

WELLS FARGO ADVANTAGE UTILITIES & HIGH INCOME FUND  
Form N-CSRS  
May 02, 2011

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM N-CSRS  
CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES  
Investment Company Act file number: 811-21507  
Wells Fargo Advantage Utilities & 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: 800-643-9691

Date of fiscal year end: August 31, 2010

Date of reporting period: February 28, 2011

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ITEM 1. REPORT TO SHAREHOLDERS

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**WELLS FARGO ADVANTAGE UTILITIES AND HIGH INCOME FUND**

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

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The views expressed are as of February 28, 2011. Any reference to a specific security in this report is not a recommendation to purchase or sell any specific security or adopt any investment strategy. The views are subject to change at any time in response to changing circumstances in the market and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally, or the *Wells Fargo Advantage Utilities and High Income Fund*.

**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

Dear Valued Shareholder:

We are pleased to provide you with this semi-annual report for the *Wells Fargo Advantage Utilities and High Income Fund* for the six-month period that ended February 28, 2011.

While the equity markets delivered strong six-month returns against the backdrop of a strengthening economy, the period was not without its share of macroeconomic challenges, domestic and international political uncertainty, and market volatility — once again highlighting the value of a well-diversified investment strategy. As always, we believe that following such a strategy may enable investors to balance risks and opportunities as they pursue long-term financial goals in a dynamic market environment.

**The economic recovery stayed on track.**

The U.S. economic recovery that began in the summer of 2009 gained momentum, particularly toward the end of 2010. After expanding by an annual rate of 2.6% in the third quarter of 2010, gross domestic product accelerated to an annualized rate of 3.2% in the fourth quarter. Although the path of recovery has been uneven at times, and growth remains subpar compared with previous recoveries, the general consensus among economists is that the economy will likely avoid a double-dip recession and continue to expand, albeit slowly. We, however, think that persistent weakness in the labor and housing markets bears close watching in the months ahead.

**Jobs and housing remained troublesome.**

At the end of 2010, the unemployment rate stood at 9.4% — down from 9.9% a year earlier but still stubbornly high. The rate fell even further in January and February 2011 to 9.0% and 8.9%, respectively. Unfortunately, the drop may be more attributable to a decline in the labor force than to a meaningful uptick in hiring. In fact, employers added only 1.1 million jobs for all of 2010, suggesting that the improving economy has yet to translate into widespread hiring. Meanwhile, the beleaguered housing market was an ongoing source of concern, despite some tentative late-year signs of stabilization.

Other economic data was more encouraging, reflecting greater confidence in the recovery on the part of both consumers and businesses. Retail sales came in strong at certain points during the six-month period — including the critical holiday shopping season — while industrial production and new orders have picked up. Although still reluctant to hire, businesses have gradually increased spending in other areas, such as equipment and technology. Core inflation, which excludes volatile food and energy prices, remained benign.

**The Federal Reserve continued to do its part.**

With inflation subdued, the Federal Reserve (Fed) held its target range for the federal funds rate — a proxy for short-term interest rates — steady at 0% to 0.25%. In its first statement of 2011, released on January 26, the Fed explained that the most recent economic data — confirms that the economic recovery is continuing, though at a rate that has been insufficient to bring about significant improvement in labor market conditions. The statement noted that, while consumer and business spending has risen,

Letter to Shareholders

Wells Fargo Advantage Utilities and High Income  
Fund 3

activity remains constrained due to modest income growth, lower housing wealth, and tight credit. As a result, the Fed indicated that it intends to keep short-term rates at historically low levels for as long as needed to promote a more robust recovery.

The Fed also stated that it plans to proceed with other stimulus measures, including its second round of quantitative easing (QE2) a plan to purchase \$600 billion in long-term Treasury securities by mid-2011. The introduction of QE2 in November 2010 marked a turning point for equity markets in that it ushered in a favorable shift in investor sentiment. By and large, investors interpreted the plan as further evidence of the Fed's commitment to stabilizing the rate of inflation and spurring economic growth.

**The second half of 2010 was a solid year for equities.**

QE2 was certainly not the only catalyst for equity markets during the period. Along with more upbeat economic data, better-than-expected corporate earnings played a role in driving stock prices higher. Throughout the past year, quarterly earnings per share for the majority of companies in the S&P 500 Index consistently exceeded Wall Street estimates. As 2010 drew to a close, the midterm congressional elections and the extension of the Bush-era tax cuts provided additional tailwinds, helping the markets finish the six-month period on a strong note.

The broad equity market indexes posted exceptionally strong returns during the period. The S&P 500 Index<sup>1</sup> and the Dow Jones Industrial Average<sup>2</sup> advanced 27.7% and 23.6%, respectively, and the tech-heavy NASDAQ Composite Index<sup>3</sup> returned 32.4%. Within the fixed-income markets, the broad-based investment-grade BofA Merrill Lynch U.S. Corporate, Government and Mortgage Index<sup>4</sup> posted a -1.06% return, while the BofA Merrill Lynch High-Yield Master II Index<sup>5</sup> returned 9.81%.

1. 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.
  2. The Dow Jones Industrial Average is a price-weighted index of 30 blue-chip industrial U.S. stocks. You cannot invest directly in an index.
  3. The NASDAQ Composite Index measures the market value of all domestic and foreign common stocks, representing a wide array of more than 5,000 companies, listed on the NASDAQ Stock Market. You cannot invest directly in an index.
  4. The BofA Merrill Lynch U.S. Corporate, Government and Mortgage Index tracks the performance of US dollar-denominated investment grade Government and Corporate public debt issued in the US Domestic bond market, including Mortgage Pass-Through securities but excluding Asset Backed securities. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum outstanding of \$1 billion for US Treasuries and \$150 million for all other securities. Bonds must be rated investment grade based on a composite of Moody's and S&P. (NOTE: Index formerly named Merrill Lynch U.S. Domestic Master Index name changed in 2006 or 2007 to be more descriptive). You cannot invest directly in an index.
  5. The BofA Merrill Lynch High Yield Master II Index is a market capitalization-weighted index of domestic and Yankee high-yield bonds. The index tracks the performance of high-yield securities traded in the U.S. bond market. You cannot invest directly in an index.
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4 Wells Fargo Advantage Utilities and High Income Fund

Letter to Shareholders

**Diversification and fundamentally sound investments remain the focus of the Fund.**

As always, the management teams of the *Wells Fargo Advantage Utilities and High Income Fund* remained focused on pursuing a high level of current income and moderate capital growth for investors. Throughout the period, the utility sleeve continued to be managed with a relatively modest weight to companies with direct natural gas exposure and companies that are selectively invested in telecommunications. In an effort to generate a good level of income, the portfolio managers remained focused on investment opportunities, such as preferred stocks, that are offering a higher level of income relative to comparable assets. Within the high-yield sleeve, the portfolio managers continued to position the Fund's bond allocation defensively, with a focus on avoiding what they view as uncompensated risk. As an example, they have avoided overleveraged companies and have reduced the portfolio's exposure to issues with greater interest-rate sensitivity.

**Investors should keep a long-term perspective.**

In our view, the equity markets' dramatic rebound over the past two years from a severe downturn underscores the importance of maintaining a disciplined, long-term investment strategy through changing market cycles. By staying focused on your long-term goals, you may be better positioned to both navigate falling markets and participate in rising markets.

To help you build a well-diversified strategy based on your personal objectives and risk tolerance, *Wells Fargo Advantage Funds*® offers more than 120 mutual funds and other investments covering a wide range of asset classes and investment styles. 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.

Thank you for choosing *Wells Fargo Advantage Funds*. We appreciate your continued confidence in us and are committed to helping you meet your financial needs. If you have any questions about your investments, please contact your investment professional, call us at **1-800-222-8222**, or visit **[www.wellsfargo.com/advantagefunds](http://www.wellsfargo.com/advantagefunds)**.

Sincerely,

/s/ Karla M. Rabusch

Karla M. Rabusch

President

*Wells Fargo Advantage Funds*

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Notice of Annual Meeting of Shareholders

Wells Fargo Advantage Utilities and High Income Fund

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**Notice of Annual Meeting of Shareholders**

**Notice is hereby given that the Annual Meeting of Shareholders will be held on June 13, 2011 at 10 a.m. Pacific time, at the offices of *Wells Fargo Advantage Funds*<sup>®</sup>, 525 Market Street, 12th Floor, San Francisco, California 94105.**

There are no items currently on the meeting agenda for shareholder consideration. Pursuant to a special meeting held on July 9, 2010, Fund shareholders have already elected Trustees through the 2011 annual shareholder meeting. To the extent necessary, shareholders will be able to transact such other business as may properly come before the meeting or any adjournment thereof.

Any Shareholder desiring to present a proposal for consideration at the 2011 annual meeting of Shareholders of the Fund to be included in the Fund's proxy materials should submit such a timely proposal in writing to the Secretary, c/o Wells Fargo Advantage Utilities and High Income Fund, 525 Market Street, San Francisco, CA 94105 by the close of business on or before July 2, 2011.

Any Shareholder desiring to present a proposal for consideration at the 2011 annual meeting of Shareholders of the Fund that will not be included in the Fund's proxy materials should submit such a timely proposal in writing to the Secretary, c/o Wells Fargo Advantage Utilities and High Income Fund, 525 Market Street, San Francisco, CA 94105 by the close of business on or before August 1, 2011, but no earlier than July 2, 2011.

Mere submission of a proposal does not guarantee inclusion of the proposal in the proxy statement or presentation of the proposal at the 2011 annual meeting since such inclusion and presentation are subject to various conditions and requirements, including those required by applicable law.

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6 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of Investments February 28, 2011 (Unaudited)

| Principal                                       | Security Name                             | Interest Rate | Maturity Date | Value      |
|---|---|---------------|---------------|------------|
| <b>Corporate Bonds and Notes: 28.14%</b>        |   |               |               |            |
| <b>Consumer Discretionary: 4.76%</b>            |   |               |               |            |
| <b>Auto Components: 0.51%</b>                   |   |               |               |            |
| \$ 215,000                                      | Cooper Tire & Rubber Company              | 7.63%         | 03/15/2027    | \$ 207,475 |
| 335,000   | Goodyear Tire & Rubber Company            | 10.50         | 05/15/2016    | 381,900    |
|   |   |               |               | 589,375    |
| <b>Automobiles: 0.21%</b>                       |   |               |               |            |
| 235,000   | Ford Motor Credit Company                 | 9.88          | 08/10/2011    | 242,759    |
| <b>Diversified Consumer Services: 0.96%</b>     |   |               |               |            |
| 185,000   | Carriage Services Incorporated            | 7.88          | 01/15/2015    | 187,775    |
| 75,000  | Service Corporation International         | 6.75          | 04/01/2016    | 79,688     |
| 40,000  | Service Corporation International         | 8.00          | 11/15/2021    | 43,800     |
| 465,000   | Service Corporation International         | 7.50          | 04/01/2027    | 454,538    |
| 325,000   | Stonemor Partners LP                      | 10.25         | 12/01/2017    | 340,438    |
|   |   |               |               | 1,106,239  |
| <b>Hotels, Restaurants &amp; Leisure: 0.86%</b> |   |               |               |            |
| 125,000   | Ameristar Casinos Incorporated            | 9.25          | 06/01/2014    | 134,375    |
| 75,000  | Burger King Corporation                   | 9.88          | 10/15/2018    | 80,063     |
| 100,000   | Chukchansi Economic Development Authority | 3.94          | 11/15/2012    | 75,250     |
| 25,000  | Citycenter Holdings LLC                   | 7.63          | 01/15/2016    | 26,063     |
| 50,000  | Citycenter Holdings LLC                   | 11.50         | 01/15/2017    | 52,250     |
| 50,000  | DineEquity Incorporated                   | 9.50          | 10/30/2018    | 54,125     |
| 225,000   | Greektown Superholdings                   | 13.00         | 07/01/2015    | 255,375    |
| 60,000  | Scientific Games Corporation              | 9.25          | 06/15/2019    | 65,850     |
| 120,000   | Speedway Motorsports Incorporated         | 8.75          | 06/01/2016    | 131,850    |
| 25,000  | Speedway Motorsports Incorporated         | 6.75          | 02/01/2019    | 25,375     |
| 75,000  | Yonkers Racing Corporation                | 11.38         | 07/15/2016    | 84,188     |
|   |   |               |               | 984,764    |
| <b>Household Durables: 0.01%</b>                |   |               |               |            |
| 9,000   | Sealy Mattress Corporation                | 10.88         | 04/15/2016    | 10,215     |
| <b>Media: 1.99%</b>                             |   |               |               |            |
| 145,000   | Cablevision Systems Corporation           | 8.63          | 09/15/2017    | 162,400    |
| 605,000   | CCH II Capital Corporation                | 13.50         | 11/30/2016    | 732,806    |

