

FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND  
Form DEF 14A  
March 25, 2009

As filed with the Securities and Exchange Commission on March 25, 2009.

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1940 Act File No. 811-21876

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (AMENDMENT NO. )

Filed by the registrant  [X]  
Filed by a party other than the registrant  [ ]

Check the appropriate box:

- [ ] Preliminary proxy statement.
- [ ] Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).
- [X] Definitive proxy statement.
- [ ] Definitive additional materials.
- [ ] Soliciting material pursuant to Section 240.14a-12

FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of filing fee (check the appropriate box):

- [X] No fee required.
- [ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND  
ENERGY INCOME AND GROWTH FUND  
FIRST TRUST ENHANCED EQUITY INCOME FUND  
FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND  
FIRST TRUST/FIDAC MORTGAGE INCOME FUND  
FIRST TRUST STRATEGIC HIGH INCOME FUND  
FIRST TRUST STRATEGIC HIGH INCOME FUND II  
FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND  
FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND  
FIRST TRUST ACTIVE DIVIDEND INCOME FUND

120 East Liberty Drive, Suite 400  
Wheaton, Illinois 60187

March 20, 2009

Dear Shareholder:

The accompanying materials relate to the Joint Annual Meetings of Shareholders (collectively, the "Meeting") of Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, Energy Income and Growth Fund, First Trust Enhanced Equity Income Fund, First Trust/Aberdeen Global Opportunity Income Fund, First Trust/FIDAC Mortgage Income Fund, First Trust Strategic High Income Fund, First Trust Strategic High Income Fund II, First Trust Tax-Advantaged Preferred Income Fund, First Trust Specialty Finance and Financial Opportunities Fund and First Trust Active Dividend Income Fund (each a "Fund" and collectively, the "Funds"). The Meeting will be held at the offices of First Trust Advisors L.P., 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, on Thursday, April 16, 2009, at 4:00 p.m. Central Time.

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At the Meeting, you will be asked to vote on a proposal to elect certain Trustees of your Fund (the "Proposal"). Shareholders will also be asked to transact such other business as may properly come before the Meeting and any adjournments or postponements thereof. The Proposal is described in the accompanying Notice of Joint Annual Meetings of Shareholders and Joint Proxy Statement.

YOUR PARTICIPATION AT THE MEETING IS VERY IMPORTANT. If you cannot attend the Meeting, you may participate by proxy. As a Shareholder, you cast one vote for each share of a Fund that you own and a proportionate fractional vote for any fraction of a share that you own. Please take a few moments to read the enclosed materials and then cast your vote on the enclosed proxy card.

VOTING TAKES ONLY A FEW MINUTES. EACH SHAREHOLDER'S VOTE IS IMPORTANT. YOUR PROMPT RESPONSE WILL BE MUCH APPRECIATED.

After you have voted on the Proposal, please be sure to sign your proxy card and return it in the enclosed postage-paid envelope.

We appreciate your participation in this important Meeting.

Thank you.

Sincerely,

/s/ James A. Bowen

James A. Bowen  
Chairman of the Board

## INSTRUCTIONS FOR SIGNING PROXY CARDS

The following general rules for signing proxy cards may be of assistance to you and will avoid the time and expense to the Fund involved in validating your vote if you fail to sign your proxy card properly.

1. Individual Accounts: Sign your name exactly as it appears in the registration on the proxy card.

2. Joint Accounts: For each Fund other than the First Trust Active Dividend Income Fund, either party may sign, but the name of the party signing should conform exactly to the name shown in the registration. For the First Trust Active Dividend Income Fund, each party should sign.

3. All Other Accounts: The capacity of the individual signing the proxy should be indicated unless it is reflected in the form of registration. For example:

| REGISTRATION                             | VALID SIGNATURE     |
|--|---------------------|
| CORPORATE ACCOUNTS                       |                     |
| (1) ABC Corp.                            | ABC Corp.           |
| (2) ABC Corp.                            | John Doe, Treasurer |
| (3) ABC Corp.<br>c/o John Doe, Treasurer | John Doe            |

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(4) ABC Corp. Profit Sharing Plan John Doe, Trustee

TRUST ACCOUNTS

(1) ABC Trust Jane B. Doe, Trustee  
(2) Jane B. Doe, Trustee  
u/t/d 12/28/78 Jane B. Doe

