

FIRST TRUST VALUE LINE R & IBBOTSON EQUITY ALLOCATION FUND

Form N-Q

April 28, 2006

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21517

FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
(Exact name of registrant as specified in charter)

1001 WARRENVILLE ROAD  
SUITE 300  
LISLE, IL 60532  
(Address of principal executive offices) (Zip code)

W. SCOTT JARDINE  
FIRST TRUST PORTFOLIOS L.P.  
1001 WARRENVILLE ROAD  
SUITE 300  
LISLE, IL 60532  
(Name and address of agent for service)

Registrant's telephone number, including area code: 630-241-4141

Date of fiscal year end: MAY 31

Date of reporting period: FEBRUARY 28, 2006

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. SCHEDULE OF INVESTMENTS.

The Schedule(s) of Investments is attached herewith.

FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
PORTFOLIO OF INVESTMENTS

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FEBRUARY 28, 2006 (UNAUDITED)

| SHARES                                |   | MARKET<br>VALUE |
|---------------------------------------|---|-----------------|
| -----                                 |   |                 |
| COMMON STOCKS - 99.4%                 |   |                 |
|                                       |   |                 |
| AEROSPACE & DEFENSE - 1.7%            |   |                 |
| 9,706                                 | Ceradyne, Inc.* .....                           | \$ 590,901      |
| 30,427                                | Northrop Grumman Corp. ....                     | 1,950,371       |
|                                       |   | -----           |
|                                       |   | 2,541,272       |
|                                       |   | -----           |
| AIRLINES - 0.4%                       |   |                 |
| 10,350                                | British Airways PLC, Sponsored ADR* .....       | 593,987         |
|                                       |   | -----           |
| AUTO COMPONENTS - 2.1%                |   |                 |
| 12,625                                | Keystone Automotive Industries, Inc.* .....     | 558,025         |
| 27,466                                | Magna International, Inc. ....                  | 2,044,020       |
| 24,387                                | Tenneco Automotive Inc.* .....                  | 552,366         |
|                                       |   | -----           |
|                                       |   | 3,154,411       |
|                                       |   | -----           |
| AUTOMOBILES - 1.7%                    |   |                 |
| 35,467                                | DaimlerChrysler AG .....                        | 1,967,354       |
| 11,178                                | Thor Industries, Inc. ....                      | 527,602         |
|                                       |   | -----           |
|                                       |   | 2,494,956       |
|                                       |   | -----           |
| BIOTECHNOLOGY - 1.4%                  |   |                 |
| 43,099                                | Biogen Idec, Inc.* .....                        | 2,036,428       |
|                                       |   | -----           |
| CAPITAL MARKETS - 2.0%                |   |                 |
| 16,473                                | Eaton Vance Corp. ....                          | 464,209         |
| 43,805                                | Knight Capital Group, Inc., Class A* .....      | 551,505         |
| 14,896                                | The Bear Stearns Companies, Inc. ....           | 2,002,618       |
|                                       |   | -----           |
|                                       |   | 3,018,332       |
|                                       |   | -----           |
| CHEMICALS - 2.4%                      |   |                 |
| 22,578                                | A. Schulman, Inc. ....                          | 529,003         |
| 13,943                                | Albemarle Corp. ....                            | 591,880         |
| 9,207                                 | Ashland Inc. ....                               | 600,941         |
| 20,499                                | Potash Corp. of Saskatchewan, Inc. ....         | 1,962,779       |
|                                       |   | -----           |
|                                       |   | 3,684,603       |
|                                       |   | -----           |
| COMMERCIAL SERVICES & SUPPLIES - 1.5% |   |                 |
| 58,116                                | Allied Waste Industries, Inc.* .....            | 622,422         |
| 15,853                                | Heidrick & Struggles International, Inc.* ..... | 586,561         |
| 8,053                                 | HNI Corp. ....                                  | 469,409         |
| 34,863                                | Steelcase Inc., Class A .....                   | 592,671         |
|                                       |   | -----           |
|                                       |   | 2,271,063       |
|                                       |   | -----           |
| COMMUNICATIONS EQUIPMENT - 4.1%       |   |                 |
| 130,603                               | 3Com Corp.* .....                               | 607,304         |
| 146,415                               | Alcatel SA, Sponsored ADR* .....                | 1,976,603       |
| 21,325                                | Belden CDT Inc. ....                            | 549,759         |
| 95,324                                | Cisco Systems, Inc.* .....                      | 1,929,358       |
| 32,042                                | Polycom, Inc.* .....                            | 622,256         |
| 111,726                               | Sycamore Networks, Inc.* .....                  | 521,760         |