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|  |   |       |            |           |
|--|---|-------|------------|-----------|
| 595,000  | <i>Charter Communications Incorporated Step Bond<sup>oo</sup></i> | 10.88 | 09/15/2014 | 668,631   |
| 115,000  | <i>DISH DBS Corporation</i>                                       | 7.88  | 09/01/2019 | 124,631   |
| 50,000   | <i>Gray Television Incorporated</i>                               | 10.50 | 06/29/2015 | 53,125    |
| 25,000   | <i>Interactive Data Corporation</i>                               | 10.25 | 08/01/2018 | 28,000    |
| 25,000   | <i>Lamar Media Corporation Series C</i>                           | 9.75  | 04/01/2014 | 29,063    |
| 75,000   | <i>LIN Television Corporation</i>                                 | 8.38  | 04/15/2018 | 81,563    |
| 75,000   | <i>Nal Enter Holdings LLC</i>                                     | 8.25  | 12/15/2017 | 80,625    |
| 200,000  | <i>Regal Cinemas Corporation</i>                                  | 8.63  | 07/15/2019 | 214,500   |
| 96,000   | <i>Salem Communications Corporation</i>                           | 9.63  | 12/15/2016 | 105,360   |
|  |   |       |            | 2,280,704 |
| <b>Specialty Retail: 0.02%</b>                     |   |       |            |           |
| 25,000   | <i>Rent-A-Center Incorporated</i>                                 | 6.63  | 11/15/2020 | 24,688    |
| <b>Textiles, Apparel &amp; Luxury Goods: 0.20%</b> |   |       |            |           |
| 200,000  | <i>Oxford Industries Incorporated</i>                             | 11.38 | 07/15/2015 | 225,000   |

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Portfolio of Investments February 28, 2011 (Unaudited) Wells Fargo Advantage Utilities and High Income Fund  
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| Principal                                     | Security Name   | Interest Rate | Maturity Date | Value     |
|---|---|---------------|---------------|-----------|
| <b>Consumer Staples: 0.26%</b>                |   |               |               |           |
| <b>Food Products: 0.26%</b>                   |   |               |               |           |
| \$ 50,000                                     | <i>Blue Merger Incorporated</i>                         | 7.63%         | 02/15/2019    | \$ 50,500 |
| 25,000  | <i>Darling International Incorporated</i>               | 8.50          | 12/15/2018    | 26,969    |
| 181,000                                       | <i>Dole Food Company Incorporated</i>                   | 13.88         | 03/15/2014    | 221,499   |
|   |   |               |               | 298,968   |
| <b>Energy: 4.31%</b>                          |   |               |               |           |
| <b>Energy Equipment &amp; Services: 0.77%</b> |   |               |               |           |
| 110,000                                       | <i>Bristow Group Incorporated</i>                       | 7.50          | 09/15/2017    | 115,775   |
| 225,000                                       | <i>Gulfmark Offshore Incorporated</i>                   | 7.75          | 07/15/2014    | 228,375   |
| 260,000                                       | <i>Hornbeck Offshore Services Incorporated Series B</i> | 6.13          | 12/01/2014    | 260,650   |
| 55,000  | <i>Hornbeck Offshore Services Incorporated Series B</i> | 8.00          | 09/01/2017    | 56,444    |
| 200,000                                       | <i>PHI Incorporated</i>                                 | 8.63          | 10/15/2018    | 209,500   |
| 10,000  | <i>Pride International Incorporated</i>                 | 8.50          | 06/15/2019    | 12,200    |
|   |   |               |               | 882,944   |
| <b>Oil, Gas &amp; Consumable Fuels: 3.54%</b> |   |               |               |           |
| 255,000                                       | <i>Chesapeake Energy Corporation</i>                    | 9.50          | 02/15/2015    | 316,200   |
| 45,000  | <i>Coffeyville Resources Energy Incorporated</i>        | 9.00          | 04/01/2015    | 49,050    |
| 100,000                                       | <i>Coffeyville Resources Energy Incorporated</i>        | 10.88         | 04/01/2017    | 113,250   |
| 20,000  | <i>Connacher Oil &amp; Gas Limited</i>                  | 11.75         | 07/15/2014    | 21,650    |
| 55,000  | <i>Connacher Oil &amp; Gas Limited</i>                  | 10.25         | 12/15/2015    | 58,163    |
| 165,000                                       | <i>Consol Energy Incorporated</i>                       | 8.25          | 04/01/2020    | 181,913   |
| 25,000  | <i>Denbury Resources Incorporated</i>                   | 8.25          | 02/15/2020    | 27,813    |
| 25,000  | <i>Denbury Resources Incorporated</i>                   | 6.38          | 08/15/2021    | 25,250    |
| 75,000  | <i>El Paso Corporation</i>                              | 7.25          | 06/01/2018    | 84,831    |
| 45,000  | <i>El Paso Corporation</i>                              | 6.50          | 09/15/2020    | 47,911    |
| 100,000                                       | <i>El Paso Corporation</i>                              | 7.80          | 08/01/2031    | 105,803   |
| 90,000  | <i>El Paso Corporation</i>                              | 7.42          | 02/15/2037    | 89,177    |
| 250,000                                       | <i>Energy Transfer Equity LP</i>                        | 7.50          | 10/15/2020    | 270,938   |
| 100,000                                       | <i>Ferrellgas LP</i>                                    | 9.13          | 10/01/2017    | 110,500   |
| 50,000  | <i>Ferrellgas LP</i>                                    | 6.50          | 05/01/2021    | 48,750    |
| 65,000  | <i>Forest Oil Corporation</i>                           | 8.50          | 02/15/2014    | 72,313    |
| 95,000  | <i>Forest Oil Corporation</i>                           | 7.25          | 06/15/2019    | 98,325    |
| 220,000                                       | <i>Holly Corporation</i>                                | 9.88          | 06/15/2017    | 244,750   |
| 50,000  | <i>Inergy LP</i>  | 6.88          | 08/01/2021    | 51,125    |
| 55,000  | <i>Newfield Exploration Company</i>                     | 6.88          | 02/01/2020    | 58,438    |

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|---------|--|-------|------------|-----------|
| 50,000  | <i>OPTI Canada Incorporated</i>                    | 8.25  | 12/15/2014 | 27,250    |
| 390,000 | <i>Peabody Energy Corporation</i>                  | 7.88  | 11/01/2026 | 436,800   |
| 10,000  | <i>Penn Virginia Corporation</i>                   | 10.38 | 06/15/2016 | 11,225    |
| 60,000  | <i>Petrohawk Energy Corporation</i>                | 10.50 | 08/01/2014 | 69,000    |
| 95,000  | <i>Petrohawk Energy Corporation</i>                | 7.88  | 06/01/2015 | 100,700   |
| 145,000 | <i>Pioneer Natural Resource Company</i>            | 7.50  | 01/15/2020 | 162,805   |
| 325,000 | <i>Plains Exploration &amp; Production Company</i> | 8.63  | 10/15/2019 | 363,188   |
| 25,000  | <i>Regency Energy Partners</i>                     | 6.88  | 12/01/2018 | 26,250    |
| 250,000 | <i>Sabine Pass LNG LP</i>                          | 7.25  | 11/30/2013 | 253,750   |
| 125,000 | <i>Sabine Pass LNG LP</i>                          | 7.50  | 11/30/2016 | 126,563   |
| 90,000  | <i>Sandridge Energy Incorporated</i>               | 8.75  | 01/15/2020 | 97,200    |
| 49,000  | <i>Stallion Oilfield Holdings Incorporated</i>     | 10.50 | 02/15/2015 | 53,165    |
| 25,000  | <i>Suburban Propane Partners LP</i>                | 7.38  | 03/15/2020 | 26,750    |
| 125,000 | <i>Tesoro Corporation</i>                          | 7.50  | 07/17/2012 | 128,750   |
| 90,000  | <i>Tesoro Corporation</i>                          | 9.75  | 06/01/2019 | 101,475   |
|         |  |       |            | 4,061,021 |

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8 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of Investments February 28, 2011 (Unaudited)

| Principal                      | Security Name   | Interest Rate | Maturity Date | Value     |
|--------------------------------|---|---------------|---------------|-----------|
| <b>Financials: 6.14%</b>       |   |               |               |           |
| <b>Capital Markets: 0.32%</b>  |   |               |               |           |
| \$ 68,000                      | <i>E*TRADE Financial Corporation</i>                      | 12.50%        | 11/30/2017    | \$ 80,580 |
| 175,000                        | <i>Nuveen Investments Incorporated</i>                    | 5.50          | 09/15/2015    | 153,125   |
| 125,000                        | <i>Nuveen Investments Incorporated</i>                    | 10.50         | 11/15/2015    | 127,813   |
|                                |   |               |               | 361,518   |
| <b>Commercial Banks: 0.92%</b> |   |               |               |           |
| 215,000                        | <i>CapitalSource Incorporated</i>                         | 12.75         | 07/15/2014    | 258,000   |
| 781,417                        | <i>Citigroup Incorporated</i>                             | 7.00          | 05/01/2013    | 797,046   |
|                                |   |               |               | 1,055,046 |
| <b>Consumer Finance: 2.78%</b> |   |               |               |           |
| 125,000                        | <i>American General Finance Corporation</i>               | 5.40          | 12/01/2015    | 113,125   |
| 50,000                         | <i>American General Finance Corporation</i>               | 5.75          | 09/15/2016    | 44,313    |
| 50,000                         | <i>American General Finance Corporation</i>               | 6.50          | 09/15/2017    | 44,250    |
| 125,000                        | <i>American General Finance Corporation</i>               | 6.90          | 12/15/2017    | 112,188   |
| 125,000                        | <i>Calpine Construction Finance Corporation</i>           | 8.00          | 06/01/2016    | 135,625   |
| 130,000                        | <i>Clearwire Communications Finance Corporation</i>       | 12.00         | 12/01/2015    | 141,700   |
| 6,000                          | <i>GMAC LLC</i>   | 6.88          | 09/15/2011    | 6,135     |
| 146,000                        | <i>GMAC LLC</i>   | 6.88          | 08/28/2012    | 154,760   |
| 36,000                         | <i>GMAC LLC</i>   | 6.75          | 12/01/2014    | 38,520    |
| 144,801                        | <i>Homer City Funding LLC</i>                             | 8.73          | 10/01/2026    | 132,493   |
| 75,000                         | <i>International Lease Finance Corporation</i>            | 8.63          | 09/15/2015    | 84,563    |
| 140,000                        | <i>International Lease Finance Corporation</i>            | 4.75          | 01/13/2012    | 142,275   |
| 275,000                        | <i>International Lease Finance Corporation</i>            | 5.30          | 05/01/2012    | 280,088   |
| 50,000                         | <i>International Lease Finance Corporation Series MTN</i> | 5.75          | 06/15/2011    | 50,275    |
| 420,000                        | <i>JBS USA Finance Incorporated</i>                       | 11.63         | 05/01/2014    | 491,400   |
| 49,000                         | <i>Nielsen Finance LLC Company</i>                        | 11.50         | 05/01/2016    | 57,698    |
| 125,000                        | <i>Nielsen Finance LLC Company</i>                        | 7.75          | 10/15/2018    | 135,156   |
| 285,000                        | <i>Sprint Capital Corporation</i>                         | 8.38          | 03/15/2012    | 302,456   |
| 120,000                        | <i>Sprint Capital Corporation</i>                         | 6.90          | 05/01/2019    | 121,050   |
| 675,000                        | <i>Sprint Capital Corporation</i>                         | 6.88          | 11/15/2028    | 608,344   |
|                                |   |               |               | 3,196,414 |

**Diversified Financial Services: 1.15%**

|         |                                      |      |            |           |
|---------|--------------------------------------|------|------------|-----------|
| 825,000 | <i>Ally Financial Incorporated</i>   | 8.30 | 02/12/2015 | 931,219   |
| 38,000  | <i>Dunkin Finance Corporation</i>    | 9.63 | 12/01/2018 | 38,475    |
| 313,000 | <i>Leucadia National Corporation</i> | 8.13 | 09/15/2015 | 344,300   |
|         |                                      |      |            | 1,313,994 |

**Insurance: 0.23%**

|         |  |       |            |         |
|---------|--|-------|------------|---------|
| 225,000 | <i>Emigrant Bancorp Incorporated(i)</i>        | 6.25  | 06/15/2014 | 187,596 |
| 75,000  | <i>Hub International Holdings Incorporated</i> | 10.25 | 06/15/2015 | 78,000  |
|         |  |       |            | 265,596 |

**Real Estate Investment Trusts (REITs): 0.74%**

|         |  |      |            |         |
|---------|--|------|------------|---------|
| 565,000 | <i>Dupont Fabros Technology Incorporated</i>   | 8.50 | 12/15/2017 | 622,913 |
| 30,000  | <i>Host Marriott Corporation</i>               | 9.00 | 05/15/2017 | 33,675  |
| 100,000 | <i>Omega Healthcare Investors Incorporated</i> | 6.75 | 10/15/2022 | 101,000 |
| 90,000  | <i>Ventas Incorporated</i>                     | 9.00 | 05/01/2012 | 96,134  |
|         |  |      |            | 853,722 |