CUSTODIAL OR ESTATE ACCOUNTS

(1) John B. Smith, Cust.  
f/b/o John B. Smith, Jr., UGMA John B. Smith  
(2) John B. Smith John B. Smith, Jr., Executor

MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND  
ENERGY INCOME AND GROWTH FUND  
FIRST TRUST ENHANCED EQUITY INCOME FUND  
FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND  
FIRST TRUST/FIDAC MORTGAGE INCOME FUND  
FIRST TRUST STRATEGIC HIGH INCOME FUND  
FIRST TRUST STRATEGIC HIGH INCOME FUND II  
FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND  
FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND  
FIRST TRUST ACTIVE DIVIDEND INCOME FUND

120 EAST LIBERTY DRIVE, SUITE 400  
WHEATON, ILLINOIS 60187

NOTICE OF JOINT ANNUAL MEETINGS OF SHAREHOLDERS  
TO BE HELD ON APRIL 16, 2009

March 20, 2009

To the Shareholders of the above Funds:

Notice is hereby given that the Joint Annual Meetings of Shareholders (collectively, the "Meeting") of Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, Energy Income and Growth Fund, First Trust Enhanced Equity Income Fund, First Trust/Aberdeen Global Opportunity Income Fund, First Trust/FIDAC Mortgage Income Fund, First Trust Strategic High Income Fund, First Trust Strategic High Income Fund II, First Trust Tax-Advantaged Preferred Income Fund, First Trust Specialty Finance and Financial Opportunities Fund and First Trust Active Dividend Income Fund (each a "Fund" and collectively, the "Funds"), each a Massachusetts business trust, will be held at the offices of First Trust Advisors L.P., 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, on Thursday, April 16, 2009, at 4:00 p.m. Central Time, for the following purposes:

1. To elect two Trustees (the Class II Trustees) of each Fund.
2. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The Board of Trustees has fixed the close of business on January 28, 2009 as the record date for the determination of Shareholders entitled to notice of and to vote at the Meeting and any adjournments or postponements thereof.

By order of the Board of Trustees,

/s/ W. Scott Jardine

W. Scott Jardine  
Secretary

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SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING ARE REQUESTED TO PROMPTLY COMPLETE, SIGN, DATE AND RETURN THE PROXY CARD IN THE ENCLOSED ENVELOPE WHICH DOES NOT REQUIRE POSTAGE IF MAILED IN THE CONTINENTAL UNITED STATES. INSTRUCTIONS FOR THE PROPER EXECUTION OF PROXIES ARE SET FORTH ON THE INSIDE COVER OF THIS PROXY STATEMENT.  
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MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND  
ENERGY INCOME AND GROWTH FUND  
FIRST TRUST ENHANCED EQUITY INCOME FUND  
FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND  
FIRST TRUST/FIDAC MORTGAGE INCOME FUND  
FIRST TRUST STRATEGIC HIGH INCOME FUND  
FIRST TRUST STRATEGIC HIGH INCOME FUND II  
FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND  
FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND  
FIRST TRUST ACTIVE DIVIDEND INCOME FUND

JOINT ANNUAL MEETINGS OF SHAREHOLDERS  
APRIL 16, 2009

120 EAST LIBERTY DRIVE, SUITE 400  
WHEATON, ILLINOIS 60187

JOINT PROXY STATEMENT  
MARCH 20, 2009

THIS JOINT PROXY STATEMENT AND THE ENCLOSED PROXY CARD WILL FIRST BE MAILED TO SHAREHOLDERS ENTITLED TO VOTE ON OR ABOUT MARCH 20, 2009.

This Joint Proxy Statement is furnished in connection with the solicitation of proxies by the Boards of Trustees of Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, Energy Income and Growth Fund, First Trust Enhanced Equity Income Fund, First Trust/Aberdeen Global Opportunity Income Fund, First Trust/FIDAC Mortgage Income Fund, First Trust Strategic High Income Fund, First Trust Strategic High Income Fund II, First Trust Tax-Advantaged Preferred Income Fund, First Trust Specialty Finance and Financial Opportunities Fund and First Trust Active Dividend Income Fund (each a "Fund" and collectively, the "Funds"), each a Massachusetts business trust, for use at the Annual Meetings of Shareholders of the Funds to be held on Thursday,

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April 16, 2009, at 4:00 p.m. Central Time, at the offices of First Trust Advisors L.P., 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, and at any adjournments or postponements thereof (collectively, the "Meeting"). A Notice of Joint Annual Meetings of Shareholders and a proxy card accompany this Joint Proxy Statement. The Boards of Trustees of the Funds have determined that the use of this Joint Proxy Statement is in the best interests of each Fund in light of the same matter being considered and voted on by shareholders.

