

FIRST TRUST VALUE LINE R & IBBOTSON EQUITY ALLOCATION FUND

Form N-Q

October 27, 2005

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: AUGUST 31, 2005  
-----

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, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

Edgar Filing: FIRST TRUST VALUE LINE R & IBBOTSON EQUITY ALLOCATION FUND - Form N-Q

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  
 AUGUST 31, 2005 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
COMMON STOCKS - 99.1%		
AEROSPACE & DEFENSE - 0.7%		
226,773	Bombardier Inc. ....	\$ 601,773
13,315	Esterline Technologies Corp.* .....	581,200
		-----
		1,182,973
		-----
AIR FREIGHT & LOGISTICS - 0.4%		
16,601	Forward Air Corp. ....	585,683
		-----
AIRLINES - 0.4%		
16,699	Alaska Air Group, Inc.* .....	563,090
		-----
AUTO COMPONENTS - 2.7%		
21,432	American Axle & Manufacturing Holdings, Inc. ....	556,375
30,227	ArvinMeritor, Inc. ....	560,711
28,513	Magna International, Inc. ....	2,094,565
16,109	Modine Manufacturing Company .....	566,392
31,161	Tenneco Automotive Inc.* .....	564,949
		-----
		4,342,992
		-----
AUTOMOBILES - 0.3%		
16,744	Winnebago Industries, Inc. ....	510,190
		-----
CAPITAL MARKETS - 0.4%		
21,159	Investment Technology Group, Inc.* .....	580,815
		-----
CHEMICALS - 0.4%		
11,422	Ashland Inc. ....	694,343
		-----
COMMERCIAL SERVICES & SUPPLIES - 2.8%		
84,412	Allied Waste Industries, Inc.* .....	673,608
19,823	Kelly Services, Inc. ....	579,426
57,065	R.R. Donnelley & Sons Company .....	2,131,948
13,235	Robert Half International, Inc. ....	445,755
46,940	Steelcase Inc., Class A .....	689,079
		-----
		4,519,816
		-----
COMMUNICATIONS EQUIPMENT - 2.7%		
167,143	3Com Corp.* .....	568,286
89,845	Motorola, Inc. ....	1,965,809
54,222	Telefonaktiebolaget LM Ericsson, Sponsored ADR .....	1,892,348
		-----
		4,426,443
		-----
COMPUTERS & PERIPHERALS - 0.6%		
14,306	Intergraph Corp.* .....	583,828
12,958	QLogic Corp.* .....	447,828

		-----
		1,031,656
		-----
	CONSTRUCTION & ENGINEERING - 0.7%	
17,211	McDermott International, Inc.* .....	594,640
51,265	Quanta Services, Inc.* .....	615,180
		-----
		1,209,820
		-----

See Notes to Quarterly Portfolio of Investments

Page 1

FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 AUGUST 31, 2005 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS - CONTINUED	
	CONSTRUCTION MATERIALS - 0.6%	
4,186	Eagle Materials Inc. ....	\$ 471,511
8,386	Florida Rock Industries, Inc. ....	474,648
		-----
		946,159
		-----
	DISTRIBUTORS - 0.4%	
7,548	Building Materials Holding Corp. ....	705,587
		-----
	DIVERSIFIED CONSUMER SERVICES - 1.4%	
12,601	Education Management Corp.* .....	426,796
68,428	H&R Block, Inc. ....	1,844,135
		-----
		2,270,931
		-----
	DIVERSIFIED FINANCIAL SERVICES - 1.3%	
46,286	Principal Financial Group, Inc. ....	2,119,899
		-----
	ELECTRIC UTILITIES - 0.4%	
40,643	Sierra Pacific Resources Corp.* .....	592,575
		-----
	ELECTRONIC EQUIPMENT & INSTRUMENTS - 2.5%	
23,367	Arrow Electronics, Inc.* .....	696,804
28,450	Avnet, Inc.* .....	712,672
26,598	Electro Scientific Industries, Inc.* .....	589,944
161,439	Flextronics International Ltd.* .....	2,108,393
		-----
		4,107,813
		-----
	ENERGY EQUIPMENT & SERVICES - 3.9%	
31,302	BJ Services Company .....	1,974,530
8,080	Cal Dive International, Inc.* .....	504,677
50,622	Global Industry, Ltd* .....	697,065
76,759	Input/Output, Inc.* .....	663,198
8,292	Lone Star Technologies, Inc.* .....	458,548
19,841	Rowan Companies, Inc. ....	738,085
21,308	TETRA Technologies, Inc.* .....	607,264