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Portfolio of Investments February 28, 2011 (Unaudited) Wells Fargo Advantage Utilities and High Income Fund  
9

| Principal  | Security Name  | Interest Rate | Maturity Date | Value     |
|--|--|---------------|---------------|-----------|
| <b>Health Care: 1.20%</b>                          |  |               |               |           |
| <b>Health Care Equipment &amp; Supplies: 0.20%</b> |  |               |               |           |
| \$ 60,000  | <i>Biomet Incorporated</i>                             | 10.38%        | 10/15/2017    | \$ 67,125 |
| 100,000  | <i>Biomet Incorporated</i>                             | 11.63         | 10/15/2017    | 112,750   |
| 50,000   | <i>Fresenius Medical Care Incorporated</i>             | 5.75          | 02/15/2021    | 48,375    |
|  |  |               |               | 228,250   |
| <b>Health Care Providers &amp; Services: 0.88%</b> |  |               |               |           |
| 120,000  | <i>Apria Healthcare Group</i>                          | 11.25         | 11/01/2014    | 129,900   |
| 100,000  | <i>Aviv Healthcare Properties LP</i>                   | 7.75          | 02/15/2019    | 104,250   |
| 400,000  | <i>HCA Incorporated</i>                                | 9.25          | 11/15/2016    | 432,000   |
| 129,000  | <i>HCA Incorporated</i>                                | 9.63          | 11/15/2016    | 139,965   |
| 25,000   | <i>Healthsouth Corporation</i>                         | 7.25          | 10/01/2018    | 25,938    |
| 25,000   | <i>Healthsouth Corporation</i>                         | 7.75          | 09/15/2022    | 26,031    |
| 50,000   | <i>Omnicare Incorporated</i>                           | 6.88          | 12/15/2015    | 51,625    |
| 100,000  | <i>Sabra Health Care Corporation</i>                   | 8.13          | 11/01/2018    | 105,500   |
|  |  |               |               | 1,015,209 |
| <b>Life Sciences Tools &amp; Services: 0.05%</b>   |  |               |               |           |
| 50,000   | <i>Community Health Systems Incorporated Series WI</i> | 8.88          | 07/15/2015    | 53,000    |
| <b>Pharmaceuticals: 0.07%</b>                      |  |               |               |           |
| 25,000   | <i>Mylan Incorporated</i>                              | 7.63          | 07/15/2017    | 27,469    |
| 25,000   | <i>Mylan Incorporated</i>                              | 7.88          | 07/15/2020    | 27,938    |
| 25,000   | <i>Mylan Incorporated</i>                              | 6.00          | 11/15/2018    | 25,594    |
|  |  |               |               | 81,001    |
| <b>Industrials: 2.64%</b>                          |  |               |               |           |
| <b>Aerospace &amp; Defense: 1.06%</b>              |  |               |               |           |
| 225,000  | <i>Alliant Techsystems Incorporated</i>                | 6.75          | 04/01/2016    | 232,313   |
| 50,000   | <i>Digitalglobe Incorporated</i>                       | 10.50         | 05/01/2014    | 56,813    |
| 55,000   | <i>Geoeye Incorporated</i>                             | 9.63          | 10/01/2015    | 62,013    |
| 53,000   | <i>Hexcel Corporation</i>                              | 6.75          | 02/01/2015    | 54,391    |
| 130,000  | <i>Kratos Defense &amp; Security</i>                   | 10.00         | 06/01/2017    | 146,575   |
| 216,000  | <i>L-3 Communications Holdings Incorporated</i>        | 5.88          | 01/15/2015    | 220,212   |

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|         |   |       |            |           |
|---------|---|-------|------------|-----------|
| 360,000 | <i>L-3 Communications Holdings Incorporated</i> | 6.38  | 10/15/2015 | 371,700   |
| 70,000  | <i>Wyle Services Corporation</i>                | 10.50 | 04/01/2018 | 72,450    |
|         |   |       |            | 1,216,467 |

**Commercial Services & Supplies: 0.85%**

|         |   |       |            |         |
|---------|---|-------|------------|---------|
| 25,000  | <i>Brickman Group Holdings</i>            | 9.13  | 11/01/2018 | 26,875  |
| 220,000 | <i>Casella Waste Systems Incorporated</i> | 11.00 | 07/15/2014 | 249,700 |
| 25,000  | <i>Casella Waste Systems Incorporated</i> | 7.75  | 02/15/2019 | 25,625  |
| 60,000  | <i>Corrections Corporation of America</i> | 6.25  | 03/15/2013 | 60,075  |
| 95,000  | <i>Corrections Corporation of America</i> | 7.75  | 06/01/2017 | 104,025 |
| 100,000 | <i>Geo Group Incorporated</i>             | 7.75  | 10/15/2017 | 106,625 |
| 155,000 | <i>Iron Mountain Incorporated</i>         | 8.38  | 08/15/2021 | 171,469 |
| 75,000  | <i>Kar Holdings Incorporated</i>          | 4.30  | 05/01/2014 | 74,063  |
| 25,000  | <i>Kar Holdings Incorporated</i>          | 10.00 | 05/01/2015 | 26,500  |
| 150,000 | <i>NCO Group Incorporated</i>             | 11.88 | 11/15/2014 | 133,875 |
|         |   |       |            | 978,832 |

**Construction & Engineering: 0.18%**

|         |                         |      |            |         |
|---------|-------------------------|------|------------|---------|
| 200,000 | <i>GCI Incorporated</i> | 7.25 | 02/15/2014 | 202,000 |
|---------|-------------------------|------|------------|---------|

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10 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of Investments February 28, 2011 (Unaudited)

| Principal  | Security Name                                    | Interest Rate | Maturity Date | Value      |
|--|--|---------------|---------------|------------|
| <b>Industrial Conglomerates: 0.21%</b>               |  |               |               |            |
| \$ 215,000   | <i>Otter Tail Corporation</i>                    | 9.00%         | 12/15/2016    | \$ 243,488 |
| <b>Machinery: 0.29%</b>                              |  |               |               |            |
| 55,000   | <i>Cleaver-Brooks Incorporated</i>               | 12.25         | 05/01/2016    | 59,125     |
| 50,000   | <i>Columbus Mckinnon Corporation</i>             | 7.88          | 02/01/2019    | 51,750     |
| 181,050  | <i>Commercial Vehicle Group Incorporated</i>     | 11.00         | 02/15/2013    | 193,724    |
| 25,000   | <i>Titan International Incorporated</i>          | 7.88          | 10/01/2017    | 26,750     |
|  |  |               |               | 331,349    |
| <b>Road &amp; Rail: 0.05%</b>                        |  |               |               |            |
| 50,000   | <i>RailAmerica Incorporated</i>                  | 9.25          | 07/01/2017    | 55,375     |
| <b>Information Technology: 2.05%</b>                 |  |               |               |            |
| <b>Communications Equipment: 0.25%</b>               |  |               |               |            |
| 155,000  | <i>Lucent Technologies Incorporated</i>          | 6.45          | 03/15/2029    | 134,850    |
| 160,000  | <i>Lucent Technologies Incorporated Series B</i> | 2.88          | 06/15/2025    | 155,600    |
|  |  |               |               | 290,450    |
| <b>Computers &amp; Peripherals: 0.16%</b>            |  |               |               |            |
| 50,000   | <i>Seagate Technology HDD Holdings</i>           | 6.80          | 10/01/2016    | 52,188     |
| 100,000  | <i>Seagate Technology HDD Holdings</i>           | 7.75          | 12/15/2018    | 102,500    |
| 25,000   | <i>Seagate Technology HDD Holdings</i>           | 6.88          | 05/01/2020    | 24,500     |
|  |  |               |               | 179,188    |
| <b>Electronic Equipment &amp; Instruments: 1.05%</b> |  |               |               |            |
| 105,000  | <i>Intcomex Incorporated</i>                     | 13.25         | 12/15/2014    | 111,825    |
| 620,000  | <i>Jabil Circuit Incorporated</i>                | 8.25          | 03/15/2018    | 705,250    |
| 160,000  | <i>Kemet Corporation</i>                         | 10.50         | 05/01/2018    | 181,600    |
| 50,000   | <i>Sungard Data Systems Incorporated</i>         | 7.38          | 11/15/2018    | 51,625     |
| 25,000   | <i>Sungard Data Systems Incorporated</i>         | 7.63          | 11/15/2020    | 25,813     |
| 115,000  | <i>Viasystem Group Incorporated</i>              | 12.00         | 01/15/2015    | 130,238    |
|  |  |               |               | 1,206,351  |

**Internet Software & Services: 0.25%**

|         |   |       |            |         |
|---------|---|-------|------------|---------|
| 95,000  | <i>Equinix Incorporated</i>             | 8.13  | 03/01/2018 | 103,075 |
| 150,000 | <i>Terremark Worldwide Incorporated</i> | 12.00 | 06/15/2017 | 186,000 |
|         |   |       |            | 289,075 |

**IT Services: 0.34%**

|         |  |       |            |         |
|---------|--|-------|------------|---------|
| 225,000 | <i>SunGard Data Systems Incorporated</i> | 10.25 | 08/15/2015 | 237,094 |
| 70,000  | <i>Unisys Corporation</i>                | 12.75 | 10/15/2014 | 82,775  |
| 55,000  | <i>Unisys Corporation</i>                | 14.25 | 09/15/2015 | 65,588  |
|         |  |       |            | 385,457 |

**Materials: 1.66%**

**Chemicals: 0.51%**

|         |                                   |       |            |         |
|---------|-----------------------------------|-------|------------|---------|
| 140,000 | <i>Huntsman International LLC</i> | 5.50  | 06/30/2016 | 138,250 |
| 75,000  | <i>LBI Escrow Corporation</i>     | 8.00  | 11/01/2017 | 84,422  |
| 240,241 | <i>Lyondell Chemical Company</i>  | 11.00 | 05/01/2018 | 275,677 |
| 50,000  | <i>Solutia Incorporated</i>       | 7.88  | 03/15/2020 | 55,000  |
| 25,000  | <i>Vertellus Specialties</i>      | 9.38  | 10/01/2015 | 26,891  |
|         |                                   |       |            | 580,240 |

Portfolio of Investments February 28, 2011 (Unaudited) Wells Fargo Advantage Utilities and High Income Fund  
11

| Principal  | Security Name  | Interest Rate | Maturity Date | Value      |
|--|--|---------------|---------------|------------|
| <b>Construction Materials: 0.29%</b>                 |  |               |               |            |
| \$ 150,000   | <i>CPG International Incorporated</i>                  | 10.63%        | 09/01/2014    | \$ 162,375 |
| 145,000  | <i>Headwaters Incorporated</i>                         | 11.38         | 11/01/2014    | 170,375    |
|  |  |               |               | 332,750    |
| <b>Containers &amp; Packaging: 0.34%</b>             |  |               |               |            |
| 280,000  | <i>Exopack Holding Corporation</i>                     | 11.25         | 02/01/2014    | 290,150    |
| 100,000  | <i>Graham Packaging Company Incorporated</i>           | 9.88          | 10/15/2014    | 103,500    |
|  |  |               |               | 393,650    |
| <b>Metals &amp; Mining: 0.28%</b>                    |  |               |               |            |
| 295,000  | <i>Freeport-McMoRan Copper &amp; Gold Incorporated</i> | 8.38          | 04/01/2017    | 327,450    |
| <b>Paper &amp; Forest Products: 0.24%</b>            |  |               |               |            |
| 70,000   | <i>Clearwater Paper Corporation</i>                    | 10.63         | 06/15/2016    | 79,975     |
| 38,000   | <i>Georgia-Pacific Corporation</i>                     | 7.00          | 01/15/2015    | 39,330     |
| 125,000  | <i>Georgia-Pacific Corporation</i>                     | 8.88          | 05/15/2031    | 152,813    |
|  |  |               |               | 272,118    |
| <b>Telecommunication Services: 2.74%</b>             |  |               |               |            |
| <b>Diversified Telecommunication Services: 1.53%</b> |  |               |               |            |
| 475,000  | <i>Citizens Communications Company</i>                 | 7.88          | 01/15/2027    | 458,375    |
| 140,000  | <i>Frontier Communications Corporation</i>             | 8.25          | 05/01/2014    | 157,325    |
| 60,000   | <i>Frontier Communications Corporation</i>             | 8.13          | 10/01/2018    | 66,675     |
| 350,000  | <i>Qwest Corporation</i>                               | 8.88          | 03/15/2012    | 375,813    |
| 20,000   | <i>Qwest Corporation</i>                               | 7.63          | 08/03/2021    | 20,600     |
| 180,000  | <i>Qwest Corporation</i>                               | 7.50          | 06/15/2023    | 180,450    |
| 50,000   | <i>SBA Telecommunications Incorporated</i>             | 8.00          | 08/15/2016    | 54,500     |
| 25,000   | <i>SBA Telecommunications Incorporated</i>             | 8.25          | 08/15/2019    | 27,563     |
| 125,000  | <i>U.S. West Communications Incorporated</i>           | 7.25          | 09/15/2025    | 131,875    |
| 265,000  | <i>Windstream Corporation</i>                          | 7.88          | 11/01/2017    | 287,856    |
|  |  |               |               | 1,761,032  |
| <b>Wireless Telecommunication Services: 1.21%</b>    |  |               |               |            |