Proxy solicitations will be made, beginning on or about March 20, 2009, primarily by mail. However, proxy solicitations may also be made by telephone or personal interviews conducted by (i) officers of each Fund; (ii) First Trust Advisors L.P. ("First Trust Advisors" or the "Adviser"), the investment adviser of the Funds; (iii) with respect to Funds other than First Trust Active Dividend Income Fund, PNC Global Investment Servicing (U.S.) Inc. ("PNC"), the administrator, accounting agent and transfer agent of such Funds and a majority-owned subsidiary of The PNC Financial Services Group, Inc., or agents of PNC; (iv) with respect to First Trust Active Dividend Income Fund, American Stock Transfer & Trust Company ("AST"), the transfer agent of such Fund, or agents of AST; (v) Broadridge Financial Solutions, Inc.; or (vi) any affiliates of the foregoing entities.

The costs incurred in connection with the preparation of this Joint Proxy Statement and its enclosures will be paid by the Funds. The Funds will also reimburse brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of Fund shares.

The close of business on January 28, 2009 has been fixed as the record date (the "Record Date") for the determination of shareholders entitled to notice of and to vote at the Meeting.

Except for First Trust Tax-Advantaged Preferred Income Fund, each Fund has one class of shares of beneficial interest, par value \$0.01 per share, known as common shares ("Common Shares"). First Trust Tax-Advantaged Preferred Income Fund has two classes of shares of beneficial interest, including shares with a par value \$0.01 per share, known as Common Shares, and Series M Auction Preferred Shares ("Preferred Shares"). Common Shares and Preferred Shares are referred to collectively as "Shares."

The following table indicates which shareholders are solicited with respect to the proposal to elect the Class II Trustees of each Fund:

### MATTER

- a. Election of two (2) Class II Trustees for Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, Energy Income and Growth Fund, First Trust Enhanced Equity Income Fund, First Trust/Aberdeen Global Opportunity Income Fund, First Trust/FIDAC Mortgage Income Fund, First Trust Strategic High Income Fund, First Trust Strategic High Income Fund II, First Trust Specialty Finance and Financial Opportunities Fund and First Trust Active Dividend Income Fund
- b. i. Election of one (1) Class II Trustee for First Trust Tax-Advantaged Preferred Income Fund
- b. ii. Election of one (1) Class II Trustee for First Trust Tax-Advantaged Preferred Income Fund

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 16, 2009. This Joint Proxy Statement is available on the Internet at:  
<http://www.ftportfolios.com/common/cef/producinginfo/common/proxystatement04.2009.pdf>.

The Funds will furnish, without charge, copies of their most recent annual and semi-annual reports to any shareholder upon request. To request a copy, please write to the Adviser at 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, or call (800) 988-5891. Each Fund's most recent annual and semi-annual reports are also available on the Internet at <http://www.ftportfolios.com>.

YOU MAY CALL (800) 988-5891 FOR INFORMATION ON HOW TO OBTAIN DIRECTIONS TO BE ABLE TO ATTEND THE MEETING AND VOTE IN PERSON.

In order that your Shares may be represented at the Meeting, you are requested to:

- o indicate your instructions on the proxy card;
- o date and sign the proxy card;
- o mail the proxy card promptly in the enclosed envelope which requires no postage if mailed in the continental United States; and
- o allow sufficient time for the proxy card to be received BY 4:00 P.M. CENTRAL TIME, on THURSDAY, APRIL 16, 2009. (However, proxies received after this date may still be voted in the event the Meeting is adjourned or postponed to a later date.)

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### VOTING

As described further in the proposal, for each Fund, the affirmative vote of a plurality of the Shares present and entitled to vote at the Meeting will be required to elect the Class II Trustees of that Fund provided a quorum is present. Abstentions and broker non-votes will have no effect on the approval of the proposal.