Edgar Filing: FIRST TRUST VALUE LINE R & IBBOTSON EQUITY ALLOCATION FUND - Form N-Q

17,327	Tidewater, Inc. ....	771,745
		-----
		6,415,112
		-----
	FOOD PRODUCTS - 0.6%	
15,978	Flowers Foods, Inc. ....	435,081
12,552	Lancaster Colony Corp. ....	574,254
		-----
		1,009,335
		-----
	GAS UTILITIES - 0.3%	
5,924	Questar Corp. ....	462,190
		-----
	HEALTH CARE EQUIPMENT & SUPPLIES - 0.4%	
11,476	Analogic Corp. ....	572,079
		-----
	HEALTH CARE PROVIDERS & SERVICES - 0.6%	
35,733	eResearch Technology, Inc.* ....	551,003
16,160	IMS Health, Inc. ....	439,552
		-----
		990,555
		-----

Page 2

See Notes to Quarterly Portfolio of Investments

FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 AUGUST 31, 2005 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
COMMON STOCKS - CONTINUED		
	HOTELS, RESTAURANTS & LEISURE - 1.1%	
17,383	California Pizza Kitchen, Inc.* ....	\$ 514,363
12,373	Papa John's International, Inc.* ....	591,677
89,816	Six Flags, Inc.* ....	642,184
		-----
		1,748,224
		-----
	HOUSEHOLD DURABLES - 3.9%	
7,766	Garmin Ltd. ....	449,651
41,540	La-Z-Boy Inc. ....	597,761
511	NVR, Inc.* ....	452,235
25,317	Pulte Homes, Inc. ....	2,182,325
16,274	Standard Pacific Corp. ....	714,917
38,668	Toll Brothers, Inc.* ....	1,857,997
		-----
		6,254,886
		-----
	INDEPENDENT POWER PRODUCERS & ENERGY TRADERS - 0.9%	
14,252	Black Hills Corp. ....	593,596
260,561	Calpine Corp.* ....	799,922
		-----
		1,393,518
		-----
	INSURANCE - 8.6%	

Edgar Filing: FIRST TRUST VALUE LINE R & IBBOTSON EQUITY ALLOCATION FUND - Form N-Q

150,250	Aegon N.V. ....	2,123,032
16,304	Allmerica Financial Corp.* ....	663,736
71,860	CNA Financial Corp.* ....	2,081,784
24,102	Loews Corp. ....	2,113,504
43,221	MetLife, Inc. ....	2,116,965
24,291	The Chubb Corp. ....	2,112,345
47,259	The St. Paul Travelers Companies, Inc. ....	2,032,610
35,193	UnumProvident Corp. ....	679,929
		-----
		13,923,905
		-----
	INTERNET & CATALOG RETAIL - 0.4%	
26,289	Netflix Inc.* ....	566,791
		-----
	IT SERVICES - 1.1%	
75,446	Accenture Ltd., Class A* ....	1,840,882
		-----
	LEISURE EQUIPMENT & PRODUCTS - 0.4%	
33,193	Oakley, Inc. ....	580,546
		-----
	MACHINERY - 2.0%	
8,171	Cummins, Inc. ....	706,546
5,401	ESCO Technologies Inc.* ....	559,976
15,478	Lincoln Electric Holdings, Inc. ....	583,211
24,749	The Timken Company ....	726,878
19,064	Trinity Industries, Inc. ....	713,565
		-----
		3,290,176
		-----
	MARINE - 0.5%	
32,387	CP Ships Limited ....	732,918
		-----
	MEDIA - 0.3%	
38,828	Radio One, Inc., Class D* ....	542,815
		-----