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|         |   |      |            |           |
|---------|---|------|------------|-----------|
| 75,000  | <i>Allbritton Communications Company</i>            | 8.00 | 05/15/2018 | 78,563    |
| 50,000  | <i>CC Holdings GS V LLC</i>                         | 7.75 | 05/01/2017 | 55,188    |
| 150,000 | <i>Cricket Communications Incorporated Series I</i> | 7.75 | 05/15/2016 | 158,625   |
| 10,000  | <i>Crown Castle International Corporation</i>       | 7.13 | 11/01/2019 | 10,638    |
| 276,000 | <i>Intelsat Subsidiary Holding Company Limited</i>  | 8.50 | 01/15/2013 | 277,725   |
| 50,000  | <i>MetroPCS Communications Incorporated</i>         | 7.88 | 09/01/2018 | 52,813    |
| 175,000 | <i>MetroPCS Communications Incorporated</i>         | 6.63 | 11/15/2020 | 170,406   |
| 475,000 | <i>Sprint Nextel Corporation Series D</i>           | 7.38 | 08/01/2015 | 476,188   |
| 100,000 | <i>Syniverse Holdings Incorporated</i>              | 9.13 | 01/15/2019 | 108,000   |
|         |   |      |            | 1,388,146 |

**Utilities: 2.39%**

**Electric Utilities: 1.82%**

|         |   |       |            |           |
|---------|---|-------|------------|-----------|
| 794,000 | <i>Aquila Incorporated Step Bond<sup>oo</sup></i> | 11.88 | 07/01/2012 | 890,130   |
| 46,751  | <i>Energy Future Holdings Corporation</i>         | 12.00 | 11/01/2017 | 38,219    |
| 438,432 | <i>Mirant Mid-Atlantic LLC Series C</i>           | 10.06 | 12/30/2028 | 495,429   |
| 200,000 | <i>NRG Energy Incorporated</i>                    | 7.38  | 02/01/2016 | 207,000   |
| 250,000 | <i>NRG Energy Incorporated</i>                    | 7.38  | 01/15/2017 | 263,438   |
| 185,000 | <i>NRG Energy Incorporated</i>                    | 8.50  | 06/15/2019 | 197,025   |
|         |   |       |            | 2,091,241 |

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12 Wells Fargo Advantage Utilities and High Income Fund

Portfolio of Investments February 28, 2011 (Unaudited)

| Principal  | Security Name   | Interest Rate | Maturity Date | Value      |
|--|---|---------------|---------------|------------|
| <b>Gas Utilities: 0.05%</b>                                    |   |               |               |            |
| \$ 50,000  | <i>AmeriGas Partners LP</i>                             | 6.50%         | 05/20/2021    | \$ 51,500  |
| <b>Independent Power Producers &amp; Energy Traders: 0.52%</b> |   |               |               |            |
| 250,000  | <i>Calpine Construction Finance Corporation</i>         | 7.25          | 10/15/2017    | 261,875    |
| 190,000  | <i>Dynegy Holding Incorporated</i>                      | 7.63          | 10/15/2026    | 126,350    |
| 108,798  | <i>Reliant Energy Incorporated</i>                      | 9.24          | 07/02/2017    | 116,414    |
| 10,000   | <i>Reliant Energy Incorporated</i>                      | 9.68          | 07/02/2026    | 10,700     |
| 50,000   | <i>RRI Energy Incorporated</i>                          | 7.63          | 06/15/2014    | 52,250     |
| 30,000   | <i>RRI Energy Incorporated</i>                          | 7.88          | 06/15/2017    | 30,075     |
|  |   |               |               | 597,664    |
| <b>Total Corporate Bonds and Notes (Cost \$29,791,786)</b>     |   |               |               | 32,304,250 |
| <b>Yankee Corporate Bonds and Notes: 0.98%</b>                 |   |               |               |            |
| <b>Consumer Discretionary: 0.07%</b>                           |   |               |               |            |
| <b>Media: 0.07%</b>  |   |               |               |            |
| 75,000   | <i>Videotron Limited</i>                                | 9.13          | 04/15/2018    | 84,188     |
| <b>Energy: 0.34%</b>   |   |               |               |            |
| <b>Oil, Gas &amp; Consumable Fuels: 0.34%</b>                  |   |               |               |            |
| 100,000  | <i>General Maritime Corporation</i>                     | 12.00         | 11/15/2017    | 91,750     |
| 321,000  | <i>Griffin Coal Mining Company Limited<sup>^^</sup></i> | 9.50          | 12/31/2049    | 272,048    |
| 60,000   | <i>OPTI Canada Incorporated</i>                         | 7.88          | 12/15/2014    | 32,700     |
|  |   |               |               | 396,498    |
| <b>Financials: 0.25%</b>                                       |   |               |               |            |
| <b>Capital Markets: 0.05%</b>                                  |   |               |               |            |
| 50,000   | <i>FMC Finance III SA</i>                               | 6.88          | 07/15/2017    | 52,688     |
| <b>Consumer Finance: 0.11%</b>                                 |   |               |               |            |
| 110,000  | <i>Wind Acquisition Finance SA</i>                      | 11.75         | 07/15/2017    | 126,225    |
| <b>Diversified Financial Services: 0.09%</b>                   |   |               |               |            |

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|         |   |      |            |         |
|---------|---|------|------------|---------|
| 105,000 | <i>Ship Finance International Limited</i> | 8.50 | 12/15/2013 | 106,838 |
|---------|---|------|------------|---------|

**Materials: 0.29%**

**Metals &**

**Mining:**

**0.16%**

|        |                               |       |            |        |
|--------|-------------------------------|-------|------------|--------|
| 50,000 | <i>Novelis Incorporated</i>   | 8.38  | 12/15/2017 | 55,125 |
| 50,000 | <i>Novelis Incorporated</i>   | 8.75  | 12/15/2020 | 55,125 |
| 55,000 | <i>Teck Resources Limited</i> | 10.75 | 05/15/2019 | 70,857 |

181,107

**Paper & Forest Products: 0.13%**

|         |                      |      |            |        |
|---------|----------------------|------|------------|--------|
| 55,000  | <i>Sappi Limited</i> | 6.75 | 06/15/2012 | 57,338 |
| 100,000 | <i>Sappi Limited</i> | 7.50 | 06/15/2032 | 90,263 |

147,601

**Telecommunication Services: 0.03%**

**Diversified Telecommunication Services: 0.01%**

|       |                                |       |            |       |
|-------|--------------------------------|-------|------------|-------|
| 5,000 | <i>Global Crossing Limited</i> | 12.00 | 09/15/2015 | 5,738 |
|-------|--------------------------------|-------|------------|-------|

**Wireless Telecommunication Services: 0.02%**

|        |                              |       |            |        |
|--------|------------------------------|-------|------------|--------|
| 20,000 | <i>Digicel Group Limited</i> | 12.00 | 04/01/2014 | 23,450 |
|--------|------------------------------|-------|------------|--------|

**Total Yankee Corporate Bonds and Notes (Cost  
\$1,024,376)**

1,124,333

Portfolio of Investments February 28, 2011 (Unaudited)

Wells Fargo Advantage Utilities and High Income  
Fund 13

| Shares  | Security Name                       | Value        |
|---|-------------------------------------|--------------|
| <b>Common Stocks: 69.61%</b>                  |                                     |              |
| <b>Consumer Discretionary: 1.07%</b>          |                                     |              |
| <b>Media: 1.07%</b>                           |                                     |              |
| 47,900  | Comcast Corporation Class A         | \$ 1,233,873 |
| <b>Energy: 5.64%</b>                          |                                     |              |
| <b>Oil, Gas &amp; Consumable Fuels: 5.64%</b> |                                     |              |
| 9,200   | Enbridge Incorporated               | 551,080      |
| 15,000  | EQT Corporation                     | 739,500      |
| 25,000  | Southwestern Energy Company         | 987,000      |
| 100,000                                       | Spectra Energy Corporation          | 2,675,000    |
| 50,000  | The Williams Companies Incorporated | 1,518,000    |
|   |                                     | 6,470,580    |
| <b>Financials: 4.51%</b>                      |                                     |              |
| <b>Capital Markets: 0.50%</b>                 |                                     |              |
| 35,600  | optionsXpress Holdings Incorporated | 577,076      |
| <b>Consumer Finance: 4.01%</b>                |                                     |              |
| 10,000  | MasterCard Incorporated             | 2,405,600    |
| 30,000  | Visa Incorporated Class A           | 2,191,500    |
|   |                                     | 4,597,100    |
| <b>Industrials: 0.11%</b>                     |                                     |              |
| <b>Construction &amp; Engineering: 0.11%</b>  |                                     |              |
| 9,000   | Ameresco Incorporated Class A       | 129,780      |
| <b>Information Technology: 0.18%</b>          |                                     |              |
| <b>IT Services: 0.18%</b>                     |                                     |              |
| 15,000  | Convergys Corporation               | 211,050      |
| <b>Telecommunication Services: 8.69%</b>      |                                     |              |

**Diversified Telecommunication Services: 2.22%**

|         |   |           |
|---------|---|-----------|
| 16,000  | <i>BCE Incorporated</i>                         | 593,920   |
| 40,000  | <i>Shenandoah Telecommunications Company(i)</i> | 700,000   |
| 100,000 | <i>Windstream Corporation</i>                   | 1,254,000 |
|         |   | 2,547,920 |

**Wireless Telecommunication Services: 6.47%**

|         |                                     |           |
|---------|-------------------------------------|-----------|
| 585,000 | <i>Portugal Telecom SGPS SA ADR</i> | 6,844,500 |
| 12,000  | <i>Vivo Participacoes SA ADR</i>    | 441,720   |
| 5,000   | <i>Vodafone Group plc ADR</i>       | 143,100   |
|         |                                     | 7,429,320 |

**Utilities: 49.41%**

**Electric Utilities: 27.37%**

|        |   |           |
|--------|---|-----------|
| 600    | <i>American Electric Power Company Incorporated</i> | 21,468    |
| 50,000 | <i>CenterPoint Energy Incorporated</i>              | 793,000   |
| 500    | <i>CH Energy Group Incorporated</i>                 | 24,530    |
| 5,000  | <i>Chesapeake Midstream Partner LP</i>              | 130,200   |
| 200    | <i>Chesapeake Utilities Corporation</i>             | 8,168     |
| 10,000 | <i>China Hydroelectric Company ADR</i>              | 70,800    |
| 75,000 | <i>DPL Incorporated</i>                             | 1,951,500 |

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14 Wells Fargo Advantage Utilities and High  
Income Fund

Portfolio of Investments February 28, 2011 (Unaudited)

| Shares   | Security Name                                       | Value      |
|--|---|------------|
| <b>Electric Utilities (continued)</b>                          |   |            |
| 500  | <i>Duke Energy Corporation</i>                      | \$ 8,995   |
| 2,000  | <i>Edison International</i>                         | 74,240     |
| 1,000  | <i>Entergy Corporation</i>                          | 71,200     |
| 70,000   | <i>Exelon Corporation</i>                           | 2,923,200  |
| 25,000   | <i>FirstEnergy Corporation</i>                      | 957,500    |
| 150,000  | <i>Great Plains Energy Incorporated</i>             | 2,880,000  |
| 200,000  | <i>Hawaiian Electric Industries Incorporated</i>    | 4,830,000  |
| 36,000   | <i>ITC Holdings Corporation</i>                     | 2,467,800  |
| 5,000,000  | <i>Mirant Corporation Escrow(i)(a)</i>              | 0          |
| 70,000   | <i>Nextera Energy Incorporated</i>                  | 3,882,900  |
| 150,000  | <i>Northeast Utilities</i>                          | 5,106,000  |
| 1,000  | <i>NSTAR</i>  | 45,150     |
| 75,000   | <i>NV Energy Incorporated</i>                       | 1,101,750  |
| 100  | <i>Pepco Holdings Incorporated</i>                  | 1,873      |
| 75,000   | <i>Portland General Electric Company</i>            | 1,756,500  |
| 400  | <i>Progress Energy Incorporated</i>                 | 18,289     |
| 200  | <i>South Jersey Industries Incorporated</i>         | 10,972     |
| 60,000   | <i>The Southern Company</i>                         | 2,286,600  |
|  |   | 31,422,635 |
| <b>Gas Utilities: 8.24%</b>                                    |   |            |
| 25,000   | <i>El Paso Corporation</i>                          | 465,000    |
| 500  | <i>MDU Resources Group Incorporated</i>             | 10,735     |
| 40,000   | <i>National Fuel Gas Company</i>                    | 2,916,000  |
| 200  | <i>New Jersey Resources Corporation</i>             | 8,366      |
| 100,000  | <i>Niska Gas Storage Partners</i>                   | 2,025,000  |
| 48,500   | <i>ONEOK Incorporated</i>                           | 4,032,775  |
|  |   | 9,457,876  |
| <b>Independent Power Producers &amp; Energy Traders: 2.71%</b> |   |            |
| 100,000  | <i>Constellation Energy Group Incorporated</i>      | 3,107,000  |
| <b>Multi-Utilities: 6.29%</b>                                  |   |            |
| 300  | <i>Dominion Resources Incorporated</i>              | 13,689     |
| 96,000   | <i>PG&amp;E Corporation</i>                         | 4,421,760  |
| 50,000   | <i>Public Service Enterprise Group Incorporated</i> | 1,635,000  |
| 19,900   | <i>Sempra Energy</i>                                | 1,059,277  |
| 1,500  | <i>Wisconsin Energy Corporation</i>                 | 88,800     |