If the enclosed proxy card is properly executed and returned in time to be voted at the Meeting, the Fund Shares represented thereby will be voted in accordance with the instructions marked thereon, or, if no instructions are marked thereon, will be voted in the discretion of the persons named on the proxy card. Accordingly, unless instructions to the contrary are marked thereon, a properly executed and returned proxy will be voted FOR the election of the nominees as Class II Trustees and, at the discretion of the named proxies, on any other matters that may properly come before the Meeting, as deemed appropriate. Any shareholder who has given a proxy has the right to revoke it at any time prior to its exercise either by attending the Meeting and voting his or her Shares in person, or by timely submitting a letter of revocation or a later-dated proxy to the applicable Fund at the above address. A list of shareholders entitled to notice of and to be present and to vote at the Meeting will be available at the offices of the Funds, 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, for inspection by any shareholder during regular business hours beginning ten days prior to the date of the Meeting. Shareholders will need to show valid identification and proof of Share ownership to be admitted to the Meeting or to inspect the list of shareholders.

Under the By-Laws of each Fund, a quorum is constituted by the presence in person or by proxy of the holders of thirty-three and one-third percent (33-1/3%) of the voting power of the outstanding class of Shares entitled to vote on a matter. For the purposes of establishing whether a quorum is present, all Shares present and entitled to vote, including abstentions and broker non-votes (i.e., Shares held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or the persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter), shall be counted. Any meeting of shareholders may be postponed prior to the meeting with notice to the shareholders entitled to vote at that meeting. Any meeting of shareholders may, by action of the chairman of the meeting, be adjourned to permit further solicitation of proxies without further notice with respect to one or more matters to be considered at such meeting to a designated time and place, whether or not a quorum is present with respect to such matter. In addition, upon motion of the chairman of the meeting, the question of adjournment may be submitted to a vote of the shareholders, and in that case, any adjournment must be approved by the vote of holders of a majority of the Shares present and entitled to vote with respect to the matter or matters adjourned, and without further notice. Unless a proxy is otherwise limited in this regard, any Shares present and entitled to vote at a meeting, including broker non-votes, may, at the discretion of the proxies named therein, be voted in favor of such an adjournment.

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OUTSTANDING SHARES

On the Record Date, each Fund had the following number of Common Shares and, if applicable, Preferred Shares, outstanding:

| FUND   | COMMON<br>SHARES<br>OUTSTAN |
|--|-----------------------------|
| MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND | 9,077,9                     |
| ENERGY INCOME AND GROWTH FUND  | 6,462,2                     |
| FIRST TRUST ENHANCED EQUITY INCOME FUND                                      | 19,973,1                    |
| FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND                          | 17,365,2                    |
| FIRST TRUST/FIDAC MORTGAGE INCOME FUND                                       | 4,048,9                     |
| FIRST TRUST STRATEGIC HIGH INCOME FUND                                       | 9,057,0                     |
| FIRST TRUST STRATEGIC HIGH INCOME FUND II                                    | 9,474,0                     |
| FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND                             | 2,978,8                     |
| FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND               | 14,231,3                    |
| FIRST TRUST ACTIVE DIVIDEND INCOME FUND                                      | 7,205,2                     |



Common Shares of Energy Income and Growth Fund and First Trust Tax-Advantaged Preferred Income Fund are listed on the NYSE Amex (formerly known as the American Stock Exchange and the NYSE Alternext US) under the ticker symbols FEN and FPI, respectively. Common Shares of the other Funds are listed on the New York Stock Exchange under the following ticker symbols: Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund (MFD); First Trust Enhanced Equity Income Fund (FFA); First Trust/Aberdeen Global Opportunity Income Fund (FAM); First Trust/FIDAC Mortgage Income Fund (FMY); First Trust Strategic High Income Fund (FHI); First Trust Strategic High Income Fund II (FHY); First Trust Specialty Finance and Financial Opportunities Fund (FGB); and First Trust Active Dividend Income Fund (FAV). The Preferred Shares of First Trust Tax-Advantaged Preferred Income Fund are not listed on a national stock exchange.

Shareholders of record on the Record Date are entitled to one vote for each Share the shareholder owns and a proportionate fractional vote for any fraction of a Share the shareholder owns.