6,207,040

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 FEBRUARY 28, 2006 (UNAUDITED)

| SHARES                    |  | MARKET<br>VALUE |
|---------------------------|--|-----------------|
| -----                     |  |                 |
| COMMON STOCKS - CONTINUED |  |                 |
|                           | COMPUTERS & PERIPHERALS - 3.9%                 |                 |
| 127,199                   | McDATA Corp., Class A* .....                   | \$ 562,220      |
| 12,369                    | NCR Corp.* .....                               | 495,873         |
| 15,671                    | Palm, Inc.* .....                              | 647,212         |
| 68,619                    | Seagate Technology* .....                      | 1,823,207       |
| 467,496                   | Sun Microsystems, Inc.* .....                  | 1,949,458       |
| 20,349                    | Western Digital Corp.* .....                   | 452,765         |
|                           |  | -----           |
|                           |  | 5,930,735       |
|                           | CONSTRUCTION & ENGINEERING - 0.3%              |                 |
| 9,444                     | McDermott International, Inc.* .....           | 486,838         |
|                           | CONSTRUCTION MATERIALS - 0.6%                  |                 |
| 8,790                     | Eagle Materials Inc. ....                      | 475,803         |
| 8,435                     | Florida Rock Industries, Inc. ....             | 485,940         |
|                           |  | -----           |
|                           |  | 961,743         |
|                           | DIVERSIFIED CONSUMER SERVICES - 0.3%           |                 |
| 13,534                    | Education Management Corp.* .....              | 508,878         |
|                           | DIVERSIFIED FINANCIAL SERVICES - 1.3%          |                 |
| 48,817                    | JPMorgan Chase & Company .....                 | 2,008,331       |
|                           | DIVERSIFIED TELECOMMUNICATION SERVICES - 2.5%  |                 |
| 297,678                   | Qwest Communications International Inc.* ..... | 1,881,325       |
| 57,842                    | Verizon Communications, Inc. ....              | 1,949,275       |
|                           |  | -----           |
|                           |  | 3,830,600       |
|                           | ELECTRIC UTILITIES - 0.4%                      |                 |
| 42,822                    | Sierra Pacific Resources Corp.* .....          | 609,785         |
|                           | ELECTRICAL EQUIPMENT - 2.7%                    |                 |
| 13,649                    | Acuity Brands, Inc. ....                       | 538,999         |
| 17,262                    | Baldor Electric Company .....                  | 556,700         |
| 20,017                    | General Cable Corp.* .....                     | 540,459         |
| 13,483                    | Regal-Beloit Corp. ....                        | 542,556         |
| 26,717                    | Rockwell Automation, Inc. ....                 | 1,821,298       |
|                           |  | -----           |
|                           |  | 4,000,012       |
|                           | ELECTRONIC EQUIPMENT & INSTRUMENTS - 2.2%      |                 |
| 37,583                    | AVX Corp. ....                                 | 622,374         |

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|         |                                     |           |
|---------|-------------------------------------|-----------|
| 15,191  | Benchmark Electronics, Inc.* .....  | 535,027   |
| 18,821  | Brightpoint, Inc.* .....            | 532,446   |
| 22,912  | Orbotech Ltd.* .....                | 545,993   |
| 27,646  | Paxar Corp.* .....                  | 530,250   |
| 165,406 | Solectron Corp.* .....              | 597,116   |
|         |                                     | -----     |
|         |                                     | 3,363,206 |
|         |                                     | -----     |
|         | ENERGY EQUIPMENT & SERVICES - 0.7%  |           |
| 10,282  | Lone Star Technologies, Inc.* ..... | 511,015   |
| 10,870  | Tidewater Inc. ....                 | 567,958   |
|         |                                     | -----     |
|         |                                     | 1,078,973 |
|         |                                     | -----     |

