FUND FACTS
Ticker
NAV Ticker
CUSIP
Fund inception date
Shares outstanding
Average daily volume

OBJECTIVE
The fund seeks a high level of current income. As a secondary objective, the fund may also seek capital appreciation consistent with its investment objective.

INVESTMENT STRATEGY
Under normal market conditions, the fund invests at least 80% of its total assets in below investment-grade (high yield) debt securities, loans and preferred stocks. These securities are rated Ba or lower by Moody’s or BB or lower by S&P, or are unrated securities of comparable quality as determined by the subadviser.

ASSET ALLOCATION
Equity: 0.06%
Fixed income: 99.45%
Cash & equivalents: 0.49%

FUND MANAGERS
Name: Years of investment experience
Niklas Nordenfelt, CFA: 28
Philip Susser: 24
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EXPENSES (%)
Gross expense ratio: 2.15%
Net expense ratio: 2.12%
As of 04-30-19. Net ratio includes contractual waivers and/or reimbursements set to expire 03-06-20. Expense ratios include 1.19% of interest expense. Excluding interest expense, gross ratio would be 0.96%.

NAV vs. market price chart

Net asset value (NAV) and market price data
Current share price ($) 8.24
Current share NAV ($) 9.01
Premium/discount at NAV (%) -8.55

Fund capitalization
Net assets ($ in millions) 561.6
Bank borrowings ($ in millions) 230.0
Total assets ($ in millions) 791.6
Leverage as a percentage of total assets (%) 29.1
Effective rate on borrowing (%) 3.10
Borrowing cost impact on expense ratio (%) 1.29

Yields (%)
At market
At NAV
Distribution rate* 8.71 7.97
30-day SEC yield† — 5.88
30-day unsubsidized SEC yield† — 5.88

*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. Distributions may be sourced from any or all of the following: income, capital gains and return of capital.

Fund characteristics
Number of holdings: 334
Portfolio turnover (%) 16.0
Duration (years) 2.79
Weighted average maturity (years) 3.93
Weighted average coupon (%) 5.95

Dividend information
Declaration date Payment amount($)
06-28-2019 0.05901
05-22-2019 0.05905
04-26-2019 0.05910
03-29-2019 0.05921
02-21-2019 0.05940
01-25-2019 0.05979

Dividends shown are from the last six months and are paid monthly. Historical dividend sources since the Fund’s inception have included net investment income, realized gains, and return of capital. 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. A fund’s current distribution rate and historical dividends are not indicative of future performance.
Income Opportunities Fund

Credit rating allocation (%)

<table>
<thead>
<tr>
<th>Rating</th>
<th>Allocation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBB/Baa</td>
<td>5.04</td>
</tr>
<tr>
<td>BB/Ba</td>
<td>45.90</td>
</tr>
<tr>
<td>B/B</td>
<td>40.38</td>
</tr>
<tr>
<td>CCC/Caa and below</td>
<td>8.05</td>
</tr>
<tr>
<td>Not rated</td>
<td>0.58</td>
</tr>
<tr>
<td>Other</td>
<td>0.06</td>
</tr>
</tbody>
</table>

Calculated as a percentage of market value of bonds. Credit rating allocation is subject to change and may have changed since the date specified. Percent totals may not add to 100% due to rounding. The ratings indicated are from Standard & Poor’s, Fitch Ratings Ltd., and/or Moody’s Investors Service. 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.

Maturity distribution (%)

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Allocation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1 year</td>
<td>20.24</td>
</tr>
<tr>
<td>1 - 3 years</td>
<td>20.97</td>
</tr>
<tr>
<td>3 - 5 years</td>
<td>33.75</td>
</tr>
<tr>
<td>5 - 10 years</td>
<td>21.39</td>
</tr>
<tr>
<td>10 - 20 years</td>
<td>2.32</td>
</tr>
<tr>
<td>20+ years</td>
<td>1.26</td>
</tr>
</tbody>
</table>

Calculated as a percentage of market value of bonds. Maturity distribution is subject to change and may have changed since the date specified. Percent totals may not add to 100% due to rounding.

Top geographic allocations (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Allocation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>91.65</td>
</tr>
<tr>
<td>Canada</td>
<td>3.74</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>2.00</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1.43</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.57</td>
</tr>
<tr>
<td>New Zealand</td>
<td>0.34</td>
</tr>
<tr>
<td>Ireland</td>
<td>0.29</td>
</tr>
</tbody>
</table>

Geographic allocation is subject to change and may have changed since the date specified. Percent totals may not add to 100% due to rounding.

Top holdings (%)

<table>
<thead>
<tr>
<th>Security Name</th>
<th>Allocation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPL Holdings, Inc.</td>
<td>2.11</td>
</tr>
<tr>
<td>Tallgrass Energy Partners Lp</td>
<td>1.60</td>
</tr>
<tr>
<td>NGPL PipeCo LLC (New)</td>
<td>1.58</td>
</tr>
<tr>
<td>Kar Auction Services, Inc.</td>
<td>1.51</td>
</tr>
<tr>
<td>Pattern Energy Group, Inc.</td>
<td>1.48</td>
</tr>
<tr>
<td>DiamondFinance Corp.</td>
<td>1.36</td>
</tr>
<tr>
<td>NCR Corporation</td>
<td>1.34</td>
</tr>
<tr>
<td>Service Corporation International</td>
<td>1.32</td>
</tr>
<tr>
<td>Cheniere Energy Partners, L.p.</td>
<td>1.26</td>
</tr>
<tr>
<td>Intelsat Jackson Holdings SA</td>
<td>1.22</td>
</tr>
</tbody>
</table>

Portfolio holdings are subject to change and may have changed since the date specified. The holdings listed should not be considered recommendations to purchase or sell a particular security.

