

LANTRONIX INC
Form 10-Q
November 04, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number: 1-16027

LANTRONIX, INC.

(Exact name of registrant as specified in its charter)

Delaware 33-0362767
(State or other (I.R.S. Employer
jurisdiction
of incorporation or Identification No.)
organization)

15353 Barranca Parkway, Irvine, California
(Address of principal executive offices)

92618
(Zip Code)

(949) 453-3990
(Registrant's telephone number, including area code)

Former name, former address and former fiscal year, if changed since last report: N/A

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No .

As of October 30, 2008, 60,497,876 shares of the Registrant's common stock were outstanding.

LANTRONIX, INC.
FORM 10-Q
FOR THE FISCAL QUARTER ENDED
September 30, 2008

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LANTRONIX, INC.
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands)

	September 30, 2008	June 30, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,217	\$ 7,434
Accounts receivable, net	2,933	4,166
Inventories, net	8,101	8,038
Contract manufacturers' receivable	745	676
Prepaid expenses and other current assets	669	566
Total current assets	20,665	20,880
Property and equipment, net	2,349	2,271
Goodwill	9,488	9,488
Purchased intangible assets, net	352	382
Other assets	164	144
Total assets	\$ 33,018	\$ 33,165
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 6,362	\$ 7,684
Accrued payroll and related expenses	1,363	2,203
Warranty reserve	349	342
Restructuring reserve	649	744
Short-term debt	667	-
Other current liabilities	3,903	4,221
Total current liabilities	13,293	15,194
Non-current liabilities:		
Long-term liabilities	217	210
Long-term capital lease obligations	491	515
Long-term debt	1,278	-
Total non-current liabilities	1,986	725
Total liabilities	15,279	15,919
Commitments and contingencies		
Stockholders' equity:		
Common stock	6	6
Additional paid-in capital	188,031	187,626
Accumulated deficit	(170,723)	(170,907)
Accumulated other comprehensive income	425	521

Total stockholders' equity		17,739		17,246
Total liabilities and stockholders' equity	\$	33,018	\$	33,165

See accompanying notes.

LANTRONIX, INC.
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except per share data)

	Three Months Ended	
	September 30,	
	2008	2007
Net revenue (1)	\$ 14,212	\$ 13,054
Cost of revenue	6,688	6,613
Gross profit	7,524	6,441
Operating expenses:		
Selling, general and administrative	5,208	6,279
Research and development	1,503	1,768
Restructuring charge	593	-
Amortization of purchased intangible assets	18	18
Total operating expenses	7,322	8,065
Income (loss) from operations	202	(1,624)
Interest expense, net	(26)	(19)
Other income, net	22	11
Income (loss) before income taxes	198	(1,632)
Provision for income taxes	14	21
Net income (loss)	\$ 184	\$ (1,653)
Net income (loss) per share (basic)	\$ 0.00	\$ (0.03)
Net income (loss) per share (diluted)	\$ 0.00	\$ (0.03)
Weighted-average shares (basic)	60,374	59,943
Weighted-average shares (diluted)	60,448	59,943
(1) Includes net revenue from related party	\$ 181	\$ 291

See accompanying notes.

LANTRONIX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended September 30,	
	2008	2007
Operating activities		
Net income (loss)	\$ 184	\$ (1,653)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Share-based compensation	323	409
Restructuring charge	593	-
Depreciation	178	132
Amortization of purchased intangible assets	30	23
(Recovery) provision for doubtful accounts	(40)	16
Provision for inventories	4	152
Changes in operating assets and liabilities:		
Accounts receivable	1,273	1,434
Inventories	(67)	376
Contract manufacturers' receivable	(69)	19
Prepaid expenses and other current assets	(111)	76
Other assets	(20)	(1)
Accounts payable	(1,320)	(2,380)
Accrued payroll and related expenses	(808)	203
Warranty reserve	7	(73)
Restructuring reserve	(682)	-
Other liabilities	(276)	677
Net cash used in operating activities	(801)	(590)
Investing activities		
Purchases of property and equipment, net	(214)	(126)
Net cash used in investing activities	(214)	(126)
Financing activities		
Proceeds from term loan	2,000	-
Payment of term loan	(55)	-
Net proceeds from issuances of common stock	82	179
Payment of capital lease obligations	(91)	(30)
Net cash provided by financing activities	1,936	149
Effect of foreign exchange rate changes on cash	(138)	74
Increase (decrease) in cash and cash equivalents	783	(493)
Cash and cash equivalents at beginning of period	7,434	7,582
Cash and cash equivalents at end of period	\$ 8,217	\$ 7,089

See accompanying notes.