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FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 FEBRUARY 28, 2006 (UNAUDITED)

| SHARES |  | MARKET<br>VALUE |
|--------|--|-----------------|
| -----  |  | -----           |
|        | COMMON STOCKS - CONTINUED                        |                 |
|        | FOOD PRODUCTS - 1.7%                             |                 |
| 63,702 | Archer-Daniels-Midland Company .....             | \$ 2,020,627    |
| 23,000 | The Hain Celestial Group, Inc.* .....            | 536,820         |
|        |  | -----           |
|        |  | 2,557,447       |
|        |  | -----           |
|        | GAS UTILITIES - 0.4%                             |                 |
| 16,390 | Laclede Group Inc. ....                          | 552,179         |
|        |  | -----           |
|        | HEALTH CARE EQUIPMENT & SUPPLIES - 0.4%          |                 |
| 9,841  | Dionex Corp.* .....                              | 539,976         |
|        |  | -----           |
|        | HEALTH CARE PROVIDERS & SERVICES - 0.3%          |                 |
| 9,695  | LCA-Vision, Inc. ....                            | 422,702         |
|        |  | -----           |
|        | HOTELS, RESTAURANTS & LEISURE - 3.0%             |                 |
| 18,583 | Bob Evans Farms Inc. ....                        | 542,066         |
| 32,623 | CKE Restaurants, Inc. ....                       | 554,917         |
| 11,542 | Darden Restaurants, Inc. ....                    | 484,071         |
| 52,223 | International Game Technology .....              | 1,868,017       |
| 16,875 | Papa John's International, Inc.* .....           | 555,188         |
| 50,689 | Six Flags, Inc.* .....                           | 534,769         |
|        |  | -----           |
|        |  | 4,539,028       |
|        |  | -----           |
|        | HOUSEHOLD DURABLES - 1.7%                        |                 |
| 24,201 | Blyth, Inc. ....                                 | 539,198         |
| 60,117 | Koninklijke (Royal) Philips Electronics N.V. ... | 1,955,005       |
|        |  | -----           |
|        |  | 2,494,203       |
|        |  | -----           |
|        | HOUSEHOLD PRODUCTS - 1.2%                        |                 |
| 30,182 | The Clorox Company .....                         | 1,839,593       |
|        |  | -----           |

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|         |  |           |
|---------|--|-----------|
|         | INDEPENDENT POWER PRODUCERS<br>& ENERGY TRADERS - 1.3% |           |
| 69,886  | Duke Energy Corp. ....                                 | 1,984,762 |
|         |  | -----     |
|         | INSURANCE - 1.8%                                       |           |
| 121,968 | Aegon N.V. ....  | 2,012,472 |
| 13,049  | The Hanover Insurance Group, Inc. ....                 | 632,224   |
|         |  | -----     |
|         |  | 2,644,696 |
|         |  | -----     |
|         | INTERNET SOFTWARE & SERVICES - 0.7%                    |           |
| 46,552  | EarthLink, Inc.* ....                                  | 461,796   |
| 68,418  | RealNetworks, Inc.* ....                               | 537,765   |
|         |  | -----     |
|         |  | 999,561   |
|         |  | -----     |
|         | IT SERVICES - 2.9%                                     |           |
| 57,713  | Accenture Ltd., Class A ....                           | 1,884,907 |
| 74,442  | Electronic Data Systems Corp. ....                     | 1,987,601 |
| 36,318  | MPS Group, Inc.* ....                                  | 549,855   |
|         |  | -----     |
|         |  | 4,422,363 |
|         |  | -----     |
|         | LEISURE EQUIPMENT & PRODUCTS - 0.3%                    |           |
| 9,521   | Polaris Industries, Inc. ....                          | 476,526   |
|         |  | -----     |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 FEBRUARY 28, 2006 (UNAUDITED)