See Notes to Quarterly Portfolio of Investments

Page 3

FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 AUGUST 31, 2005 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS - CONTINUED	
	METALS & MINING - 6.7%	
15,348	Allegheny Technologies, Inc. ....	\$ 423,912
5,863	Cleveland-Cliffs, Inc. ....	416,742
45,224	Freeport-McMoRan Copper & Gold Inc. Class B .....	1,907,096
51,034	Inco Ltd. ....	2,160,269
42,012	POSCO ....	2,195,127
9,665	Quanex Corp. ....	594,494
11,687	Reliance Steel & Aluminum Company ....	560,976
69,660	Stillwater Mining Company* ....	559,370
54,527	Teck Cominco Ltd., Class B ....	2,124,029
		-----
		10,942,015
		-----

Edgar Filing: FIRST TRUST VALUE LINE R & IBBOTSON EQUITY ALLOCATION FUND - Form N-Q

	MULTI-UTILITIES - 0.4%	
43,155	CMS Energy Corp.* .....	694,796
		-----
	OIL, GAS & CONSUMABLE FUELS - 32.9%	
24,319	Anadarko Petroleum Corp. ....	2,209,868
30,607	Apache Corp. ....	2,192,073
9,263	Berry Petroleum Company, Class A .....	572,731
28,408	Burlington Resources Inc. ....	2,096,226
10,472	Cabot Oil & Gas Corp. ....	452,286
41,306	Canadian Natural Resources Ltd. ....	2,035,147
33,674	ConocoPhillips .....	2,220,464
36,315	Devon Energy Corp. ....	2,206,863
18,067	Encore Acquisition Company* .....	609,400
30,408	EOG Resources, Inc. ....	1,940,943
31,815	Exxon Mobil Corp. ....	1,905,718
16,039	Forest Oil Corp.* .....	720,953
13,740	Frontier Oil Corp. ....	503,571
11,077	Holly Corp. ....	624,078
20,355	Imperial Oil Ltd. ....	2,065,422
21,568	Kerr-McGee Corp. ....	1,898,631
35,207	Marathon Oil Corp. ....	2,264,162
34,648	Murphy Oil Corp. ....	1,893,513
46,429	Nexen Inc. ....	2,025,697
25,073	Noble Energy, Inc. ....	2,209,934
26,685	Occidental Petroleum Corp. ....	2,215,656
11,562	Overseas Shipholding Group, Inc. ....	707,016
72,816	Repsol YPF, S.A., Sponsored ADR .....	2,152,441
60,375	Shell Canada Ltd. ....	1,958,163
29,773	Sunoco, Inc. ....	2,164,497
39,788	Talisman Energy Inc. ....	1,948,418
100,011	The Williams Companies, Inc. ....	2,244,247
14,736	Total SA, Sponsored ADR .....	1,942,794
24,034	Valero Energy Corp. ....	2,559,621
11,905	Vintage Petroleum, Inc. ....	457,509
9,536	Western Gas Resources, Inc. ....	457,728
51,382	XTO Energy, Inc. ....	2,045,004
		-----
		53,500,774
		-----

Page 4

See Notes to Quarterly Portfolio of Investments

FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 AUGUST 31, 2005 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS - CONTINUED	
	PAPER & FOREST PRODUCTS - 0.4%	
45,450	Glatfelter .....	\$ 623,120
		-----
	PERSONAL PRODUCTS - 1.1%	
45,752	The Estee Lauder Companies, Class A .....	1,847,923
		-----
	PHARMACEUTICALS - 0.8%	
23,116	Alpharma Inc., Class A .....	615,348
48,151	King Pharmaceuticals, Inc.* .....	707,820

