals if adequate information is not provided in the proxy statement, or the measures are significant and no further approval from shareholders is sought. AGAINST

**Independent Board of Directors/Board Committees**

THE FUNDS will vote for proposals requiring that two-thirds of the board be independent directors. An independent board faces fewer conflicts and is best prepared to protect stockholders' interests. FOR

THE FUNDS will withhold votes from insiders and affiliated outsiders on boards that are not at least majority independent. WITHHOLD

THE FUNDS will withhold votes from compensation committee members where there is a pay-for-performance disconnect (for Russell 3000 companies). WITHHOLD

THE FUNDS will vote for proposals requesting that the board audit, compensation and/or nominating committees be composed of independent directors, only. Committees should be composed entirely of independent directors in order to avoid conflicts of interest. FOR

THE FUNDS will withhold votes from any insiders or affiliated outsiders on audit, compensation or nominating committees. THE FUNDS will withhold votes from any insiders or affiliated outsiders on the board if any of these key committees has not been established. WITHHOLD

THE FUNDS will vote against proposals from shareholders requesting an independent compensation consultant. AGAINST

**Director Fees**

THE FUNDS, will vote for proposals to set director fees. FOR

**Minimum Stock Requirements by Directors**

THE FUNDS will vote against proposals requiring directors to own a minimum number of shares of company stock in order to qualify as a director, or to remain on the board. Minimum stock ownership requirements can impose an across-the-board requirement that could prevent qualified individuals from serving as directors. AGAINST



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**Indemnification and Liability Provisions for Directors and Officers**

THE FUNDS will vote for proposals to allow indemnification of directors and officers, when the actions taken were on behalf of the company and no criminal violations occurred. THE FUNDS will also vote in favor of proposals to purchase liability insurance covering liability in connection with those actions. Not allowing companies to indemnify directors and officers to the degree possible under the law would limit the ability of the company to attract qualified individuals. FOR

Alternatively, THE FUNDS will vote against indemnity proposals that are overly broad. For example, THE FUNDS will oppose proposals to indemnify directors for acts going beyond mere carelessness, such as gross negligence, acts taken in bad faith, acts not otherwise allowed by state law or more serious violations of fiduciary obligations. AGAINST

**Nominee Statement in the Proxy**

THE FUNDS will vote against proposals that require board nominees to have a statement of candidacy in the proxy, since the proxy statement already provides adequate information pertaining to the election of directors. AGAINST

**Director Tenure/Retirement Age**

THE FUNDS will vote against proposals to limit the tenure of directors as such limitations based on an arbitrary number could prevent qualified individuals from serving as directors. However, THE FUNDS is in favor of inserting cautionary language when the average director tenure on the board exceeds 15 years for the entire board. AGAINST

The Funds will vote for proposals to establish a mandatory retirement age for directors provided that such retirement age is not less than 65. FOR

**Board Powers/Procedures/Qualifications**

THE FUNDS will consider on a case-by-case basis proposals to amend the corporation's By-laws so that the Board of Directors shall have the power, without the assent or vote of the shareholders, to make, alter, amend, or rescind the By-laws, fix the amount to be reserved as working capital, and fix the number of directors and what number shall constitute a quorum of the Board. In determining these issues, THE FUNDS will rely on the proxy voting Guidelines. CASE-BY-CASE

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**Adjourn Meeting to Solicit Additional Votes**

THE FUNDS will examine proposals to adjourn the meeting to solicit additional votes on a case-by-case basis. As additional solicitation may be costly and could result in coercive pressure on shareholders, THE FUNDS will consider the nature of the proposal and its vote recommendations for the scheduled meeting. CASE-BY-CASE

THE FUNDS will vote for this item when: FOR

THE FUNDS is supportive of the underlying merger proposal; the company provides a sufficient, compelling reason to support the adjournment proposal; and the authority is limited to adjournment proposals requesting the authority to adjourn solely to solicit proxies to approve a transaction THE FUNDS supports.

**Reimbursement of Solicitation Expenses**

THE FUNDS will consider contested elections on a case-by-case basis, considering the following factors: long-term financial performance of the target company relative to its industry; management's track record; background of the proxy contest; qualifications of director or trustee nominees (both slates); evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and stock ownership positions. CASE-BY-CASE

**Board Structure: Staggered vs. Annual Elections**

THE FUNDS will consider the issue of classified boards on a case-by-case basis. In some cases, the division of the board into classes, elected for staggered terms, can entrench the incumbent management and make them less responsive to shareholder concerns. On the other hand, in some cases, staggered elections may provide for the continuity of experienced directors on the Board. CASE-BY-CASE

**Removal of Directors**

THE FUNDS will consider on a case-by-case basis proposals to eliminate shareholders' rights to remove directors with or without cause or only with approval of two-thirds or more of the shares entitled to vote. CASE-BY-CASE

However, a requirement that a 75% or greater vote be obtained for removal of directors is abusive and will warrant a vote against the proposal. AGAINST

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**Board Vacancies**

THE FUNDS will vote against proposals that allow the board to fill vacancies without shareholder approval as these authorizations run contrary to basic shareholders' rights. AGAINST

Alternatively, THE FUNDS will vote for proposals that permit shareholders to elect directors to fill board vacancies. FOR

**Cumulative Voting**

THE FUNDS will vote on proposals to permit or eliminate cumulative voting on a case-by-case basis based upon the existence of a counter balancing governance structure and company performance, in accordance with its proxy voting guideline philosophy. CASE-BY-CASE

THE FUNDS will vote for against cumulative voting if the board is elected annually. AGAINST

**Board Size**

THE FUNDS will vote for proposals that seek to fix the size of the board, as the ability for management to increase or decrease the size of the board in the face of a proxy contest may be used as a takeover defense. FOR

However, if the company has cumulative voting, downsizing the board may decrease a minority shareholder's chances of electing a director.

