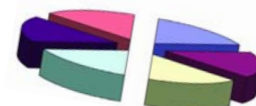


FIRST TRUST/VALUE LINE® & IBBOTSON EQUITY ALLOCATION FUND



Investment Objective/Strategy: A Closed-End Fund with an investment objective of providing capital appreciation. The Adviser utilizes the proprietary Ibbotson Strategic Equity Asset Allocation Model to seek to determine optimal portfolio allocations among 6 U.S. equity classes. Following the asset allocation weighting parameters, the Fund will invest in common stocks selected from the universe of stocks which Value Line® Ranks either #1 or #2 for Timeliness™, Safety™ or the Technical™ Ranking.

There can be no assurances that Fund objectives will be met.

Fund Overview

Inception: 4/27/2004
Ticker: FVI
CUSIP: 33735H105
Exchange: American Stock Exchange
Inception Price: \$20.00
Inception NAV: \$19.10
Contact Fund: 1-800-988-5891
Website: www.ftportfolios.com

Portfolio Composition (as of 8/31/2004)

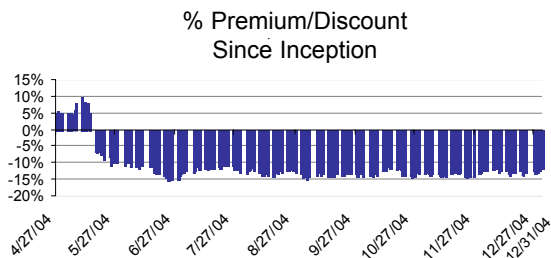
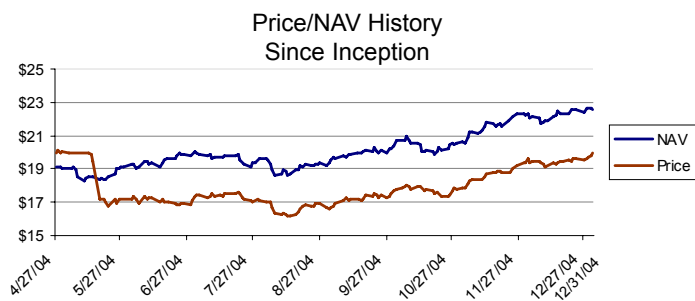
Sector Allocation

Sector	Percent
Energy	15.9%
Materials	13.4%
Utilities	10.0%
Health Care Equipment & Services	7.9%
Capital Goods	5.8%
Insurance	5.8%
Consumer Durables & Apparel	5.2%
Retail	5.0%
Transportation	4.3%
Food, Beverage & Tobacco	4.1%
Hotels, Restaurant & Leisure	3.4%
Automobile & Components	3.1%
Software	2.6%
Household & Personal Products	2.3%
Internet Software & Services	1.7%
Media	1.7%
Commercial Services	1.7%
Telecommunication Services	1.6%
Diversified Financial Services	1.3%
REITS	1.2%
Computers & Peripherals	0.4%
Electronic Equipment & Instruments	0.4%
Semiconductor & Semiconductor Equipment	0.3%
Pharmaceuticals & Biotechnology	0.3%
Other	0.6%

Current Fund Data (as of 12/31/2004)

Share Price: \$19.99
NAV: \$22.60
Premium/(Discount): (11.55%)
Dividend Per Share¹: \$0.02
Current Distribution Rate²: 0.2%
Daily Volume: 24,100
Total Net Assets: \$147,001,021
Leverage: None

Share Price and NAV History³ (as of 12/31/2004)

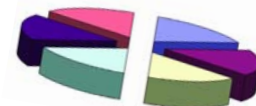


Past performance is not indicative of future results.

Footnotes

- 1 Semi-Annual Dividend per share is subject to change.
- 2 Semi-Annual Dividend per share annualized and divided by the current share price.
- 3 Since inception returns are from 4/27/2004.

Value Line Publishing, Inc's (VLPI) only relationship to First Trust Advisors L.P. is VLPI's licensing to First Trust Advisors L.P. of certain VLPI trademarks and trade names and the Value Line Timeliness Ranking System, the Value Line Safety Ranking System and the Value Line Technical Ranking System (the Systems), which are composed by VLPI without regard to First Trust Advisors L.P., the Fund or any investor. VLPI has no obligations to take the needs of First Trust Advisors L.P. or any investor in the Fund into consideration in composing the Systems. The Fund results may differ from the hypothetical or published results of the Systems. VLPI is not responsible for and has not participated in the determination of the prices and composition of the Fund or the timing of the issuance for sale of the Fund or in the calculation of the equation by which the Fund is to be converted into cash.