To the knowledge of the Board of Trustees, as of the Record Date, no single shareholder or "group" (as that term is used in Section 13(d) of the Securities Exchange Act of 1934 (the "1934 Act")) beneficially owned more than 5% of any class of any Fund's outstanding Shares, except as described as follows. Information as to beneficial ownership of Common Shares, including percentage of outstanding shares beneficially owned, is based on reports filed with the Securities and Exchange Commission ("SEC") by such holders and securities position listing reports as of the Record Date. Information as to beneficial ownership of Preferred Shares is based on the securities position listing reports as of the Record Date. The applicable Fund does not have any knowledge of who the ultimate beneficiaries are of the Shares listed. A control person is one who owns, either directly or indirectly, more than 25% of the voting securities of a Fund or acknowledges the existence of control.

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BENEFICIAL OWNERSHIP OF SHARES

| NAME AND ADDRESS<br>OF BENEFICIAL OWNER   | SHARES OF A CLASS<br>BENEFICIALLY OWNED | % OF<br>CLASS |
|---|---|---------------|
| MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND:                             |   |               |
| Charles Schwab & Co., Inc.<br>211 Main Street<br>San Francisco, CA 94105                                  | 579,502 Common<br>Shares                |               |
| First Clearing, LLC<br>One North Jefferson Street<br>St. Louis, MO 63103                                  | 532,850 Common<br>Shares                |               |
| Merrill Lynch, Pierce Fenner & Smith Safekeeping<br>101 Hudson Street, 8th Floor<br>Jersey City, NJ 07302 | 2,281,173 Common<br>Shares              |               |
| National Financial Services LLC   |   |               |

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200 Liberty Street  
New York, NY 10281

718,624 Common  
Shares

Raymond James & Associates, Inc.  
880 Carillon Parkway  
P.O. Box 12749  
St. Petersburg, FL 33716

828,247 Common  
Shares

RBC Capital Markets Corporation  
510 Marquette Avenue South  
Minneapolis, MN 55402

664,769 Common  
Shares

ENERGY INCOME AND GROWTH FUND:

Charles Schwab & Co., Inc.  
211 Main Street  
San Francisco, CA 94105

543,330 Common  
Shares

Citigroup Global Markets Inc.  
111 Wall Street  
New York, NY 10005

427,867 Common  
Shares

First Clearing, LLC  
One North Jefferson Street  
St. Louis, MO 63103

543,744 Common  
Shares

Morgan Stanley & Co., Incorporated  
Harborside Financial Center  
Plaza 3, 4th Floor  
Jersey City, NJ 07311

425,957 Common  
Shares

National Financial Services LLC  
200 Liberty Street  
New York, NY 10281

360,588 Common  
Shares

Pershing LLC  
1 Pershing Plaza  
Jersey City, NJ 07399

490,675 Common  
Shares

Wachovia Securities, LLC  
One North Jefferson Avenue  
St. Louis, MO 63103

1,684,074 Common  
Shares

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| NAME AND ADDRESS<br>OF BENEFICIAL OWNER | SHARES OF A CLASS<br>BENEFICIALLY OWNED | % OF<br>CLASS |
|---|---|---------------|
|---|---|---------------|

FIRST TRUST ENHANCED EQUITY INCOME FUND:

Claymore Securities Inc. \*  
2455 Corporate West Drive  
Lisle, IL 60532

1,588,955 Common  
Shares

First Clearing, LLC  
One North Jefferson Street  
St. Louis, MO 63103

2,538,392 Common  
Shares

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Merrill Lynch, Pierce Fenner & Smith Safekeeping  
101 Hudson Street, 8th Floor  
Jersey City, NJ 07302  
1,328,922 Common  
Shares

-----  
Raymond James & Associates, Inc.  
P.O. Box 14407  
St. Petersburg, FL 33733  
1,059,767 Common  
Shares

-----  
The Bank of New York Mellon  
525 William Penn Place  
Pittsburgh, PA 15259  
2,455,575 Common  
Shares

-----  
Wachovia Securities, LLC  
One North Jefferson Avenue  
St. Louis, MO 63103  
3,174,232 Common  
Shares

-----  
FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND:  
-----

Claymore Securities Inc. \*  
2455 Corporate West Drive  
Lisle, IL 60532  
1,191,280 Common  
Shares

-----  
Karpus Management, Inc., \*  
d/b/a Karpus Investment Management  
183 Sully's Trail  
Pittsford, NY 14534  
1,052,785 Common  
Shares

-----  
Charles Schwab & Co., Inc.  
211 Main Street  
San Francisco, CA 94105  
925,818 Common  
Shares

