

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

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

FEBRUARY 28, 2006 (UNAUDITED)

SHARES		MARKET 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.

Page 1

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

SHARES		MARKET 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

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

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
		-----

Page 2 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
-----		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
		-----

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

	INDEPENDENT POWER PRODUCERS & 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.

Page 3

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

SHARES		MARKET 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
		-----

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

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

Page 4

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
-----		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

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

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 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.

Page 5

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

SHARES		MARKET 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.

-----  
 NOTES TO QUARTERLY PORTFOLIO OF INVESTMENTS (UNAUDITED)  
 -----

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.**

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

- (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  
-----

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

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

Date APRIL 27, 2006  
-----

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 APRIL 27, 2006  
-----

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

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

Date        APRIL 27, 2006  
-----

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