LANTRONIX, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Lantronix, Inc. (the “Company” or “Lantronix”) have been prepared by the Company in accordance with generally accepted accounting principles (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they should be read in conjunction with the audited consolidated financial statements and notes thereto for the fiscal year ended June 30, 2008, included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on September 19, 2008. They contain all normal recurring accruals and adjustments which, in the opinion of management, are necessary to present fairly the consolidated financial position of the Company at September 30, 2008, and the consolidated results of its operations and cash flows for the three months ended September 30, 2008 and 2007. All intercompany accounts and transactions have been eliminated. It should be understood that accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. The results of operations for the three months ended September 30, 2008 are not necessarily indicative of the results to be expected for the full year or any future interim periods.

2. Computation of Net Income (Loss) per Share

Basic and diluted net income (loss) per share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the year.

The following table presents the computation of net income (loss) per share:

		Three Months Ended September 30,	
		2008	2007
		(In thousands, except per share data)	
Numerator:			
Net income (loss)	\$ 184	\$ (1,653)	
Denominator:			
Weighted-average shares outstanding	62,695	59,943	
Less: Unvested common shares outstanding	(2,321)	-	
Denominator for net income (loss) per share (basic)	60,374	59,943	
Effect of dilutive securities:			
Unvested common shares outstanding	-	-	
Stock options	173,803	173,749	
<i>Montreign Operating Company LLC (3 Month LIBOR +8.25%) (Consumer Discretionary, Hotels, Restaurants & Leisure) ±</i>	10.59	12-7-2022	822,938 726,925
<i>Resolute Investment Managers Incorporated (3 Month LIBOR +7.50%) (Financials, Diversified Financial Services) ±</i>	9.84	4-30-2023	175,000 176,750
Total Loans (Cost \$1,540,310)			1,406,317

	Dividend yield	Shares	
Preferred Stocks : 16.79%			
Canada : 2.71%			
<i>Just Energy Group Incorporated (Utilities, Multi-Utilities)</i>	9.04	315,000	7,402,500
Greece : 0.31%			
<i>Navios Maritime Holdings Incorporated (Industrials, Marine)</i>	0.00	59,000	845,470
Hong Kong : 1.85%			
<i>Seaspan Corporation (Industrials, Marine)</i>	6.38	200,000	5,048,000

Wells Fargo Global Dividend Opportunity Fund

Portfolio of investments July 31, 2018
(unaudited)

Security name	Dividend yield	Shares	Value
Monaco : 1.86%			
<i>Scorpio Tankers Incorporated (Energy, Oil, Gas & Consumable Fuels)</i>	6.75%	40,000	\$ 976,000
<i>Scorpio Tankers Incorporated (Energy, Oil, Gas & Consumable Fuels)</i>	8.25	160,000	4,102,400
			5,078,400
United States : 10.06%			
<i>AgriBank FCB (Financials, Capital Markets)</i>	6.43	5,000	535,000
<i>Arlington Asset Investment Corporation (Financials, Capital Markets)</i>	6.63	54,147	1,320,499
<i>Braemar Hotels & Resorts (Real Estate, Equity REITs)</i>	5.50	36,000	694,440
<i>CM Finance Incorporated (Financials, Capital Markets)</i>	6.13	5,000	126,250
<i>Crestwood Equity Partners LP (Energy, Oil, Gas & Consumable Fuels)</i>	0.00	500,000	4,837,450
<i>DTE Energy Company (Utilities, Multi-Utilities)</i>	5.25	150,000	3,679,500
<i>DTE Energy Company (Utilities, Multi-Utilities)</i>	6.00	15,137	399,314
<i>Energry Mississippi Incorporated (Utilities, Electric Utilities)</i>	4.90	90,965	2,212,269
<i>Energry New Orleans LLC (Utilities, Electric Utilities)</i>	5.50	21,978	558,241
<i>First Republic Bank Corporation (Financials, Banks)</i>	5.50	20,000	497,000
<i>Gastar Exploration Incorporated Series B (Energy, Oil, Gas & Consumable Fuels)</i>	10.75	56,900	232,721
<i>GreenHunter Resources Incorporated Series C (Energy, Energy Equipment & Services) (a)</i>	10.00	61,786	0
<i>Integrays Holding Incorporated (Utilities, Multi-Utilities)</i>	5.71	26,085	684,731
<i>Maiden Holdings Limited (Financials, Insurance)</i>	6.70	5,000	105,850
<i>Medley LLC (Financials, Diversified Financial Services)</i>	6.88	96,734	2,326,453
<i>SCE Trust VI (Utilities, Electric Utilities)</i>	5.00	107,972	2,467,160
<i>Seritage Growth Properties (Real Estate, Equity REITs)</i>	7.00	3,950	93,931
<i>Southern Company (Utilities, Electric Utilities)</i>	5.25	98,293	2,409,161
<i>United States Cellular Corporation (Telecommunication Services, Wireless Telecommunication Services)</i>	7.25	50,000	1,275,000
<i>Wheeler REIT Incorporated (Real Estate, Equity REITs)</i>	8.75	150,000	3,003,000
			27,457,970