| SHARES                    |  | MARKET<br>VALUE |
|---------------------------|--|-----------------|
| -----                     |  | -----           |
| COMMON STOCKS - CONTINUED |  |                 |
|                           | MACHINERY - 4.8%                             |                 |
| 14,725                    | Astec Industries, Inc.* ....                 | \$ 528,922      |
| 25,712                    | Caterpillar, Inc. ....                       | 1,879,033       |
| 16,233                    | CLARCOR, Inc. ....                           | 549,487         |
| 12,297                    | Crane Company ....                           | 473,312         |
| 5,730                     | Cummins, Inc. ....                           | 620,444         |
| 11,734                    | Graco, Inc. ....                             | 488,956         |
| 6,007                     | Harsco Corp. ....                            | 479,238         |
| 11,736                    | Nordson Corp. ....                           | 585,861         |
| 8,590                     | Oshkosh Truck Corp. ....                     | 487,311         |
| 10,383                    | The Toro Company ....                        | 478,968         |
| 11,686                    | Trinity Industries, Inc. ....                | 619,358         |
|                           |  | -----           |
|                           |  | 7,190,890       |
|                           |  | -----           |
|                           | MEDIA - 2.9%                                 |                 |
| 66,826                    | EchoStar Communications Corp., Class A* .... | 1,962,680       |
| 124,023                   | News Corp., Class A ....                     | 2,019,094       |
| 54,350                    | Radio One, Inc., Class D* ....               | 453,279         |
|                           |  | -----           |
|                           |  | 4,435,053       |
|                           |  | -----           |

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|        |   |            |
|--------|---|------------|
|        | METALS & MINING - 8.0%                  |            |
| 47,700 | AK Steel Holding Corp.* .....           | 529,470    |
| 9,506  | Allegheny Technologies, Inc. ....       | 480,148    |
| 19,936 | AMCOL International Corp. ....          | 550,433    |
| 50,308 | BHP Billiton Ltd., Sponsored ADR .....  | 1,815,616  |
| 13,077 | Commercial Metals Company .....         | 592,257    |
| 23,619 | Nucor Corp. ....                        | 2,032,415  |
| 13,248 | Phelps Dodge Corp. ....                 | 1,828,224  |
| 7,151  | Reliance Steel & Aluminum Company ..... | 589,171    |
| 19,633 | Ryerson Inc. ....                       | 495,537    |
| 39,237 | Stillwater Mining Company* .....        | 510,473    |
| 31,267 | Teck Cominco Ltd., Class B .....        | 1,954,789  |
| 10,882 | United States Steel Corp. ....          | 593,069    |
|        |   | -----      |
|        |   | 11,971,602 |
|        |   | -----      |
|        | MULTI-UTILITIES - 0.8%                  |            |
| 24,083 | Energy East Corp. ....                  | 603,520    |
| 14,804 | Wisconsin Energy Corp. ....             | 605,039    |
|        |   | -----      |
|        |   | 1,208,559  |
|        |   | -----      |
|        | OIL, GAS & CONSUMABLE FUELS - 13.3%     |            |
| 19,331 | Anadarko Petroleum Corp. ....           | 1,916,862  |
| 7,430  | Berry Petroleum Company, Class A .....  | 501,897    |
| 20,592 | Burlington Resources Inc. ....          | 1,856,987  |
| 7,422  | CONSOL Energy Inc. ....                 | 475,156    |
| 25,698 | EOG Resources, Inc. ....                | 1,732,045  |
| 30,718 | Exxon Mobil Corp. ....                  | 1,823,728  |
| 11,012 | Frontier Oil Corp. ....                 | 509,305    |
| 18,805 | Imperial Oil Ltd. ....                  | 1,811,298  |

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See Notes to Quarterly Portfolio of Investments.

FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 FEBRUARY 28, 2006 (UNAUDITED)

| SHARES                    |   | MARKET<br>VALUE |
|---------------------------|---|-----------------|
| -----                     |   | -----           |
| COMMON STOCKS - CONTINUED |   |                 |
|                           | OIL, GAS & CONSUMABLE FUELS - (CONTINUED) |                 |
| 27,984                    | Marathon Oil Corp. ....                   | \$ 1,975,670    |
| 21,634                    | Occidental Petroleum Corp. ....           | 1,980,376       |
| 22,064                    | Petroleo Brasileiro S.A., ADR .....       | 1,931,483       |
| 52,573                    | Shell Canada Ltd. ....                    | 1,767,160       |
| 34,022                    | Talisman Energy Inc. ....                 | 1,786,835       |
|                           |   | -----           |
|                           |   | 20,068,802      |
|                           |   | -----           |
|                           | PERSONAL PRODUCTS - 2.5%                  |                 |
| 66,327                    | Avon Products, Inc. ....                  | 1,913,534       |
| 48,796                    | The Estee Lauder Companies, Class A ..... | 1,825,946       |
|                           |   | -----           |
|                           |   | 3,739,480       |
|                           |   | -----           |
|                           | PHARMACEUTICALS - 1.9%                    |                 |
| 7,423                     | Barr Pharmaceuticals, Inc.* .....         | 498,677         |