1. The 30-day SEC yield is calculated with a standardized formula mandated by the SEC. The formula is based on maximum offering price per share and includes the effect of any fee waivers. Without waivers, yields would be reduced. The 30-day unsubsidized SEC yield does not reflect waivers in effect. 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 the SEC yield.

2. If a distribution is from a source other than net investment income, the Fund provides a notice to shareholders with an estimate of its distribution source at that time. 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.
Income Opportunities Fund

Closed-End Fund

Strategy
The U.S. economy continues to churn ahead as consumption remains strong, supported by a firm labor market. The U.S. Federal Reserve (Fed) leaned further into its dovish policy stance during the quarter, signaling that it is open to adjusting the federal funds rate lower in 2019, should financial conditions warrant it. Global trade tensions intensified as expectations dimmed for a near-term resolution to U.S.-China trade tensions. This led to declining business confidence and spending, which brought down expectations for global economic growth in the coming quarters. Expectations for an interest rate cut rose materially, pushing Treasuries sharply lower in the second quarter and providing fuel for a continuation of the risk-asset rally.

The Income Opportunities Fund’s return based on market value was 6.87% and, based on its net asset value (NAV), was 3.47% for the three-month period that ended June 30, 2019. Based on its market and NAV returns, the fund outperformed relative to the ICE BofAML U.S. High Yield Index, which gained 2.57%. The index also returned 7.58%, 4.70%, and 9.22% for the 1-, 5-, and 10-year periods, respectively.

Contributors to performance
Security selection contributed to fund performance during the quarter. Positives included names in the midstream energy, oil-field services, technology, and consumer cyclical subsectors. Contributing was in certain sectors that the fund’s holdings outperformed the index, such as in brokerages and other industrials. One energy name that did particularly well was Bristow Group Inc., which saw positive results from a restructuring agreement to aid the company in exiting bankruptcy. During a quarter that ended with positive high-yield performance, leverage in the fund contributed to total returns. The team expects that leverage will contribute to performance in high-yield market environments with absolute positive performance, and vice versa. The fund was underweight CCC-rated and below credits, which underperformed higher quality, contributing to performance. In addition, the fund’s allocation to BBB-rated credits, which outperformed the broad high-yield index, was a further contributor to performance during the quarter. An underweight to metals and mining and an overweight to media and entertainment were contributors.

Detractors from performance
Sector allocation was a slight negative for results during the quarter. Detracting from performance were underweights to the financials subsectors and wireless. A further negative was an overweight allocation to the energy sector and as oil prices fell in the second quarter. The fund’s allocation to floating-rate high-yield bank loans (approximately 5.1% at quarter-end) was a slight detractor from performance as bank loans underperformed broad-based fixed-rate high-yield paper. Partially offsetting positive overall security selection were negatives in the communications and consumer noncyclical subsectors. The fund’s underweight to BB-rated credits, the best-performing credit tier in the index, detracted from performance. Duration had a slight negative influence.

Management outlook
The second quarter of 2019 continued to be strong for the high-yield market. Supply and demand technicals in the high-yield market remain strong as the demand for yield is pushing strong inflows into the high-yield market while there is a lack of yield opportunities around the world from lower rates and slow new issue supply.

The team expects a combination of a still-growing economy, low default rates, and strong corporate fundamentals to continue to push the high-yield markets forward. While spreads have tightened significantly since the start of the year, there is still some room to move further down. The demand for floating-rate loans has slowed given the pause in Fed rate hikes but remains strong and driven by their seniority in the capital structure. Supply continues to be aggressive in terms of call protections and the team remains constructive on the space but also patient and ready when valuable opportunities arise.

3. The ICE BofAML U.S. High Yield 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. Copyright 2019. ICE Data Indices, LLC. All rights reserved.

Returns reflect expense limits previously in effect, without which returns would have been lower.

The fund is leveraged through a revolving credit facility and also may incur leverage by issuing preferred shares in the future. The use of leverage results in certain risks, including, among others, the likelihood of greater volatility of net asset value and the market value of common shares. Derivatives involve additional risks, including interest rate risk, credit risk, the risk of improper valuation, and the risk of noncorrelation to the relevant instruments that they are designed to hedge or closely track. Bond values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. Changes in market conditions and government policies may lead to periods of heightened volatility in the bond market and reduced liquidity for certain bonds held by the fund. In general, when interest rates rise, bond values fall and investors may lose principal value. Interest rate changes and their impact on the fund and its share price can be sudden and unpredictable. High-yield securities have a greater risk of default and tend to be more volatile than higher-rated debt securities. This closed-end fund is no longer available 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 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 and not the fund itself. Standard & Poor’s rates the creditworthiness of bonds from AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (−) sign to show relative standing within the rating categories. Moody’s rates the creditworthiness of bonds from Aaa (highest) to C (lowest). Ratings Aa to B may be modified by the addition of a number 1 (highest) to 3 (lowest) to show relative standing within the ratings categories. Fitch rates the creditworthiness of bonds from AAA (highest) to D (lowest).

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