7,218,526

**Water Utilities: 4.80%**

|         |  |           |
|---------|--|-----------|
| 50,000  | <i>American Water Works Company Incorporated</i> | 1,387,000 |
| 25,000  | <i>Middlesex Water Company</i>                   | 469,250   |
| 130,000 | <i>Pennichuck Corporation(i)</i>                 | 3,655,600 |
|         |  | 5,511,850 |

79,914,586

**Total Common Stocks (Cost \$69,123,775)**

**Preferred Stocks: 11.60%**

**Utilities: 11.60%**

**Electric Utilities: 7.58%**

|         |   | <b>Yield</b> |           |
|---------|---|--------------|-----------|
| 50,000  | <i>Great Plains Energy Incorporated</i>     | 4.62%        | 3,132,500 |
| 136,613 | <i>Interstate Power &amp; Light Company</i> | 3.87         | 3,893,471 |
| 21,082  | <i>Union Electric Company</i>               | 3.21         | 1,678,638 |
|         |   |              | 8,704,609 |

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Portfolio of Investments February 28, 2011 (Unaudited)

Wells Fargo Advantage Utilities and High Income Fund 15

| Shares  | Security Name            | Yield | Value        |
|---|--------------------------|-------|--------------|
| <b>Multi-Utilities: 4.02%</b>                     |                          |       |              |
| 165,000   | <i>Scana Corporation</i> | 3.21% | \$ 4,611,750 |
| <b>Total Preferred Stocks (Cost \$12,828,379)</b> |                          |       | 13,316,359   |

| <b>Warrants: 0.00%</b>                |  | <b>Expiration Date</b> |       |
|---------------------------------------|--|------------------------|-------|
| <b>Electric Utilities: 0.00%</b>      |  |                        |       |
| 10,000                                | <i>China Hydroelectric Company ADR</i> | 01/25/2014             | 2,700 |
| <b>Total Warrants (Cost \$12,000)</b> |  |                        | 2,700 |

|   |  |  |        |
|---|--|--|--------|
| <b>Investment Companies: 0.06%</b>                |  |  |        |
| 3,152   | <i>Dreyfus High Yield Strategies Fund Incorporated</i> |  | 14,688 |
| 1,700   | <i>Eaton Vance Limited Duration Income Trust</i>       |  | 26,826 |
| 2,603   | <i>New America High Income Fund Incorporated</i>       |  | 26,707 |
| <b>Total Investment Companies (Cost \$34,145)</b> |  |  | 68,221 |

| Principal                                  |   | Interest Rate | Maturity Date |           |
|--|---|---------------|---------------|-----------|
| <b>Term Loans: 2.85%</b>                   |   |               |               |           |
| \$ 148,500                                 | <i>Blackstone Group LP</i>                                  | 7.75          | 11/02/2014    | 151,470   |
| 233,117                                    | <i>Capital Automotive REIT</i>                              | 4.75          | 12/14/2012    | 241,859   |
| 125,000                                    | <i>CCM Merger Incorporated&lt;</i>                          | 0.00          | 02/11/2017    | 126,563   |
| 274,038                                    | <i>Coinmach Corporation</i>                                 | 3.30          | 11/20/2014    | 258,281   |
| 325,000                                    | <i>Fairpoint Communications Incorporated</i>                | 6.50          | 01/22/2016    | 320,050   |
| 32,938                                     | <i>Federal Mogul Corporation</i>                            | 2.20          | 12/29/2014    | 31,837    |
| 16,805                                     | <i>Federal Mogul Corporation</i>                            | 2.20          | 12/28/2015    | 16,243    |
| 400,000                                    | <i>First Data Corporation</i>                               | 3.01          | 09/24/2014    | 377,820   |
| 71,815                                     | <i>Gray Television Incorporated</i>                         | 3.77          | 12/31/2014    | 71,495    |
| 124,484                                    | <i>Local TV Finance LLC</i>                                 | 2.31          | 05/07/2013    | 121,475   |
| 96,320                                     | <i>Merisant Company (i)</i>                                 | 7.50          | 01/08/2014    | 93,672    |
| 74,779                                     | <i>NCO Group Incorporated</i>                               | 7.50          | 11/15/2013    | 74,072    |
| 365,000                                    | <i>Newsday LLC</i>  | 10.50         | 08/01/2013    | 386,674   |
| 23,684                                     | <i>Panolam Industries International</i>                     | 8.25          | 12/31/2013    | 21,612    |
| 94,763                                     | <i>Sugarhouse HSP Gaming Properties Limited Partnership</i> | 11.25         | 09/23/2014    | 96,263    |
| 1,046,269                                  | <i>TXU Energy Company LLC</i>                               | 3.77          | 10/10/2014    | 878,573   |
| <b>Total Term Loans (Cost \$3,152,419)</b> |   |               |               | 3,267,959 |

| Shares   | Yield |  |
|--|-------|--|
| <b>Short-Term Investments: 5.91%</b>                   |       |  |
| <b>Investment Companies: 5.91%</b>                     |       |  |
| 6,786,861  |       | <i>Wells Fargo Advantage Cash Investment</i> |
|  | 0.12  | <i>Money Market Fund(u)(l)##</i>             |
| <b>Total Short-Term Investments (Cost \$6,786,861)</b> |       | 6,786,861                                    |
| <b>Total Investments in Securities</b>                 |       |  |
| <b>(Cost \$122,753,741)*</b>                           |       | 119.15% 136,785,269                          |
| <i>Other Assets and Liabilities, Net</i>               |       | (19.15) (21,983,808)                         |
| <b>Total Net Assets</b>                                |       | <b>100.00% \$ 114,801,461</b>                |

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16 Wells Fargo Advantage Utilities and High Income Fund Portfolio of Investments February 28, 2011 (Unaudited)

- (i) Illiquid security
- (u) Rate shown is the 7-day annualized yield at period end.
- (l) Investment in an affiliate.
- ∞ The rate shown is the stated rate at the current period end.
- ^^ This security is currently in default with regards to scheduled interest and/or principal payments.
- (a) Security is fair valued by the Management Valuation Team, and in certain instances by the Board of Trustees, in accordance with procedures approved by the Board of Trustees.

Non-income earning securities.

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

- < All or a portion of the position represents an unfunded loan commitment.
- ## All or a portion of this security has been segregated for when-issued, delayed delivery securities and/or unfunded loans.
- \* Cost for federal income tax purposes is \$123,178,411 and net realized appreciation (depreciation) consist of:

|                               |               |
|-------------------------------|---------------|
| Gross unrealized appreciation | \$ 16,026,324 |
| Gross unrealized depreciation | (2,419,466)   |
| Net unrealized appreciation   | \$ 13,606,858 |

The following table shows the percent of total long-term investments by geographic location as of February 28, 2011:

|                   |        |
|-------------------|--------|
| United States     | 92.1%  |
| Portugal          | 5.3%   |
| Canada            | 1.2%   |
| Bermuda           | 0.3%   |
| Brazil            | 0.3%   |
| Australia         | 0.2%   |
| Cayman Islands    | 0.2%   |
| Austria           | 0.1%   |
| Luxembourg        | 0.1%   |
| Marshalls Islands | 0.1%   |
| United Kingdom    | 0.1%   |
|                   | 100.0% |

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The following table shows the percent of total bonds by credit quality based on Moody's and Standard & Poor's ratings as of February 28, 2011:

|     |        |
|-----|--------|
| BBB | 5.8%   |
| BB  | 37.9%  |
| B   | 48.1%  |
| CCC | 6.8%   |
| CC  | 0.5%   |
| D   | 0.7%   |
| NR  | 0.2%   |
|     | 100.0% |

The following table shows the percent of total bonds based on effective maturity as of February 28, 2011:

|                  |        |
|------------------|--------|
| Less than 1 year | 17.3%  |
| 1 to 3 year(s)   | 28.1%  |
| 3 to 5 years     | 27.4%  |
| 5 to 10 years    | 17.3%  |
| 10 to 20 years   | 8.8%   |
| 20 to 30 years   | 1.1%   |
|                  | 100.0% |

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

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Statement of Assets and Liabilities February 28, 2011  
(Unaudited)

Wells Fargo Advantage Utilities and High Income  
Fund 17

**Assets**

|  |                |
|--|----------------|
| Investments                                  |                |
| In unaffiliated securities, at value         | \$ 129,998,408 |
| In affiliated securities, at value           | 6,786,861      |
| Total investments, at value (see cost below) | 136,785,269    |
| Foreign currency, at value (see cost below)  | 227,428        |
| Receivable for securities sold               | 222,575        |
| Dividends and interest receivable            | 1,429,349      |
| Prepaid expenses and other assets            | 41,805         |
| Total assets                                 | 138,706,426    |

**Liabilities**

|   |            |
|---|------------|
| Dividends payable                                     | 690,572    |
| Payable for securities purchased                      | 719,558    |
| Written options, at value (premiums received \$1,418) | 1,750      |
| Secured borrowing payable                             | 22,001,755 |
| Advisory fee payable                                  | 66,864     |
| Due to other related parties                          | 5,572      |
| Accrued expenses and other liabilities                | 418,894    |
| Total liabilities                                     | 23,904,965 |

**Net assets** **\$ 114,801,461**

**NET ASSETS REPRESENTED BY**

|  |                    |
|--|--------------------|
| Paid-in capital                                | \$ 151,146,485     |
| Overdistributed net investment income          | (1,701,446)        |
| Accumulated net realized losses on investments | (48,703,548)       |
| Net unrealized gains on investments            | 14,059,970         |
| <b>Total net assets</b>                        | <b>114,801,461</b> |

**NET ASSETS VALUE PER SHARE**

Based on \$114,801,461 divided by 9,207,605 shares issued and outstanding (unlimited number of common shares authorized) \$ 12.47

|                            |                |
|----------------------------|----------------|
| Total investments, at cost | \$ 122,753,741 |
| Foreign currency, at cost  | \$ 224,386     |

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

Wells Fargo Advantage Utilities and High Income Fund Statement of Operations Six Months Ended February 28, 2011 (Unaudited)

**Investment income**

|                                   |                  |
|-----------------------------------|------------------|
| Dividends*                        | \$ 2,408,469     |
| Interest                          | 1,668,661        |
| Income from affiliated securities | 6,566            |
| <b>Total investment income</b>    | <b>4,083,696</b> |

**Expenses**

|                               |         |
|-------------------------------|---------|
| Advisory fee                  | 395,625 |
| Administration fee            | 32,969  |
| Transfer agent fees           | 17,682  |
| Trustees' fees and expenses   | 1,877   |
| Printing and postage expenses | 36,300  |
| Custodian and accounting fees | 14,074  |
| Professional fees             | 34,742  |
| Commitment fee                | 33,183  |
| Interest expense              | 135,180 |
| Other                         | 79,530  |

|                       |                |
|-----------------------|----------------|
| <b>Total expenses</b> | <b>781,162</b> |
|-----------------------|----------------|

|                              |                  |
|------------------------------|------------------|
| <b>Net investment income</b> | <b>3,302,534</b> |
|------------------------------|------------------|

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

|  |                  |
|--|------------------|
| Unaffiliated securities                  | 3,250,326        |
| Written options                          | 158              |
| <b>Net realized gains on investments</b> | <b>3,250,484</b> |

**Net change in unrealized gains (losses) on:**

|                         |           |
|-------------------------|-----------|
| Unaffiliated securities | 8,983,663 |
| Written options         | (332)     |

|   |                  |
|---|------------------|
| <b>Net change in unrealized gains (losses) on investments</b> | <b>8,983,331</b> |
|---|------------------|

|  |                   |
|--|-------------------|
| <b>Net realized and unrealized gains (losses) on investments</b> | <b>12,233,815</b> |
|--|-------------------|

|   |                      |
|---|----------------------|
| <b>Net increase in net assets resulting from operations</b> | <b>\$ 15,536,349</b> |
|---|----------------------|

|                                       |            |
|---------------------------------------|------------|
| * Net of foreign withholding taxes of | \$ 154,866 |
|---------------------------------------|------------|