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|         |   |           |
|---------|---|-----------|
| 40,487  | Forest Laboratories, Inc.* .....  | 1,858,353 |
| 31,309  | King Pharmaceuticals, Inc.* .....                                       | 508,771   |
|         |   | -----     |
|         |   | 2,865,801 |
|         |   | -----     |
|         | REAL ESTATE (REITS) - 0.8%  |           |
| 24,277  | New Plan Excel Realty Trust .....                                       | 608,139   |
| 13,130  | Pennsylvania Real Estate Investment Trust .....                         | 530,452   |
|         |   | -----     |
|         |   | 1,138,591 |
|         |   | -----     |
|         | ROAD & RAIL - 3.0%  |           |
| 12,717  | Arkansas Best Corp. ....  | 528,519   |
| 36,396  | CSX Corp. ....  | 2,015,610 |
| 39,579  | Norfolk Southern Corp. ....   | 2,025,653 |
|         |   | -----     |
|         |   | 4,569,782 |
|         |   | -----     |
|         | SEMICONDUCTORS  |           |
|         | & SEMICONDUCTOR EQUIPMENT - 4.6%  |           |
| 67,819  | Cirrus Logic, Inc.* .....   | 514,746   |
| 183,064 | Conexant Systems, Inc.* .....   | 545,531   |
| 20,009  | Intersil Corp., Class A .....   | 567,055   |
| 10,804  | LAM Research Corp.* .....   | 465,652   |
| 40,173  | NVIDIA Corp.* .....   | 1,893,353 |
| 20,817  | OmniVision Technologies, Inc.* .....                                    | 530,834   |
| 184,979 | Taiwan Semiconductor Manufacturing<br>Company Ltd., Sponsored ADR ..... | 1,799,846 |
| 35,521  | Teradyn Inc.* .....   | 596,398   |
|         |   | -----     |
|         |   | 6,913,415 |
|         |   | -----     |
|         | SOFTWARE - 2.4%   |           |
| 46,038  | Mentor Graphics Corp.* .....  | 517,007   |
| 65,372  | Novell, Inc.* .....   | 621,688   |
| 38,760  | RSA Security Inc.* .....  | 568,997   |
| 36,915  | SAP AG, Sponsored ADR .....   | 1,886,357 |
|         |   | -----     |
|         |   | 3,594,049 |
|         |   | -----     |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 FEBRUARY 28, 2006 (UNAUDITED)

| SHARES                    |                                    | MARKET<br>VALUE |
|---------------------------|------------------------------------|-----------------|
| -----                     |                                    | -----           |
| COMMON STOCKS - CONTINUED |                                    |                 |
|                           | SPECIALTY RETAIL - 2.6%            |                 |
| 15,204                    | Claire's Stores, Inc. ....         | \$ 487,136      |
| 14,649                    | Guess?, Inc.* .....                | 530,147         |
| 12,500                    | The Dress Barn, Inc.* .....        | 539,750         |
| 9,162                     | The Sherwin-Williams Company ..... | 417,329         |
| 76,150                    | The TJX Companies, Inc. ....       | 1,864,914       |
|                           |                                    | -----           |

|        |  |                |
|--------|--|----------------|
|        |  | 3,839,276      |
|        |  | -----          |
|        | TEXTILES, APPAREL & LUXURY GOODS - 2.0%          |                |
| 10,030 | Gildan Activewear Inc.* .....                    | 500,798        |
| 21,937 | Nike Inc., Class B .....                         | 1,903,694      |
| 15,208 | Phillips-Van Heusen Corp. ....                   | 539,884        |
|        |  | -----          |
|        |  | 2,944,376      |
|        |  | -----          |
|        | TOBACCO - 0.3%                                   |                |
| 12,908 | Universal Corp. ....                             | 524,968        |
|        |  | -----          |
|        | TRADING COMPANIES & DISTRIBUTORS - 0.3%          |                |
| 10,640 | MSC Industrial Direct Company, Inc., Class A ... | 504,017        |
|        |  | -----          |
|        | WIRELESS TELECOMMUNICATION SERVICES - 1.3%       |                |
| 62,677 | American Tower Corp., Class A* .....             | 1,995,009      |
|        |  | -----          |
|        | TOTAL COMMON STOCKS .....                        | 149,757,899    |
|        |  | -----          |
|        | (Cost \$141,316,272)                             |                |
|        | TOTAL INVESTMENTS - 99.4% .....                  | 149,757,899    |
|        | (Cost \$141,316,272)**                           |                |
|        | NET OTHER ASSETS & LIABILITIES - 0.6% .....      | 843,914        |
|        |  | -----          |
|        | NET ASSETS - 100.0% .....                        | \$ 150,601,813 |
|        |  | =====          |

