

Income Opportunities Fund

CLOSED END FUND

FUND OVERVIEW

Objective & Strategy

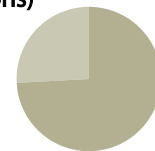
The fund seeks a high level of current income. Capital appreciation is a secondary objective.

Fund Basics

Fund inception	02/26/2003
Ticker	EAD
NAV Ticker	XEADX
CUSIP	94987B105

Fund Capitalization (In Millions)

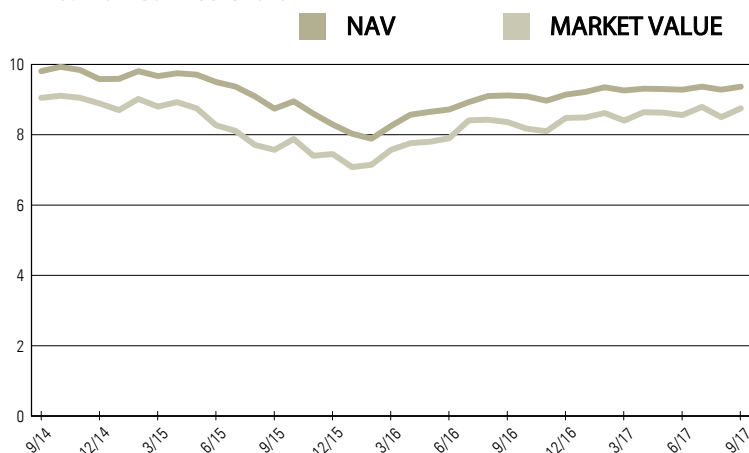
Common	\$ 658.4
Bank Borrowings [^]	\$ 230.0
Total	\$ 888.4



[^]Bank borrowings are used as a source of leverage. Effective rate on borrowings as of September 30, 2017 is 1.93%. Borrowing cost impact on expense ratio to net assets is 0.64%.

PERFORMANCE

NAV VS. Market Price Chart



Fund Characteristics

Expense Ratio Net*	1.23%
Expense Ratio Gross*	1.40%

*As of 04/30/2017. Net ratio includes contractual waivers and/or reimbursements set to expire 03/06/2018. Expense ratios include 0.48% of interest expense. Excluding interest expense, gross ratio would be 0.92%.

Dividend Distributions	Monthly
Number of holdings	343
Effective Maturity (years).....	3.4
Average Duration (years).....	3.4
Average coupon	5.85%
Leverage as a % of total assets	25.9%

NAV and Market Price Data

Shares outstanding	70,300,085
Average daily volume	179,057
Since Inception high/low NAV	\$16.04/\$5.81
Since Inception high/low share price	\$16.38/\$4.00
Inception Common Share Price	\$15.00
Inception Common Share NAV	\$14.33
Current Share Price	\$8.75
Current Share NAV	\$9.37
Premium/Discount at NAV	-6.62%

Total Returns and Yields*

	AT MARKET	AT NAV
Distribution Rate	7.84%	7.32%
30-Day SEC Yield	N/A	5.78%
30-Day SEC Unsubsidized Yield	N/A	5.73%
3-month	4.31%	3.03%
YTD 2017	9.99%	9.28%
1-year	14.36%	12.26%
3-year	8.86%	8.42%
5-year	5.56%	8.42%
10-year	7.25%	7.46%
Inception (2/26/2003)	7.48%	8.33%

Figures quoted represent past performance, which is no guarantee of future results, and do not reflect taxes that a shareholder may pay on a fund. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted and assumes the reinvestment of dividends and capital gains. Current month-end performance is available by calling 1-800-343-2898. Performance figures of the fund do not reflect fees charged pursuant to the terms of any brokerage account agreements. If sales charges had been reflected, performance would have been lower. The quoted distribution rate is a figure that uses the fund's previous distribution to calculate an annualized figure. Distribution Rate is calculated by annualizing the last distribution and then dividing by the period ending NAV or market price. Special distributions, including special capital gains distributions, are not included in the calculation. The 30-Day SEC yield is calculated with a standardized formula mandated by the SEC. The formula is based on an estimated yield to maturity (assuming all portfolio securities are held to maturity) and is intended to reflect a fund's hypothetical annualized income, as a percentage of its assets. A fund's actual distribution rate will differ from the SEC yield and any income distributions from the fund may be higher or lower than implied by the SEC yield. The 30-Day SEC yield is calculated as of the most recent month-end.