Total Preferred Stocks (Cost \$49,487,037)	45,832,340
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	Expiration date		
Warrants : 0.00%			
United States : 0.00%			
<i>GreenHunter Water LLC (Energy, Energy Equipment & Services) (a)</i>	12-31-2049	96,112	0
Total Warrants (Cost \$0)			0

	Interest rate	Maturity date	Principal	
Yankee Corporate Bonds and Notes : 2.09%				
Bermuda : 0.18%				
<i>Teekay Corporation (Energy, Oil, Gas & Consumable Fuels)</i>	8.50	1-15-2020	\$ 475,000	493,406
Canada : 1.09%				
<i>Baytex Energy Corporation (Energy, Oil, Gas & Consumable Fuels) 144A</i>	5.63	6-1-2024	675,000	632,813
<i>Eagle Intermediate Global Holding BV (Consumer Discretionary, Textiles, Apparel & Luxury Goods) 144A</i>	7.50	5-1-2025	175,000	174,125
<i>Ritchie Brothers Auctioneers Incorporated (Industrials, Commercial Services & Supplies) 144A</i>	5.38	1-15-2025	725,000	713,219
<i>Rockpoint Gas Storage (Energy, Oil, Gas & Consumable Fuels) 144A</i>	7.00	3-31-2023	250,000	248,750
<i>Valeant Pharmaceuticals International Incorporated (Health Care, Pharmaceuticals) 144A</i>	5.50	11-1-2025	75,000	75,071
<i>Valeant Pharmaceuticals International Incorporated (Health Care, Pharmaceuticals) 144A</i>	5.88	5-15-2023	725,000	696,363

Portfolio of investments		July 31, 2018 (unaudited)		Wells Fargo Global Dividend Opportunity Fund		
Security name	Interest rate	Maturity date	Principal	Value		
Canada (continued)						
<i>Valeant Pharmaceuticals International Incorporated (Health Care, Pharmaceuticals) 144A</i>	6.13%	4-15-2025	\$ 25,000	\$	23,438	
<i>Valeant Pharmaceuticals International Incorporated (Health Care, Pharmaceuticals) 144A</i>	7.50	7-15-2021	350,000		357,034	
					2,920,813	
Ireland : 0.19%						
<i>Ardagh Packaging Finance plc (Materials, Containers & Packaging) 144A</i>	7.25	5-15-2024	500,000		521,250	
Luxembourg : 0.33%						
<i>ArcelorMittal SA (Materials, Metals & Mining)</i>	6.25	2-25-2022	25,000		26,808	
<i>Intelsat Jackson Holdings SA (Financials, Diversified Financial Services)</i>	5.50	8-1-2023	800,000		737,000	
<i>Intelsat Luxembourg SA (Telecommunication Services, Diversified Telecommunication Services)</i>	7.75	6-1-2021	150,000		142,500	
					906,308	
Netherlands : 0.10%						
<i>OI European Group BV (Materials, Containers & Packaging) 144A</i>	4.00	3-15-2023	75,000		70,875	
<i>Sensata Technologies BV (Industrials, Machinery) 144A</i>	5.00	10-1-2025	97,000		97,000	
<i>Sensata Technologies BV (Industrials, Machinery) 144A</i>	6.25	2-15-2026	100,000		104,875	
					272,750	
United Kingdom : 0.20%						
<i>EnSCO plc (Energy, Energy Equipment & Services)</i>	5.75	10-1-2044	575,000		418,313	
<i>IHS Markit Limited (Industrials, Professional Services) 144A</i>	4.75	2-15-2025	75,000		75,188	
<i>IHS Markit Limited (Industrials, Professional Services) 144A</i>	5.00	11-1-2022	50,000		51,336	
					544,837	
Total Yankee Corporate Bonds and Notes (Cost \$5,509,580)						5,710,714