By increasing the size of the board, management can make it more difficult for dissidents to gain control of the board. Fixing the size of the board also prevents a reduction in the board size as a means to oust independent directors or those who cause friction within an otherwise homogenous board.

**Shareholder Rights Plan (Poison Pills)**

THE FUNDS will generally vote for proposals that request a company to submit its poison pill for shareholder ratification. FOR CASE-BY-CASE

Alternatively, THE FUNDS will analyze proposals to redeem a company's poison pill, or requesting the ratification of a poison pill on a case-by-case basis.

Poison pills are one of the most potent anti-takeover measures and are generally adopted by boards without shareholder approval. These plans harm shareholder value and entrench management by deterring stock acquisition offers that are not favored by the board.

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**Fair Price Provisions**

THE FUNDS will consider fair price provisions on a case-by-case basis, evaluating factors such as the vote required to approve the proposed mechanism, the vote required to approve the proposed acquisition, the vote required to repeal the fair price provision, and the mechanism for determining the fair price. CASE-BY-CASE

THE FUNDS will vote against fair price provisions with shareholder vote requirements of 75% or more of disinterested shares. AGAINST

**Greenmail**

THE FUNDS will generally vote in favor of proposals limiting the corporation's authority to purchase shares of common stock (or other outstanding securities) from a holder of a stated interest (5% or more) at a premium unless the same offer is made to all shareholders. These are known as anti-greenmail provisions. Greenmail discriminates against rank-and-file shareholders and may have an adverse effect on corporate image. FOR

If the proposal is bundled with other charter or bylaw amendments, THE FUNDS will analyze such proposals on a case-by-case basis. In addition, THE FUNDS will analyze restructurings that involve the payment of pale greenmail on a case-by-case basis. CASE-BY-CASE

**Voting Rights**

THE FUNDS will vote for proposals that seek to maintain or convert to a one-share, one-vote capital structure as such a principle ensures that management is accountable to all the company's owners. FOR

Alternatively, THE FUNDS will vote against any proposals to cap the number of votes a shareholder is entitled to. Any measure that places a ceiling on voting may entrench management and lessen its interest in maximizing shareholder value. AGAINST

**Dual Class/Multiple-Voting Stock**

THE FUNDS will vote against proposals that authorize, amend or increase dual class or multiple-voting stock which may be used in exchanges or recapitalizations. Dual class or multiple-voting stock carry unequal voting rights, which differ from those of the broadly traded class of common stock. AGAINST

Alternatively, THE FUNDS will vote for the elimination of dual class or multiple-voting stock, which carry different rights than the common stock. FOR

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**Confidential Voting**

THE FUNDS will vote for proposals to adopt confidential voting. FOR

**Vote Tabulations**

THE FUNDS will vote against proposals asking corporations to refrain from counting abstentions and broker non-votes in their vote tabulations and to eliminate the company's discretion to vote unmarked proxy ballots. Vote counting procedures are determined by a number of different standards, including state law, the federal proxy rules, internal corporate policies, and mandates of the various stock exchanges. AGAINST

**Equal Access to the Proxy**

THE FUNDS will evaluate Shareholder proposals requiring companies to give shareholders access to the proxy ballot for the purpose of nominating board members, on a case-by-case basis taking into account the ownership threshold proposed in the resolution and the proponent's rationale for the proposal at the targeted company in terms of board and director conduct. CASE-BY-CASE

**Disclosure of Information**

THE FUNDS will vote against shareholder proposals requesting fuller disclosure of company policies, plans, or business practices. Such proposals rarely enhance shareholder return and in many cases would require disclosure of confidential business information. AGAINST

**Annual Meetings**

THE FUNDS will vote for proposals to amend procedures or change date or location of the annual meeting. Decisions as to procedures, dates or locations of meetings are best placed with management. FOR

Alternatively, THE FUNDS will vote against proposals from shareholders calling for a change in the location or date of annual meetings as no date or location proposed will be acceptable to all shareholders. AGAINST

THE FUNDS will generally vote in favor of proposals to reduce the quorum necessary for shareholders' meetings, subject to a minimum of a simple majority of the company's outstanding voting shares. FOR

**Shareholder Advisory Committees/Independent Inspectors**

THE FUNDS will vote against proposals seeking to establish shareholder advisory committees or independent inspectors. The existence of such bodies dilutes the responsibility of the board for managing the affairs of the corporation. AGAINST

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**Technical Amendments to the Charter of Bylaws**

THE FUNDS will generally vote in favor of charter and bylaw amendments proposed solely to conform to modern business practices, for simplification, or to comply with what management s FOR  
counsel interprets as applicable law.

However, amendments that have a material effect