-----  
First Clearing, LLC  
One North Jefferson Street  
St. Louis, MO 63103  
1,683,901 Common  
Shares

-----  
Merrill Lynch, Pierce Fenner & Smith Safekeeping  
101 Hudson Street, 8th Floor  
Jersey City, NJ 07302  
1,966,195 Common  
Shares

-----  
National Financial Services LLC  
200 Liberty Street  
New York, NY 10281  
974,885 Common  
Shares

-----  
Pershing LLC  
1 Pershing Plaza  
Jersey City, NJ 07399  
1,003,637 Common  
Shares

-----  
RBC Capital Markets Corporation  
510 Marquette Ave. South  
Minneapolis, MN 55402  
1,279,733 Common  
Shares

-----  
The Bank of New York Mellon  
525 William Penn Place  
Pittsburgh, PA 15259  
1,411,905 Common  
Shares

-----  
Wachovia Securities, LLC  
One North Jefferson Avenue  
St. Louis, MO 63103  
984,234 Common  
Shares

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\* This information is based on the most recent Schedule 13G filed with the SEC and does not necessarily reflect ownership as of the Record Date.

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| NAME AND ADDRESS<br>OF BENEFICIAL OWNER   | SHARES OF A CLASS<br>BENEFICIALLY OWNED | % OF<br>CLASS |
|---|---|---------------|
| FIRST TRUST/FIDAC MORTGAGE INCOME FUND:   |   |               |
| Sit Investment Associates, Inc. *<br>3300 IDS Center<br>80 South Eighth Street<br>Minneapolis, MN 55402   | 656,220 Common<br>Shares                |               |
| Wells Fargo & Company **<br>420 Montgomery Street<br>San Francisco, CA 94163                              | 300,908 Common<br>Shares                |               |
| Charles Schwab & Co., Inc.<br>211 Main Street<br>San Francisco, CA  | 269,529 Common<br>hares                 |               |
| First Clearing, LLC<br>One North Jefferson Street<br>St. Louis, MO 63103                                  | 505,100 Common<br>Shares                |               |
| Merrill Lynch, Pierce Fenner & Smith Safekeeping<br>101 Hudson Street, 8th Floor<br>Jersey City, NJ 07302 | 423,562 Common<br>Shares                |               |
| National Financial Services LLC<br>200 Liberty Street<br>New York, NY 10281                               | 299,329 Common<br>Shares                |               |
| The Northern Trust Company<br>810 S. Canal Street<br>Chicago, IL 60607                                    | 468,097 Common<br>Shares                |               |
| FIRST TRUST STRATEGIC HIGH INCOME FUND:   |   |               |
| First Clearing, LLC<br>One North Jefferson Street<br>St. Louis, MO 63103                                  | 776,887 Common<br>Shares                |               |
| National Financial Services LLC<br>200 Liberty Street<br>New York, NY 10281                               | 1,206,825 Common<br>Shares              |               |
| Pershing LLC<br>1 Pershing Plaza<br>Jersey City, NJ 07399   | 811,496 Common<br>Shares                |               |
| RBC Capital Markets Corporation<br>510 Marquette Ave South<br>Minneapolis, MN 55402                       | 1,157,484 Common<br>Shares              |               |

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FIRST TRUST STRATEGIC HIGH INCOME FUND II:

|  |                          |
|--|--------------------------|
| First Clearing, LLC<br>One North Jefferson Street<br>St. Louis, MO 63103 | 964,658 Common<br>Shares |
|--|--------------------------|

|   |                          |
|---|--------------------------|
| National Financial Services LLC<br>200 Liberty Street<br>New York, NY 10281 | 816,651 Common<br>Shares |
|---|--------------------------|

|  |                          |
|--|--------------------------|
| Oppenheimer & Co. Inc.<br>125 Broad Street, 15th Floor<br>New York, NY 10004 | 571,396 Common<br>Shares |
|--|--------------------------|

|   |                          |
|---|--------------------------|
| Pershing LLC<br>1 Pershing Plaza<br>Jersey City, NJ 07399 | 809,885 Common<br>Shares |
|---|--------------------------|

\* This information is based on the most recent Schedule 13G filed with the SEC and does not necessarily reflect ownership as of the Record Date.