	Yield	Shares	
Short-Term Investments : 4.16%			
Investment Companies : 4.16%			
<i>Wells Fargo Government Money Market Fund Select Class (l)(u)</i>	1.83	11,368,199	11,368,199
Total Short-Term Investments (Cost \$11,368,199)			11,368,199
Total investments in securities (Cost \$286,928,889)	113.20%		308,981,759
<i>Other assets and liabilities, net</i>	(13.20)		(36,035,833)
Total net assets	100.00%		\$ 272,945,926

Non-income-earning security

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

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

Security is valued using significant unobservable inputs.

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

(l) *The issuer of the security is an affiliated person of the Fund as defined in the Investment Company Act of 1940.*

(u) *The rate represents the 7-day annualized yield at period end.*

Abbreviations:

ADR American depositary receipt

LIBOR London Interbank Offered Rate

REIT Real estate investment trust

Investments in Affiliates

An affiliated investment is an investment in which the Fund owns at least 5% of the outstanding voting shares of the issuer or as a result of other relationships, such as the Fund and the issuer having the same investment manager. Transactions with issuers that were either affiliated persons of the Fund at the beginning of the period or the end of the period were as follows:

	Shares, beginning of period	Shares purchased	Shares sold	Shares, end of period	Value, end of period	% of net assets
Short-Term Investments						
Investment Companies						
Wells Fargo Government Money Market Fund Select Class	16,518,572	85,748,305	90,898,678	11,368,199	11,368,199	4.16%

Wells Fargo Global Dividend Opportunity Fund (the Fund)

Notes to Portfolio of investments July 31, 2018 (unaudited)

Securities valuation

All investments are valued each business day as of the close of regular trading on the New York Stock Exchange (generally 4 p.m. Eastern Time), although the Fund may deviate from this calculation under unusual or unexpected circumstances.

Equity securities that are listed on a foreign or domestic exchange or market are valued at the official closing price or, if none, the last sales price. If no sale occurs on the principal exchange or market that day, a fair value price will be determined in accordance with the Fund's Valuation Procedures.

The values of securities denominated in foreign currencies are translated into U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Wells Fargo Asset Management Pricing Committee at Wells Fargo Funds Management, LLC.

Many securities markets and exchanges outside the U.S. close prior to the close of the New York Stock Exchange and therefore may not fully reflect trading or events that occur after the close of the principal exchange in which the foreign securities are traded, but before the close of the New York Stock Exchange. If such trading or events are expected to materially affect the value of such securities, then fair value pricing procedures approved by the Board of Trustees of the Fund are applied. These procedures take into account multiple factors including movements in U.S. securities markets after foreign exchanges close. Foreign securities that are fair valued under these procedures are categorized as Level 2 and the application of these procedures may result in transfers between Level 1 and Level 2. Depending on market activity, such fair valuations may be frequent. Such fair value pricing may result in net asset values that are higher or lower than net asset values based on the last reported sales price or latest quoted bid price. On July 31, 2018, such fair value pricing was not used in pricing certain foreign securities.

Debt securities are valued at the evaluated bid price provided by an independent pricing service or, if a reliable price is not available, the quoted bid price from an independent broker-dealer.

Investments in registered open-end investment companies are valued at net asset value.