\* Non-income producing security.

\*\* Aggregate cost for federal income tax and financial reporting purposes.

ADR American Depository Receipt

REIT Real Estate Investment Trust

Page 6 See Notes to Quarterly Portfolio of Investments.

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NOTES TO QUARTERLY PORTFOLIO OF INVESTMENTS (UNAUDITED)  
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FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
FEBRUARY 28, 2006

1. VALUATION AND INVESTMENT PRACTICES

A. PORTFOLIO VALUATION:

The First Trust/Value Line(R) & Ibbotson Equity Allocation Fund (the "Fund") determines the net asset value ("NAV") of its shares daily, as of the close of regular session trading on the New York Stock Exchange ("NYSE"), normally 4:00 p.m. Eastern time, on each day the NYSE is open for trading. The NAV is computed by dividing the value of all assets of the Fund (including accrued interest and dividends), less all liabilities (including accrued expenses and dividends



declared but unpaid), by the total number of shares outstanding.

The Fund's investments are valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value according to procedures adopted by the Fund's Board of Trustees. Portfolio securities listed on any exchange other than the NASDAQ National Market ("NASDAQ") are valued at the last sale price on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the most recent bid and asked prices on such day. Securities traded on the NASDAQ are valued at the NASDAQ Official Closing Price as determined by NASDAQ. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities. Portfolio securities traded in the over-the-counter market, but excluding securities traded on the NASDAQ, are valued at the closing bid prices. Short-term investments that mature in less than 60 days are valued at amortized cost.

Foreign securities traded outside the United States are generally valued as of the time their trading is complete, which is usually different from the close of the NYSE. Occasionally, events affecting the value of such securities may occur between such times and the close of the NYSE that will not always be reflected in such securities' value. If events materially affecting the value of such securities occur during such period, these securities will be valued at their fair value according to procedures adopted by the Fund's Board of Trustees. All securities and other assets of the Fund denominated in foreign currencies will be converted to U.S. dollars using exchange rates in effect at the time of valuation.

**B. SECURITIES TRANSACTIONS:**

Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis.

Securities purchased or sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date; interest income on such securities is not accrued until settlement date. The Fund instructs the custodian to segregate assets of the Fund with a current value at least equal to the amount of its when-issued purchase commitments.

**C. FOREIGN CURRENCY:**

The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period. Purchases and sales of investment securities are translated on the respective dates of such transactions. Net realized foreign currency gains and losses include the effect of changes in exchange rates between trade date and settlement date on investment security and foreign currency transactions.

**2. UNREALIZED APPRECIATION/ (DEPRECIATION)**

As of February 28, 2006, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$10,313,913 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$1,872,286.

**ITEM 2. CONTROLS AND PROCEDURES.**

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- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

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.

(Registrant) FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
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By (Signature and Title)\* /S/ JAMES A. BOWEN  
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James A. Bowen, Chairman of the Board, President and  
Chief Executive Officer  
(principal executive officer)

Date APRIL 27, 2006  
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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.

By (Signature and Title)\* /S/ JAMES A. BOWEN  
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James A. Bowen, Chairman of the Board, President and  
Chief Executive Officer  
(principal executive officer)

Date APRIL 27, 2006  
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By (Signature and Title)\* /S/ MARK R. BRADLEY

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Mark R. Bradley, Treasurer, Controller,  
Chief Financial Officer and Chief Accounting Officer  
(principal financial officer)

Date        APRIL 27, 2006  
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\* Print the name and title of each signing officer under his or her signature.