FUND INFORMATION

*Cumulative if one year or less, annualized if greater than one year.

Top Sectors

(as a % of market value of investments)	
Energy	23.4%
Telecommunication Services	19.5%
Consumer Staples	12.6%
Consumer Discretionary	10.5%
Information Technology	10.2%
Financials	8.3%
Industrials	7.6%
Utilities	5.3%
Real Estate	2.7%

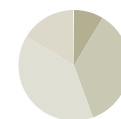
Dividend History (Last 6 Months)

Declaration Date	Dividend per share
04/28/2017	0.0598
05/17/2017	0.0598
06/30/2017	0.0598
07/28/2017	0.0598
08/16/2017	0.0564
09/29/2017	0.0564

Credit Quality

(as a % of market value of bonds)

BBB/Baa	8.5%
BB/Ba	35.9%
B/B	39.2%
CCC/Caa and Below	16.3%
Other	0.1%
Not Rated	0.1%



The ratings indicated are from Standard & Poor's, Fitch Ratings Ltd., and/or Moody's Investors Service. The percentages of the fund's portfolio with the ratings depicted in the chart are calculated based on the total investments of the fund. If a security was rated by all three rating agencies, the middle rating was used. If rated by two of three rating agencies, the lower rating was used, and if rated by one of the agencies, that rating was used.

Income Opportunities Fund

PORTFOLIO MANAGEMENT

Niklas Nordenfelt, CFA

Mr. Nordenfelt has been with Wells Capital Management since 2003. He is currently a senior portfolio manager and co-manager of the U.S. High Yield team at Wells Capital Management. He began his investment career in 1991.

Philip Susser

Mr. Susser is currently a senior portfolio manager and co-manager of the U.S. High Yield team at Wells Capital Management. He began his investment career in 1995.

MANAGEMENT COMMENTARY

Strategy

The third quarter was strong for high-yield bonds as market conditions remained positive. Issuance proceeded at a moderate pace. The majority of issuance comprised refinancing of maturing debt. A higher level of bond upgrades compared with downgrades also contributed to lower new issuance. A lower net supply of bonds was dwarfed by increased demand, resulting in further compression of yield spreads between corporate credits and Treasury bonds. On strong demand forecasts from the Organization of the Petroleum Exporting Countries (OPEC), oil prices bounced back in the third quarter and pulled returns in the energy sector upward. Capital goods orders rose to go along with strong labor market data, including lower jobless claims and an unemployment rate that fell to 4.2%.

Within the broad high-yield market, as characterized by the ICE BofA Merrill Lynch U.S. High Yield Index¹, bonds rated CCC outperformed bonds rated BB and B, as investors pursuing higher yields assumed higher levels of risk in their investments. Among high-yield instruments, floating-rate high-yield loans underperformed fixed-rate bonds during the quarter.

From a sector perspective, financials returned 2.04%, industrials returned 1.98%, and utilities returned 3.66%. Yield spreads tightened by 21 basis points (bps; 100 bps equal 1.00%) on the quarter to finish at 356 bps. The fund's duration at quarter-end was 3.44 years versus the index's duration of 3.93 years.

The Income Opportunities Fund's return based on market value was 4.31% for the three-month period that ended September 30, 2017. During the same period, the fund's return based on its net asset value (NAV) was 3.03%. Based on its NAV return, the fund outperformed relative to the ICE BofA Merrill Lynch U.S. High Yield Index, which returned 2.04%. The ICE BofA Merrill Lynch U.S. High Yield Index also returned 9.06%, 6.38%, and 7.72% for the 1-, 5-, and 10-year periods, respectively.

Contributors to Performance

The fund's energy-sector overweight contributed as oil prices rebounded. An underweight to retail contributed because the fund avoided the underperforming supermarkets subsector. In addition, an underweight allocation to the wirelines subsector contributed. The fund was overweight credits that were rated CCC and lower, which contributed to performance. Security selection in energy, health care, and cable satellites contributed and drove outperformance.