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





## Statements of Changes in Net Assets

Wells Fargo Advantage Utilities and High Income  
Fund 19

|  | Six Months<br>Ended<br>February 28,<br>2011<br>(Unaudited) | Year Ended<br>August 31, 2010 |
|--|--|-------------------------------|
| <b>Operations</b>  |  |                               |
| Net investment income  | \$ 3,302,534   | \$ 5,346,993                  |
| Net realized gains on investments  | 3,250,484  | 761,910                       |
| Net change in unrealized gains (losses) on investments                                 | 8,983,331  | 2,877,761                     |
| Net increase in net assets resulting from operations                                   | 15,536,349   | 8,986,664                     |
| <b>Distributions to shareholders from</b>  |  |                               |
| Net investment income  | (4,141,911)  | (4,848,035)                   |
| Tax basis return of capital  | 0  | (5,644,957)                   |
| Total distributions to shareholders  | (4,141,911)  | (10,492,992)                  |
| <b>Capital share transactions</b>  |  |                               |
| Net asset value of common shares issued under the Automatic Dividend Reinvestment Plan | 162,439  | 1,064,214                     |
| Total increase (decrease) in net assets applicable to shareholders                     | 11,556,877   | (442,114)                     |
| <b>Net assets</b>  |  |                               |
| <b>Beginning of period</b>   | <b>103,244,584</b>   | <b>103,686,698</b>            |
| <b>End of period</b>   | <b>\$ 114,801,461</b>                                      | <b>\$ 103,244,584</b>         |
| Overdistributed net investment income  | \$ (1,701,446)   | \$ (765,075)                  |

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

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Wells Fargo Advantage Utilities and High Income Fund Statement of Cash Flows Six Months Ended February 28, 2011 (Unaudited)

**Cash flows from operating activities:**

Net increase in net assets resulting from operations \$ 15,536,349

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

|  |              |
|--|--------------|
| Purchase of investment securities                        | (36,410,624) |
| Proceeds from sales of securities                        | 38,302,532   |
| Paydowns   | 662,627      |
| Amortization   | (78,979)     |
| Cost of written options                                  | (3,728)      |
| Premiums received from written options                   | 3,886        |
| Purchase of short-term investment securities, net        | (195,023)    |
| Decrease in dividends and interest receivable            | 361,734      |
| Decrease in receivable for securities sold               | 649,493      |
| Decrease in prepaid expenses and other assets            | 69           |
| Increase in payable for securities purchased             | 211,160      |
| Decrease in advisory fee payable                         | (1,596)      |
| Decrease in due to other related parties                 | (133)        |
| Increase in accrued expenses and other liabilities       | 95,129       |
| Decrease in payable to custodian                         | (2,692,310)  |
| Unrealized appreciation on investments                   | (8,983,331)  |
| Net realized gains on written options                    | (158)        |
| Net realized gains on securities in unaffiliated issuers | (3,250,326)  |
| Net cash provided by operating activities                | 4,206,771    |

**Cash flows from financing activities:**

|                               |             |
|-------------------------------|-------------|
| Cash distributions paid       | (3,978,451) |
| Decrease in secured borrowing | (892)       |

Net cash used in financing activities (3,979,343)

Net increase in cash 227,428

**Cash (including foreign currency):**

Beginning of period 0

End of period \$ 227,428

**Supplemental cash disclosure:**

Cash paid for interest \$ 135,180

**Supplemental non-cash financing disclosure:**

Reinvestment of dividends

\$ 162,439

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 21

(For a share outstanding throughout each period)

|  | <b>Six<br/>Months<br/>Ended<br/>February<br/>28, 2011<br/>(unaudited)</b> | <b>2010</b>         | <b>Year Ended August 31,</b> |             |             | <b>2006</b>         |
|--|---|---------------------|------------------------------|-------------|-------------|---------------------|
|  |   |                     | <b>2009</b>                  | <b>2008</b> | <b>2007</b> |                     |
| <b>Net asset value,<br/>beginning of period</b>                          | \$ 11.23  | \$ 11.38            | \$ 17.50                     | \$ 24.05    | \$ 23.16    | \$ 25.43            |
| <b>Income from investment<br/>operations</b>                             |   |                     |                              |             |             |                     |
| Net investment income <sup>1</sup>                                       | 0.36  | 0.59                | 0.97                         | 2.49        | 2.81        | 4.07                |
| Net realized and<br>unrealized gains (losses)<br>on investments          | 1.33  | 0.41                | (5.29)                       | (4.18)      | 2.37        | (0.51)              |
| Distributions to preferred<br>shareholders from<br>Net investment income | 0.00  | 0.00                | 0.00                         | (0.33)      | (0.30)      | (0.39)              |
| Net realized gains   | 0.00  | 0.00                | 0.00                         | 0.00        | (0.20)      | (0.02)              |
| Total from investment<br>operations                                      | 1.69  | 1.00                | (4.32)                       | (2.02)      | 4.68        | 3.15                |
| <b>Distributions to common<br/>shareholders from</b>                     |   |                     |                              |             |             |                     |
| Net investment income  | (0.45)  | (0.53) <sup>1</sup> | (1.00) <sup>1</sup>          | (2.76)      | (3.79)      | (2.76)              |
| Net realized gains   | 0.00  | 0.00                | 0.00                         | (1.77)      | 0.00        | (2.67)              |
| Tax basis return of capital  | 0.00  | (0.62) <sup>1</sup> | (0.80) <sup>1</sup>          | 0.00        | 0.00        | 0.00                |
| Total distributions to<br>common shareholders                            | (0.45)  | (1.15)              | (1.80)                       | (4.53)      | (3.79)      | (5.43)              |
| <b>Offering costs charged to<br/>capital for</b>                         |   |                     |                              |             |             |                     |
| Preferred shares   | 0.00  | 0.00                | 0.00                         | 0.00        | 0.00        | 0.01 <sup>1,2</sup> |
| <b>Net asset value, end of<br/>period</b>                                | \$ 12.47  | \$ 11.23            | \$ 11.38                     | \$ 17.50    | \$ 24.05    | \$ 23.16            |
| <b>Market value, end of<br/>period</b>                                   | \$ 11.77  | \$ 11.23            | \$ 12.49                     | \$ 21.02    | \$ 27.30    | \$ 23.50            |
| <b>Total return based on<br/>market value<sup>3</sup></b>                | 8.84%   | (1.24)%             | (30.46)%                     | (7.86)%     | 34.05%      | 35.89%              |

**Ratios and supplemental data**

|   |            |            |            |                     |                    |                     |
|---|------------|------------|------------|---------------------|--------------------|---------------------|
| Net assets of common shareholders, end of period (thousands)                                    | \$ 114,801 | \$ 103,245 | \$ 103,687 | \$ 156,384          | \$ 209,066         | \$ 195,955          |
| Liquidation value of preferred shares, end of period (thousands)                                | NA         | NA         | NA         | NA                  | \$ 80,000          | \$ 80,000           |
| Asset coverage ratio, end of period   | NA         | NA         | NA         | NA                  | 360%               | 341%                |
| <b>Ratios to average net assets</b>   |            |            |            |                     |                    |                     |
| Expenses including waivers/reimbursements but excluding expense reductions                      | 1.42%      | 1.52%      | 2.25%      | 1.89%               | 1.42%              | 1.70%               |
| Expenses excluding waivers/reimbursements and expense reductions                                | 1.42%      | 2.25%      | 3.44%      | 1.92%               | 1.42%              | 1.70%               |
| Expenses including waivers/reimbursements but excluding expense reductions and interest expense | 1.17%      | 1.33%      | 1.55%      | 1.37%               | 1.20%              | 1.39%               |
| Interest expense  | 0.25%      | 0.19%      | 0.70%      | 0.52%               | 0.22%              | 0.31%               |
| Net investment income   | 6.00%      | 5.19%      | 8.75%      | 10.33% <sup>4</sup> | 9.41% <sup>4</sup> | 16.00% <sup>4</sup> |
| <b>Portfolio turnover rate</b>  | 64%        | 59%        | 137%       | 153%                | 117%               | 122%                |

1. Calculated based on average common shares outstanding during the period.
2. Amount represents a refund of certain preferred share offering expenses.
3. Total return is calculated assuming a purchase of common stock on the first day and a sale on the last day of the period reporting. Dividends and distributions are assumed for the 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 or sales charges.
4. The net investment income ratio reflects distributions paid to preferred shareholders. The accompanying notes are an integral part of these financial statements.

**1. ORGANIZATION**

Wells Fargo Advantage Utilities and High Income Fund (the Fund) was organized as a statutory trust under the laws of the state of Delaware on February 4, 2004 and is registered as a non-diversified closed-end management investment company under the Investment Company Act of 1940, as amended. The primary investment objective of the Fund is to seek a high level of current income and moderate capital growth, with an emphasis on providing tax advantaged dividend income.

**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. Management has considered the circumstances under which the Fund should recognize or make disclosures regarding events or transactions occurring subsequent to the balance sheet date through the date the financial statements are issued. Adjustments or additional disclosures, if any, have been included in these financial statements.

**Securities valuation**

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

Securities denominated in foreign currencies are translated into U.S. dollars using the closing rates of exchange in effect on the day of valuation.

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 investments 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 the investments, then those investments are fair valued following procedures approved by the Board of Trustees. These procedures take into account multiple factors including movements in U.S. securities markets after foreign exchanges close. Depending on market activity, such fair valuations may be frequent. Such fair value pricing may result in NAVs that are higher or lower than NAVs based on the closing price or latest quoted bid price.

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

Debt securities of sufficient credit quality with original maturities of 60 days or less generally are valued at amortized cost which approximates fair value. The amortized cost method involves valuing a security at its cost, plus accretion of discount or minus amortization of premium over the period until maturity.

Investments in open-end mutual funds and non-registered investment companies are generally valued at net asset value.

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





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

**Foreign currency translation**

The accounting records of the Fund are maintained in U.S. dollars. Assets, including investment securities, and liabilities denominated in foreign currency are translated into U.S. dollars at the prevailing rates of exchange at the date of valuation. Purchases and sales of securities, and income and expenses are translated at the prevailing rate of exchange on the respective dates of such transactions. Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting in changes in exchange rates.

The changes in net assets arising from changes in exchange rates and the changes in net assets resulting from changes in market prices of securities are not separately presented. Such changes are recorded with net realized and unrealized gains or losses from investments. Gains and losses from certain foreign currency transactions are treated as ordinary income for U.S. federal income tax purposes.

**When-issued transactions**

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

**Term loans**

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

**Options**

The Fund may be subject to equity price risk in the normal course of pursuing its investment objectives. The Fund may write covered put or call options. 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, which expire unexercised, are recognized as realized gains from investments on the expiration date. 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 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 which is subsequently adjusted to the current market value of the option. Premiums paid for purchased options which expire are recognized as realized losses from investments on the expiration date. Premiums paid for purchased options which are exercised or closed are added to the amount paid or offset against the proceeds on the underlying security to determine the realized gain or loss. The risk of loss associated with purchased options is limited to the premium paid.

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

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collateral to cover the Fund's exposure to the counterparty.

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**Credit default swaps**

The Fund may be subject to credit risk in the normal course of pursuing its investment objectives. The Fund may enter into credit default swap contracts for hedging or speculative purposes to provide or receive a measure of protection against default on a referenced entity, obligation or index or for investment gains. Credit default swaps involve an exchange of a stream of payments for protection against the loss in value of an underlying security or index. Under the terms of the swap, one party acts as a guarantor (referred to as the seller of protection) and receives a periodic stream of payments, provided that there is no credit event, from another party (referred to as the buyer of protection) that is a fixed percentage applied to a notional principal amount over the term of the swap. An index credit default swap references all the names in the index, and if a credit event is triggered, the credit event is settled based on that name's weight in the index. A credit event includes bankruptcy, failure to pay, obligation default, obligation acceleration, repudiation/moratorium, and restructuring. The Fund may enter into credit default swaps as either the seller of protection or the buyer of protection. As the seller of protection, the Fund is subject to investment exposure on the notional amount of the swap and has assumed the risk of default of the underlying security or index. As the buyer of protection, the Fund could be exposed to risks if the seller of the protection defaults on its obligation to perform, or if there are unfavorable changes in the fluctuation of interest rates. The maximum potential amount of future payments (undiscounted) that the Fund as the seller of protection could be required to make under the credit default swap contract would be an amount equal to the notional amount of the swap contract. The Fund's maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract. This risk is mitigated by having a master netting arrangement between the Fund and the counterparty and by having the counterparty post collateral to cover the Fund's exposure to the counterparty.