Top Ten Core Holdings (as of 8/31/2004)

Name	Percent
Toyota Motor Corporation (ADR)	1.4%
Honda Motor Corporation Ltd (ADR)	1.4%
DTE Energy Company	1.3%
Amerada Hess Corporation	1.3%
Norfolk Southern Corporation	1.3%
Phelps Dodge Corporation	1.3%
Keyspan Corporation	1.3%
Weatherford International Ltd.	1.3%
Safeco Corporation	1.3%
Xcel Energy Inc.	1.3%

Performance History (as of 12/31/2004)

Since Inception	Share Price	NAV
	0.1%	18.4%

Dividend History (as of 12/31/2004)

Pay Date	Distribution Type	Dividend Amount
12/30/2004	ORDINARY	\$0.0200

Fund Investment Process

- The Adviser utilizes the proprietary Ibbotson Strategic Equity Asset Allocation Model to seek to determine the optimal allocations among six U.S. equity asset classes.
- Ibbotson Associates will implement its proprietary research to determine the weightings for each of the 6 allocation classes. To test the Strategic Equity Asset Allocation Model, Ibbotson analyzes how each recommended component will perform under a variety of capital market conditions. In formulating its portfolio allocations, Ibbotson employs a statistical technique known as optimization, the goal of which is to identify portfolios that maximize return for a given level of risk (or, correspondingly, minimize risk for a given level of return).
- Following the asset allocation weighting parameters, the Fund will invest in common stocks selected by the Adviser from the universe of Value Line® stocks ranked either #1 or #2 for Timeliness™, Safety™ or the Technical™ Ranking.
- The Fund's portfolio will be rebalanced semi-annually. Rebalancing allows the Adviser to make adjustments to the portfolio so it again reflects the most recent weightings as determined by the Ibbotson Associates' Strategic Equity Asset Allocation Model.
- The Adviser will make intra-period adjustments to the portfolio to reflect changes in Value Line's® rankings, subject to the Adviser's consideration of the impact of portfolio turnover on performance.

Fund Management

First Trust Advisors L.P. ("FTA"), is the Fund's Investment Adviser and serves broker/dealers, individuals, and institutional investors from its Chicago-area headquarters. Currently, FTA supervises or manages over \$16 billion of assets in Defined Portfolios, Closed-End Funds, Variable Annuity Funds and Separately Managed Accounts. (as of 12/31/04)

Founded in 1931 by Arnold Bernhard, **Value Line, Inc.** is comprised of a number of businesses dedicated to serving the needs of both the individual and professional investor. Products and services include print and electronic data and analyses, asset management, and a family of mutual funds.

According to Value Line®, the Value Line® universe of stocks contained in the Timeliness™, Safety™, and Technical™ Ranking systems accounts for about 95% of the market volume of all stocks in the U.S.

Ibbotson Associates, headquartered in Chicago, was founded in 1977 by Professor Roger Ibbotson. The firm is a leading global authority on asset allocation - providing products and services to help investment professionals manage and retain assets using proprietary quantitative risk/reward measurements.

This investment strategy may be unsuccessful and may underperform the stock market as a whole. The Fund is subject to various risks, including the following: Investment Strategy Risk, Investment and Market Risk, Common Stock Risk, Industry and Sector Risk, Dividend and Tax Risk, Portfolio Turnover Risk, Non-U.S. Securities Risk, Market Disruption Risk and Anti-Takeover Provisions.

Under normal market conditions, the Fund will invest substantially all (at least 80%) of its net assets in common stocks that are selected through the application of a disciplined top-down asset allocation strategy and a bottom-up stock selection methodology, in each case implemented by the Adviser. The Fund's investment strategy utilizes the Ibbotson Model to determine equity asset class weightings and is applied to the universe of stocks which Value Line® gives a Timeliness™, Safety™ or Technical™ ranking of #1 or #2 in the Value Line® Timeliness™, Safety™ and Technical™ Ranking Systems. This investment strategy is a long-term strategy which may underperform relative to its benchmark, the S&P 500 Index, in certain years, or for multiple years. The Adviser believes, however, that over the long-term, through various market cycles, the investment strategy will provide comparable or better results than its benchmark. The types of stocks that are selected through application of the Fund's investment strategy can be expected to change over time.