Edgar Filing: FIRST TRUST VALUE LINE R & IBBOTSON EQUITY ALLOCATION FUND - Form N-Q

		----- 1,323,168 -----
47,385	ROAD & RAIL - 1.3% CSX Corp. ....	2,081,623 -----
	SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT - 3.4%	
74,335	Cirrus Logic, Inc.* .....	587,246
16,824	Cymer, Inc.* .....	563,604
71,848	Intel Corp. ....	1,847,931
58,811	Texas Instruments, Inc. ....	1,921,943
39,178	Zoran Corp* .....	617,445
		----- 5,538,169 -----
	SOFTWARE - 1.4%	
82,495	Compuware Corp.* .....	747,405
70,871	Parametric Technology Corp.* .....	429,478
16,347	THQ Inc.* .....	549,423
22,120	Transaction Systems Architects, Inc.* .....	592,374
		----- 2,318,680 -----
	SPECIALTY RETAIL - 3.1%	
15,643	American Eagle Outfitters, Inc. ....	447,859
19,704	Autozone, Inc.* .....	1,862,028
17,750	Burlington Coat Factory Warehouse Corp. ....	680,890
47,594	Charming Shoppes, Inc.* .....	574,936
18,339	Claire's Stores, Inc. ....	430,600
30,871	Payless ShoeSource, Inc.* .....	572,348
12,912	Tiffany & Co. ....	483,167
		----- 5,051,828 -----
	TEXTILES, APPAREL & LUXURY GOODS - 3.1%	
18,863	Kenneth Cole Productions, Inc., Class A .....	540,425
23,631	Nike Inc., Class B .....	1,864,722
12,408	Oxford Industries, Inc. ....	578,833
8,982	Polo Ralph Lauren Corp. ....	445,058
30,276	Russell Corp. ....	550,720
13,303	The Timberland Company, Class A* .....	438,866
39,277	Tommy Hilfiger Corp.* .....	689,311
		----- 5,107,935 -----
	THRIFTS & MORTGAGE FINANCE - 0.4%	
16,460	The PMI Group, Inc .....	665,972
	TRADING COMPANY & DISTRIBUTORS - 0.4%	
16,961	GATX Corp. ....	687,429
		-----

See Notes to Quarterly Portfolio of Investments

Page 5

FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
PORTFOLIO OF INVESTMENTS - (CONTINUED)  
AUGUST 31, 2005 (UNAUDITED)

	MARKET VALUE -----
TOTAL COMMON STOCKS .....	\$161,098,149
(Cost \$142,496,827)	
TOTAL INVESTMENTS - 99.1% .....	161,098,149
(Cost \$142,496,827)**	
NET OTHER ASSETS & LIABILITIES - 0.9% .....	1,516,013
NET ASSETS - 100.0% .....	\$162,614,162 =====

- 
- \* Non-income producing security
  - \*\* Aggregate cost for federal income tax and financial reporting purposes
  - ADR American Depository Receipt

Page 6

See Notes to Quarterly Portfolio of Investments

---

Notes to Quarterly Portfolio of Investments (Unaudited)

---

FIRST TRUST/VALUE LINE(R) & IBBOTSON EQUITY ALLOCATION FUND  
AUGUST 31, 2005

1. VALUATION AND INVESTMENT PRACTICES

A. PORTFOLIO VALUATION:

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 60 days or less 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 and items of income and expense are translated on the respective dates of such transactions. Unrealized gains and losses which result from changes in foreign currency exchange rates have been included in the net change in unrealized appreciation/(depreciation) of foreign currencies and net other assets.

2. UNREALIZED APPRECIATION/ (DEPRECIATION)

As of August 31, 2005, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$19,423,895, and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$822,573.

Page 7

ITEM 2. CONTROLS AND PROCEDURES.

- (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

Edgar Filing: FIRST TRUST VALUE LINE R & IBBOTSON EQUITY ALLOCATION FUND - Form N-Q

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

By (Signature and Title)\* /S/ JAMES A. BOWEN

-----  
James A. Bowen, Chairman of the Board, President and  
Chief Executive Officer  
(principal executive officer)

Date OCTOBER 26, 2005  
-----

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

-----  
James A. Bowen, Chairman of the Board, President and  
Chief Executive Officer  
(principal executive officer)

Date OCTOBER 26, 2005  
-----

By (Signature and Title)\* /S/ MARK R. BRADLEY

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

Date OCTOBER 26, 2005  
-----

\* Print the name and title of each signing officer under his or her signature.