If the Fund is the seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will pay to the buyer of protection the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index. If the Fund is the buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will receive from the seller of protection the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index.

Any premiums paid or received on the transactions are recorded as an asset or liability on the Statement of Assets and Liabilities and amortized. The value of the swap contract is marked-to-market daily based on quotations from an independent pricing service or market makers and any change in value is recorded as an unrealized gain or loss. Periodic payments made or received are recorded as realized gains or losses. In addition, payments received or made as a result of a credit event or termination of the contract are recognized as realized gains or losses.

Certain credit default swap contracts entered into by the Fund provide for conditions that result in events of default or termination that enable the counterparty to the agreement to cause an early termination of the transactions under those agreements. Any election by the counterparty to terminate early may impact the amounts reported on the financial statements.

**Security transactions and income recognition**

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

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

Dividend income is recognized on the ex-dividend date, except for certain dividends from foreign securities, which are recorded as soon as the Fund is informed of the ex-dividend date.

Dividend and interest income from foreign securities is recorded net of foreign taxes withheld where recovery of such taxes is not assured.



**Distributions to shareholders**

Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-dividend date. Such distributions are determined in conformity with income tax regulations, which may differ from 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.

As of August 31, 2010, the Fund had estimated net capital loss carryforwards, which were available to offset future net realized capital gains, in the amount of \$50,967,880 with \$701,198 expiring in 2016, \$22,831,103 expiring in 2017 and \$27,435,579 expiring in 2018.

**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 unobservable inputs (Level 3). The Fund's investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The inputs are summarized into three broad levels as follows:

Level 1 quoted prices in active markets for identical securities

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

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

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

As of February 28, 2011 the inputs used in valuing the Fund's assets, which are carried at fair value, were as follows:

| <b>Investments in Securities</b>        | Quoted Prices<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total         |
|---|----------------------------|---|--|---------------|
| <b>Equity securities</b>                |                            |   |  |               |
| <i>Common stocks</i>                    | \$ 79,914,586              | \$ 0  | \$ 0   | \$ 79,914,586 |
| <i>Preferred stocks</i>                 | 13,316,359                 | 0   | 0  | 13,316,359    |
| <i>Warrants</i>                         | 2,700                      | 0   | 0  | 2,700         |
| <i>Investment companies</i>             | 68,221                     | 0   | 0  | 68,221        |
| <b>Corporate bonds and notes</b>        | 0                          | 31,681,702  | 622,548  | 32,304,250    |
| <b>Term loans</b>                       | 0                          | 3,267,959   | 0  | 3,267,959     |
| <b>Yankee corporate bonds and notes</b> | 0                          | 1,124,333   | 0  | 1,124,333     |
| <b>Short-term investments</b>           |                            |   |  |               |

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|                             |                |               |            |                |
|-----------------------------|----------------|---------------|------------|----------------|
| <i>Investment companies</i> | 6,786,861      | 0             | 0          | 6,786,861      |
| <b>Total</b>                | \$ 100,088,727 | \$ 36,073,994 | \$ 622,548 | \$ 136,785,269 |

Further details on the major security types listed above can be found in the Fund's Portfolio of Investments.

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Notes to Financial Statements (Unaudited)

As of February 28, 2011, the inputs used in valuing the Fund's other financial instruments, which are carried at fair value, were as follows:

|                                    | Quoted<br>Prices<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total    |
|------------------------------------|-------------------------------|---|--|----------|
| <b>Other financial instruments</b> |                               |   |  |          |
| <b>Written options</b>             | \$ 0                          | \$ 1,750  | \$ 0   | \$ 1,750 |

For the six months ended February 28, 2011, the Fund did not have any significant transfers into/out of Level 1 and Level 2.

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

|   |                                 |
|---|---------------------------------|
|   | Corporate<br>bonds<br>and notes |
| <b>Balance as of August 31, 2010</b>  | \$ 0                            |
| Accrued discounts (premiums)  | 0                               |
| Realized gains (losses)   | 0                               |
| Change in unrealized gains (losses)   | 0                               |
| Purchases   | 0                               |
| Sales   | 0                               |
| Transfers into Level 3  | 622,548                         |
| Transfers out of Level 3  | 0                               |
| <b>Balance as of February 28, 2011</b>  | <b>\$ 622,548</b>               |
| Change in unrealized gains (losses) included in earnings relating to securities still held at February 28, 2011 | \$ 0                            |

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

Wells Fargo Funds Management, LLC ( Funds Management ), an indirect wholly owned subsidiary of Wells Fargo & Company ( Wells Fargo ), is the adviser to the Fund and is paid an annual fee of 0.60% of the Fund's average daily total assets. Total assets consist of the net assets of the Fund plus borrowings or other leverage for investment purposes. For the six months ended February 28, 2011, the advisory fee was equivalent to an annual rate of 0.72% of the Fund's average daily net assets.

Funds Management may retain the services of certain investment sub-advisers to provide daily portfolio management to the Fund. The fees related to sub-advisory services are borne directly by the adviser and do not increase the overall fees paid by the Fund to the adviser. Wells Capital Management Incorporated, an affiliate of Funds Management, and Crow Point Partners, LLC are each investment sub-advisers to the Fund and are each paid an annual fee 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 facilities, equipment and personnel. Funds Management is paid an annual administrative fee of 0.05% of the Fund's average daily total assets. For the six months ended February 28, 2011, the administration fee was equivalent to an annual rate of 0.06% of the Fund's average daily net assets.

**5. CAPITAL SHARE TRANSACTIONS**

The Fund has authorized an unlimited number of common shares with no par value. For the six months ended February 28, 2011 and the year ended August 31, 2010, the Fund issued 13,611 and 84,763 shares, respectively.

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**6. BORROWINGS**

The Fund had secured debt financing in April 2008 from a multi-seller commercial paper conduit administered by a major financial institution (the Facility) in order to redeem all of its outstanding Preferred Shares. The Facility was refinanced on April 26, 2010 with a new borrowing facility, administered by a different major financial institution, with a commitment amount of \$25 million and a 364 day term (Refinancing Facility). As of February 28, 2011, the Fund had borrowed \$22 million under the Refinancing Facility. The Fund's borrowings under the Refinancing Facility are generally charged interest at a rate determined by the type of loan elected by the Fund. Under the Facility, the Fund had been generally charged interest at a rate based on the rates of the commercial paper notes issued or at LIBOR plus 9.5%. During the six months ended February 28, 2011, an effective interest rate of 1.22% was incurred on the borrowings. Interest expense of \$135,180, representing 0.25% of the Fund's average daily net assets, was incurred during the six months ended February 28, 2011. The Fund has pledged its assets to secure the borrowings and pays a commitment fee at an annual rate equal to (a) 0.30% as of any date upon which the loan balance exceeds 50% of the facility amount and (b) 0.50% as of any other date when the loan balance is less than 50% of the facility amount.

**7. INVESTMENT PORTFOLIO TRANSACTIONS**

Purchases and sales of investments, excluding U.S. government obligations and short-term securities (securities with maturities of one year or less at purchase date), were \$36,412,174 and \$38,220,470, respectively, for the six months ended February 28, 2011.

As of February 28, 2011, the Fund had unfunded loan commitments of \$90,168.

**8. DERIVATIVE TRANSACTIONS**

During the six months ended February 28, 2011, the Fund entered into written options for hedging purposes.

During the six months ended February 28, 2011, the Fund had written option activities as follows:

|   | Number<br>of<br>Contracts | Premiums<br>Received |
|---|---------------------------|----------------------|
| Options outstanding at August 31, 2010              | 0                         | \$ 0                 |
| Options written                                     | 108                       | 3,886                |
| Options terminated in closing purchase transactions | (62)                      | (1,844)              |
| Options exercised                                   | (21)                      | (624)                |
| Options outstanding at February 28, 2011            | 25                        | \$ 1,418             |

Open call options written at February 28, 2011 were as follow for the Fund:

| Expiration<br>Date | Issuer Name                 | Number<br>of<br>Contracts | Strike<br>Price | Market<br>Value | Premiums<br>Received |
|--------------------|-----------------------------|---------------------------|-----------------|-----------------|----------------------|
| April<br>2011      | Comcast Corporation Class A | 25                        | \$ 26.00        | \$ 1,750        | \$ 1,418             |

The Fund had average premiums received on written options in the amount of \$473 during the six months ended February 28, 2011.

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

**9. CONCENTRATION RISK**

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



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Income Fund

Notes to Financial Statements (Unaudited)

#### 10. INDEMNIFICATION

Under the Trust's organizational documents, the officers and directors are indemnified against certain liabilities that may arise out of performance of their duties to the Trust. Additionally, in the normal course of business, the Trust may enter into contracts with service providers that contain a variety of indemnification clauses. The Trust'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<br>Date    | Payable<br>Date   | Net<br>Investment<br>Income |
|-------------------|-------------------|-------------------|-----------------------------|
| February 18, 2011 | March 15,<br>2011 | April 01,<br>2011 | \$ 0.075                    |
| March 18, 2011    | April 13,<br>2011 | May 02,<br>2011   | \$ 0.075                    |
| April 22, 2011    | May 16,<br>2011   | June 01,<br>2011  | \$ 0.075                    |

These distributions are not reflected in the accompanying financial statements.

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Other Information (Unaudited)

Wells Fargo Advantage Utilities and High Income  
Fund 29

**PROXY VOTING INFORMATION**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling 1-800-222-8222, visiting our Web site at [wellsfargo.com/advantagefunds](http://wellsfargo.com/advantagefunds), or visiting the SEC Web site at [www.sec.gov](http://www.sec.gov). Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge on the Fund's Web site at [wellsfargo.com/advantagefunds](http://wellsfargo.com/advantagefunds) or by visiting the SEC Web site at [www.sec.gov](http://www.sec.gov).

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Other Information (Unaudited)

### PORTFOLIO HOLDINGS INFORMATION

The complete portfolio holdings for the Fund are publicly available on the Fund's Web site ([www.wellsfargo.com/advantagefunds](http://www.wellsfargo.com/advantagefunds)) on a monthly, 30-day or more delayed basis. In addition, top ten holdings information for the Fund is publicly available on the Fund's Web site on a monthly, seven-day or more delayed basis. The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, which is available without charge by visiting the SEC Web site at [www.sec.gov](http://www.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.

### BOARD OF TRUSTEES

The following table provides basic information about the Board of Trustees (the Trustees) and Officers of the Fund. Each of the Trustees and Officers listed below acts in identical capacities for the Wells Fargo Advantage family of funds, which consists of 152 funds comprising the Wells Fargo Funds Trust, Wells Fargo Variable Trust, Wells Fargo Master Trust, and four closed-end funds, including the Fund (collectively the Fund Complex). All of the Trustees are also Members of the Audit and Governance Committees of each Trust in the Fund Complex. The mailing address of each Trustee and Officer is 525 Market Street, 12th Floor, San Francisco, CA 94105. The Board of Trustees is classified into three classes of which one is elected annually. Each Trustee serves a three-year term concurrent with the class from which the Trustee is elected. Each Officer serves an indefinite term.