Detractors from Performance

The fund's allocation to floating-rate high-yield bank loans (approximately 4% at quarter-end) was a slight detractor from performance. The fund's underweights to some outperforming commodity sectors, including steel and metals and mining, detracted. The fund's allocation to cash and BBB-rated credits, which underperformed the broad high-yield index, also detracted.

Management Outlook

Expectations are that the U.S. Federal Reserve (Fed) will raise short-term interest rates once more in 2017. The Fed believes that persistent low inflation is transitory, and hawkish sentiment suggests the potential for three rate hikes in 2018. The team expects that a combination of strong fundamentals, a growing economy, and low default rates could push the high-yield markets forward. Although spreads are relatively tight, they are within historical averages at this point in the economic cycle and are justified by market conditions.

The demand for floating-rate loans continues to be strong, although the same market characteristics that have been tailwinds for the high-yield bond market have capped performance for the bank loan space and stabilized prices as companies are encouraged to refinance their spreads lower. Supply continues to be robust as the weaker call protections and covenants have drawn interest from the investment-grade bond market. Given these conditions and rich valuations, the team has a favorable outlook but also will be patient and ready when valuable opportunities arise.

In 2016, the fund's Board of Trustees approved a change to the principal investment strategy, allowing the fund to hold up to 20% in CCC-rated credits and below (and not forcing it to sell should the allocation to lower quality increase based on downgrades or market value fluctuations). The team has not meaningfully added to lower-quality debt based on this change. The team members are now seeing some of the best opportunities in B-rated and BB-rated securities in the high-yield market and will add selectively.

1. The ICE BofA Merrill Lynch U.S. High Yield Index tracks the performance of U.S. dollar-denominated below-investment-grade corporate debt publicly issued in the U.S. domestic market. You cannot invest directly in an index.

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. The advisor is waiving a portion of its advisory fee. Had the fee not been waived, returns would have been lower. Investment return and principal value of an investment will fluctuate so that investors' shares, when sold, may be worth more or less than their original costs. The fund has issued preferred shares and, in addition, may borrow, which creates leverage. The use of leverage results in certain risks including, among others, the likelihood of greater volatility of net asset value and the market price of common shares. The final determination of the source of all dividend distributions in the current year will be made after year-end. The actual amounts and sources of the amounts for tax reporting purposes will depend upon a fund's investment experience during the remainder of the fiscal year and may be subject to change based on tax regulations. Each fund will send shareholders a Form 1099-DIV for the calendar year that will tell shareholders how to report these distributions for federal income tax purposes. Derivatives involve additional risks including interest rate risk, credit risk, the risk of improper valuation and the risk of non-correlation to the relevant instruments they are designed to hedge or to closely track. High yield, lower-rated bonds may contain more risk due to the increased possibility of default. The return of principal is not guaranteed due to fluctuation in the fund's NAV caused by changes in the price of individual bonds held by the fund and the buying and selling of bonds by the fund. Bond funds have the same inflation, interest rate and credit risks as individual bonds. Generally, the value of bond funds rises when prevailing interest rates fall, and falls when interest rates rise. U.S. government guarantees apply only to certain securities held in the fund's portfolio and not to the fund's shares. The distribution rate is calculated by annualizing the last monthly distribution and then dividing by the period ending NAV or market price. The ratings indicated are from Standard & Poor's, Moody's Investors Service, and/or Fitch Ratings Ltd. Credit Quality Ratings: Credit quality ratings apply to underlying holdings of the fund itself. Standard & Poor's rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Standard & Poor's rates the creditworthiness of short-term notes from SP-1 (highest) to SP-3 (lowest). Moody's rates the creditworthiness of bonds, ranging from Aaa (highest) to C (lowest). Moody's rates the creditworthiness of short-term U.S. tax-exempt municipal securities from MIG-1/VMIG-1 (highest) to SG (lowest). Fitch rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Fitch rates the creditworthiness of short-term notes from F-1 (highest) to D (lowest).

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