Investments which are not valued using any of the methods discussed above are valued at their fair value, as determined in good faith by the Board of Trustees. The Board of Trustees has established a Valuation Committee comprised of the Trustees and has delegated to it the authority to take any actions regarding the valuation of portfolio securities that the Valuation Committee deems necessary or appropriate, including determining the fair value of portfolio securities, unless the determination has been delegated to the Wells Fargo Asset Management Pricing Committee. The Board of Trustees retains the authority to make or ratify any valuation decisions or approve any changes to the Valuation Procedures as it deems appropriate. On a quarterly basis, the Board of Trustees receives reports on any valuation actions taken by the Valuation Committee or the Wells Fargo Asset Management Pricing Committee which may include items for ratification.

Valuations of fair valued securities are compared to the next actual sales price when available, or other appropriate market values, to assess the continued appropriateness of the fair valuation methodologies used. These securities are fair valued on a day-to-day basis, taking into consideration changes to appropriate market information and any significant changes to the inputs considered in the valuation process until there is a readily available price provided on

an exchange or by an independent pricing service. Valuations received from an independent pricing service or independent broker-dealer quotes are periodically validated by comparisons to most recent trades and valuations provided by other independent pricing services in addition to the review of prices by the manager and/or subadvisor. Unobservable inputs used in determining fair valuations are identified based on the type of security, taking into consideration factors utilized by market participants in valuing the investment, knowledge about the issuer and the current market environment.

Foreign currency translation

The accounting records of the Fund are maintained in U.S. dollars. The values of other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Wells Fargo Asset Management Pricing Committee. Purchases and sales of securities, and income and expenses are converted at the rate of exchange on the respective dates of such transactions. Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting from changes in exchange rates. The changes in net assets arising from changes in exchange rates of securities and the changes in net assets resulting from changes in market prices of securities are not separately presented. Such changes are included in net realized and unrealized gains or losses from investments.

Loans

The Fund may invest in direct debt instruments which are interests in amounts owed to lenders by corporate or other borrowers. The loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. Investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties. When the Fund purchases participations, it generally has no rights to enforce compliance with terms of the loan agreement with the borrower. As a result, the Fund assumes the credit risk of both the borrower and the lender that is selling the participation. When the Fund purchases assignments from lenders, it acquires direct rights against the borrower on the loan and may enforce compliance by the borrower with the terms of the loan agreement. Loans may include fully funded term loans or unfunded loan commitments, which are contractual obligations for future funding.

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

The following is a summary of the inputs used in valuing the Fund's assets and liabilities as of July 31, 2018:

	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Investments in :				
Common stocks				
France	\$ 5,354,435	\$ 0	\$ 0	\$ 5,354,435
Germany	14,534,201	0	0	14,534,201
Italy	41,562,322	0	0	41,562,322
Spain	33,673,069	0	0	33,673,069
Taiwan	2,757,600	0	0	2,757,600
United Kingdom	10,217,577	0	0	10,217,577
United States	80,295,228	0	0	80,295,228
Corporate bonds and notes	0	56,269,757	0	56,269,757
Loans	0	1,229,567	176,750	1,406,317
Preferred stocks				
Canada	7,402,500	0	0	7,402,500
Greece	845,470	0	0	845,470
Hong Kong	5,048,000	0	0	5,048,000
Monaco	5,078,400	0	0	5,078,400
United States	20,080,290	7,377,680	0	27,457,970
Warrants				
United States	0	0	0	0
Yankee corporate bonds and notes	0	5,710,714	0	5,710,714

Short-term investments

Investment companies	11,368,199	0	0	11,368,199
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Total assets	\$ 238,217,291	\$ 70,587,718	\$ 176,750	\$ 308,981,759
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The Fund recognizes transfers between levels within the fair value hierarchy at the end of the reporting period. At July 31, 2018, the Fund did not have any transfers into/out of Level 1. The fund had no material transfers between Level 2 and Level 3.

ITEM 2. CONTROLS AND PROCEDURES

(a) The President and Treasurer have concluded that the Wells Fargo Global Dividend Opportunity Fund (the Fund) 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 Fund 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 Fund s internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

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 Global Dividend Opportunity
Fund

By: /s/ Andrew Owen
Andrew Owen
President

Date: September 24, 2018

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

Wells Fargo Global Dividend Opportunity
Fund

By: /s/ Andrew Owen
Andrew Owen
President

Date: September 24, 2018

By: /s/ Nancy Wiser
Nancy Wiser
Treasurer

Date: September 24, 2018