#### Independent Trustees

| Name and Year of Birth            | Position Held and Length of Service                                       | Principal Occupations During Past Five Years  | Other Directorships   |
|-----------------------------------|---|---|---|
| Peter G. Gordon<br>(Born 1942)    | Trustee, since 1998;<br>Chairman, since 2005<br>(Lead Trustee since 2001) | Co-Founder, Chairman, President and CEO of Crystal Geyser. Water Company. Trustee Emeritus, Colby College   | Asset Allocation Trust  |
| Isaiah Harris, Jr.<br>(Born 1952) | Trustee, since 2009   | Retired. Prior thereto, President and CEO of BellSouth Advertising and Publishing Corp. from 2005 to 2007, President and CEO of BellSouth Enterprises from 2004 to 2005 and President of BellSouth Consumer Services from 2000 to 2003. Emeritus member of the Iowa State University Foundation Board of Governors. Emeritus Member of the Advisory Board of Iowa State University School of Business. Mr. Harris is a certified public accountant. | CIGNA Corporation;<br>Deluxe Corporation;<br>Asset Allocation Trust |
| Judith M. Johnson<br>(Born 1949)  | Trustee, since 2008   | Retired. Prior thereto, Chief Executive Officer and Chief Investment Officer of Minneapolis Employees Retirement Fund from 1996 to 2008. Ms. Johnson is an attorney, certified public accountant and a certified managerial accountant.   | Asset Allocation Trust  |
| Leroy Keith, Jr.<br>(Born 1939)   | Trustee, since 2010   | Chairman, Bloc Global Services (development and construction), Trustee of the Evergreen Funds from 1983 to 2010. Former Managing Director, Almanac  | Trustee, Virtus Fund Complex (consisting of 45 portfolios as of     |

|                                 |                     |   |  |
|---------------------------------|---------------------|---|--|
|                                 |                     | Capital Management (commodities firm), former Partner, Stonington Partners, Inc. (private equity fund), former Director, Obagi Medical Products Co. and former Director, Lincoln Educational Services.  | 12/31/10); Director, Diversapack Co. (packaging company); Asset Allocation Trust |
| David F. Larcker<br>(Born 1951) | Trustee, since 2009 | James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, Director of Corporate Governance Research Program and Co-Director 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   |

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## Other Information (Unaudited)

Wells Fargo Advantage Utilities and High Income  
Fund 31

| <b>Name and Year of Birth</b>      | <b>Position Held and Length of Service</b> | <b>Principal Occupations During Past Five Years</b>  | <b>Other Directorships</b> |
|------------------------------------|--|--|----------------------------|
| Olivia S. Mitchell<br>(Born 1953)  | Trustee, since 2006                        | International Foundation of Employee Benefit Plans Professor and Chair of the Department of Insurance and Risk Management, Wharton School of the University of Pennsylvania since 1993. Director of Wharton's Pension Research Council and Boettner Center on Pensions & Retirement Research, and Research Associate at the National Bureau of Economic Research. Previously, Cornell University Professor from 1978 to 1993.                    | Asset Allocation Trust     |
| Timothy J. Penny<br>(Born 1951)    | Trustee, since 1996                        | President and CEO of Southern Minnesota Initiative Foundation, a non-profit organization, since 2007 and Senior Fellow at the Humphrey Institute Policy Forum at the University of Minnesota since 1995. Member of the Board of Trustees of NorthStar Education Finance, Inc., a non-profit organization, since 2007.  | Asset Allocation Trust     |
| Michael S. Scofield<br>(Born 1943) | Trustee, since 2010                        | Currently serves on the Investment Company Institute's Board of Governors and Executive Committee as well the Independent Directors Counsel Board of Governors and Executive Committee. Former Chairman of the Independent Directors Counsel. Trustee of the Evergreen Funds from 1984 to 2010. Retired Attorney, Law Offices of Michael S. Scofield and former Director and Chairman, Branded Media Corporation (multi-media branding company). | Asset Allocation Trust     |
| Donald C. Willeke<br>(Born 1940)   | Trustee, since 1996                        | 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.  | Asset Allocation Trust     |

**Officers**

| <b>Name and Year of Birth</b>   | <b>Position Held and Length of Service</b> | <b>Principal Occupations During Past Five Years</b>  |
|---------------------------------|--|--|
| Karla M. Rabusch<br>(Born 1959) | President, since 2003                      | Executive Vice President of Wells Fargo Bank, N.A. and President of Wells Fargo Funds Management, LLC since 2003. Senior Vice President and Chief Administrative Officer of Wells Fargo Funds Management, LLC from 2001 to 2003. |

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|                                 |  |  |
|---------------------------------|--|--|
| C. David Messman<br>(Born 1960) | Secretary, since 2000;<br>Chief Legal Counsel,<br>since 2003 | Senior Vice President and Secretary of Wells Fargo Funds Management, LLC since 2001. Vice President and Managing Counsel of Wells Fargo Bank, N.A. since 1996.   |
| Kasey Phillips<br>(Born 1970)   | Treasurer, since 2009  | Senior Vice President of Wells Fargo Funds Management, LLC since 2009. Senior Vice President of Evergreen Investment Management Company, LLC from 2006 to 2010. Treasurer of the Evergreen Funds from 2005 to 2010. Vice President and Assistant Vice President of Evergreen Investment Services, Inc. from 1999 to 2006.  |
| David Berardi<br>(Born 1975)    | Assistant Treasurer,<br>since 2009                           | Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Assistant Vice President of Evergreen Investment Services, Inc. from 2004 to 2008. Manager of Fund Reporting and Control for Evergreen Investment Management Company, LLC from 2004 to 2010.   |
| Jeremy DePalma<br>(Born 1974)   | Assistant Treasurer,<br>since 2009                           | Senior Vice President of Wells Fargo Funds Management, LLC since 2009. Senior Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Vice President, Evergreen Investment Services, Inc. from 2004 to 2007. Assistant Vice President, Evergreen Investment Services, Inc. from 2000 to 2004 and the head of the Fund Reporting and Control Team within Fund Administration from 2005 to 2010. |

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Income Fund

Other Information (Unaudited)

| <b>Name and<br/>Year of Birth</b> | <b>Position Held and<br/>Length of Service</b> | <b>Principal Occupations During Past Five Years</b>  |
|-----------------------------------|--|--|
| Debra Ann Early<br>(Born 1964)    | Chief Compliance<br>Officer,<br>since 2007     | Chief Compliance Officer of Wells Fargo Funds<br>Management, LLC since 2007. Chief Compliance<br>Officer of Parnassus Investments from 2005 to 2007.<br>Chief Financial Officer of Parnassus Investments from<br>2004 to 2007 and Senior Audit Manager of<br>PricewaterhouseCoopers LLP from 1998 to 2004. |

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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 shares of 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 or market premium ( 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 43010, Providence, Rhode Island 02940-3010 or by calling 1-800-730-6001.

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## 34 Wells Fargo Advantage Utilities and High Income Fund

## List of Abbreviations

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

|         |   |
|---------|---|
| ABAG    | Association of Bay Area Governments                               |
| ACB     | Agricultural Credit Bank  |
| ADR     | American Depositary Receipt                                       |
| ADS     | American Depositary Shares  |
| AGC-ICC | Assured Guaranty Corporation Insured Custody Certificates         |
| AGM     | Assured Guaranty Municipal  |
| AMBAC   | American Municipal Bond Assurance Corporation                     |
| AMT     | Alternative Minimum Tax   |
| ARM     | Adjustable Rate Mortgages   |
| AUD     | Australian Dollar   |
| BAN     | Bond Anticipation Notes   |
| BART    | Bay Area Rapid Transit  |
| BHAC    | Berkshire Hathaway Assurance Corporation                          |
| BRL     | Brazil Real   |
| CAD     | Canadian Dollar   |
| CDA     | Community Development Authority                                   |
| CDO     | Collateralized Debt Obligation                                    |
| CDSC    | Contingent Deferred Sales Charge                                  |
| CGIC    | Capital Guaranty Insurance Company                                |
| CGY     | Capital Guaranty Corporation                                      |
| CHF     | Swiss Franc   |
| CIFG    | CDC (Caisse des Dépôts et Consignations) IXIS Financial Guarantee |
| COP     | Certificate of Participation                                      |
| CP      | Commercial Paper  |
| CR      | Custody Receipts  |
| CTF     | Common Trust Fund   |
| DEM     | Deutsche Mark   |
| 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                       |
| EDFA    | Economic Development Finance Authority                            |
| ETET    | Eagle Tax-Exempt Trust  |
| ETF     | Exchange-Traded Fund  |
| EUR     | Euro  |
| FFCB    | Federal Farm Credit Bank  |
| FGIC    | Financial Guaranty Insurance Corporation                          |
| FHA     | Federal Housing Authority   |
| FHAG    | Federal Housing Agency  |
| FHLB    | Federal Home Loan Bank  |
| FHLMC   | Federal Home Loan Mortgage Corporation                            |
| FNMA    | Federal National Mortgage Association                             |
| FRF     | French Franc  |
| 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     | Housing & Urban Development                   |
| HUF     | Hungarian Forint                              |
| IDA     | Industrial Development Authority              |
| IDAG    | Industrial Development Agency                 |
| IDR     | Industrial Development Revenue                |
| IEP     | Irish Pound                                   |
| JPY     | Japanese Yen                                  |
| KRW     | Republic of Korea Won                         |
| LIBOR   | London Interbank Offered Rate                 |
| LLC     | Limited Liability Company                     |
| LLP     | Limited Liability Partnership                 |
| LOC     | Letter of Credit                              |
| LP      | Limited Partnership                           |
| MBIA    | Municipal Bond Insurance Association          |
| MFHR    | Multi-Family Housing Revenue                  |
| MFMR    | Multi-Family Mortgage Revenue                 |
| MMD     | Municipal Market Data                         |
| MSTR    | Municipal Securities Trust Receipts           |
| MTN     | Medium Term Note                              |
| MUD     | Municipal Utility District                    |
| MXN     | Mexican Peso                                  |
| MYR     | Malaysian Ringgit                             |
| NATL-RE | National Public Finance Guarantee Corporation |
| NLG     | Netherlands Guilder                           |
| NOK     | Norwegian Krone                               |
| NZD     | New Zealand Dollar                            |
| PCFA    | Pollution Control Finance Authority           |
| PCR     | Pollution Control Revenue                     |
| PFA     | Public Finance Authority                      |
| PFFA    | Public Facilities Financing Authority         |
| PFOTER  | Puttable Floating Option Tax-Exempt Receipts  |
| plc     | Public Limited Company                        |
| PLN     | Polish Zloty                                  |
| PSFG    | Public School Fund Guaranty                   |
| PUTTER  | Puttable Tax-Exempt Receipts                  |
| R&D     | Research & Development                        |
| RDA     | Redevelopment Authority                       |
| RDFA    | Redevelopment Finance Authority               |
| REITS   | Real Estate Investment Trusts                 |
| ROC     | Reset Option Certificates                     |
| SEK     | Swedish Krona                                 |
| SFHR    | Single Family Housing Revenue                 |

|        |  |
|--------|--|
| SFMR   | Single Family Mortgage Revenue                                 |
| SGD    | Singapore Dollar   |
| SKK    | Slovakian Koruna   |
| SLMA   | Student Loan Marketing Association                             |
| SPDR   | Standard & Poor's Depository Receipts                          |
| STIT   | Short-Term Investment Trust                                    |
| STRIPS | Separately Traded Registered Interest and Principal Securities |
| TAN    | Tax Anticipation Notes   |
| TBA    | To Be Announced  |
| TRAN   | Tax Revenue Anticipation Notes                                 |
| TCR    | Transferable Custody Receipts                                  |
| TRY    | Turkish Lira   |
| TTFA   | Transportation Trust Fund Authority                            |
| USD    | Unified School District  |
| XLCA   | XL Capital Assurance   |
| ZAR    | South African Rand   |

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ITEM 2. CODE OF ETHICS

Not required in this filing

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not required in this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not required in this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

Not required in this filing.

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ITEM 6. SCHEDULE OF INVESTMENTS

The Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this Form.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

The Governance Committee (the Committee) of the Board of Trustees of the registrant (the Trust) has adopted procedures by which a shareholder of any series of the Trust may submit properly a nominee recommendation for the Committee's consideration.

The shareholder must submit any such recommendation (a Shareholder Recommendation) in writing to the Trust, to the attention of the Trust's Secretary, at the address of the principal executive offices of the Trust.

The Shareholder Recommendation must be delivered to, or mailed and received at, the principal executive offices of the Trust not less than forty-five (45) calendar days nor more than seventy-five (75) calendar days prior to the date of the Committee meeting at which the nominee would be considered.

The Shareholder Recommendation must include: (i) a statement in writing setting forth (A) the name, age, date of birth, business address, residence address and nationality of the person recommended by the shareholder (the candidate); (B) the series (and, if applicable, class) and number of all shares of the Trust owned of record or beneficially by the candidate, as reported to such shareholder by the candidate; (C) any other information regarding the candidate called for with respect to director nominees by paragraphs (a), (d), (e) and (f) of Item 401 of Regulation S-K or paragraph (b) of Item 22 of Rule 14a-101 (Schedule 14A) under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Securities and Exchange Commission (or the corresponding provisions of any regulation or rule subsequently adopted by the Securities and Exchange Commission or any successor agency applicable to the Trust); (D) any other information regarding the candidate that would be required to be disclosed if the candidate were a nominee in a proxy statement or other filing required to be made in connection with solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (E) whether the recommending shareholder believes that the candidate is or will be an interested person of the Trust (as defined in the Investment Company Act of 1940, as amended) and, if not an interested person, information regarding the candidate that will be sufficient for the Trust to make such determination; (ii) the written and signed consent of the candidate to be named as a nominee and to serve as a Trustee if elected; (iii) the recommending shareholder's name as it appears on the Trust's books; (iv) the series (and, if applicable, class) and number of all shares of the Trust owned beneficially and of record by the recommending shareholder; and (v) a description of all arrangements or understandings between the recommending shareholder and the candidate and any other person or persons (including their names) pursuant to which the recommendation is being made by the recommending shareholder. In addition, the Committee may require the

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candidate to interview in person and furnish such other information as it may reasonably require or deem necessary to determine the eligibility of such candidate to serve as a Trustee of the Trust.

ITEM 11. CONTROLS AND PROCEDURES

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

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

ITEM 12. EXHIBITS

(a)(1) Not required in this filing.

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

(a)(3) Not applicable.

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

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**SIGNATURES**

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

Wells Fargo Advantage Utilities & High Income Fund

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

Date: April 28, 2011

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

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

Date: April 28, 2011

By: /s/ Kasey L. Phillips  
Kasey L. Phillips  
Treasurer

Date: April 28, 2011