\*\* According to Schedule 13G dated January 22, 2009, the reporting persons have sole voting power over 299,599 Shares, sole dispositive power over 297,296 Shares and shared dispositive power over 3,611 Shares.

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| NAME AND ADDRESS<br>OF BENEFICIAL OWNER | SHARES OF A CLASS<br>BENEFICIALLY OWNED | % OF<br>CLASS |
|---|---|---------------|
|---|---|---------------|

FIRST TRUST STRATEGIC HIGH INCOME FUND II (CONTINUED):

|  |                          |
|--|--------------------------|
| RBC Capital Markets Corporation<br>510 Marquette Avenue South<br>Minneapolis, MN 55402 | 716,618 Common<br>Shares |
|--|--------------------------|

|  |                          |
|--|--------------------------|
| Wachovia Securities LLC<br>One North Jefferson Avenue<br>St. Louis, MO 63103 | 672,798 Common<br>Shares |
|--|--------------------------|

FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND:

|  |                         |
|--|-------------------------|
| RBC Capital Markets Corporation<br>510 Marquette Avenue South<br>Minneapolis, MN 55402 | 396 Preferred<br>Shares |
|--|-------------------------|

|  |                          |
|--|--------------------------|
| American Enterprise Investment Services Inc.<br>2178 AXP Financial Center<br>Minneapolis, MN 55474 | 228,649 Common<br>Shares |
|--|--------------------------|

|  |                          |
|--|--------------------------|
| First Clearing, LLC<br>One North Jefferson Street<br>St. Louis, MO 63103 | 350,271 Common<br>Shares |
|--|--------------------------|

|   |                          |
|---|--------------------------|
| National Financial Services LLC<br>200 Liberty Street<br>New York, NY 10281 | 222,826 Common<br>Shares |
|---|--------------------------|

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-----  
 Pershing LLC  
 1 Pershing Plaza  
 Jersey City, NJ 07399  
 275,802 Common  
 Shares  
 -----

RBC Capital Markets Corporation  
 510 Marquette Avenue South  
 Minneapolis, MN 55402  
 381,979 Common  
 Shares  
 -----

FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND:  
 -----

Wachovia Securities, LLC  
 One North Jefferson Avenue  
 St. Louis, MO 63103  
 10,903,738 Common  
 Shares  
 -----

FIRST TRUST ACTIVE DIVIDEND INCOME FUND:  
 -----

National Financial Services LLC  
 200 Liberty Street  
 New York, NY 10281  
 823,232 Common  
 Shares  
 -----

Raymond James & Associates, Inc.  
 880 Carillon Parkway  
 P.O. Box 12749  
 St. Petersburg, FL 33716  
 4,135,946 Common  
 Shares  
 -----

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PROPOSAL: ELECTION OF CLASS II TRUSTEES OF EACH FUND

Each Fund has established a staggered Board consisting of five (5) Trustees divided into three (3) classes pursuant to its respective By-Laws. As indicated on the chart set forth below under "Management of the Funds," the term of each Trustee is set in accordance with the structure of the staggered Board of each Fund. At the annual meeting of shareholders of Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, Energy Income and Growth Fund, First Trust Enhanced Equity Income Fund, First Trust/Aberdeen Global Opportunity Income Fund, First Trust/FIDAC Mortgage Income Fund, First Trust Strategic High Income Fund, First Trust Strategic High Income Fund II and First Trust Tax-Advantaged Preferred Income Fund held in 2007, current Trustees Richard E. Erickson and Thomas R. Kadlec were designated and elected as Class II Trustees with a term expiring at this year's Meeting and will stand as the nominees for election as Trustees of each such Fund at this year's Meeting. At the organizational meetings of First Trust Active Dividend Income Fund and First Trust Specialty Finance and Financial Opportunities Fund, current Trustees Richard E. Erickson and Thomas R. Kadlec were designated as Class II Trustees with a term expiring at this year's Meeting and will stand as the nominees for election as Trustees of each such Fund at this year's Meeting. If elected, Messrs. Erickson and Kadlec will hold office for a three-year term expiring at the Funds' annual meeting of shareholders in 2012 or until their successors are elected and qualified, or until they resign, retire or are otherwise removed. James A. Bowen, Robert F. Keith and Niel B. Nielson are current and continuing Trustees. Messrs. Bowen and Nielson are Class III Trustees for a term expiring at the Funds' annual meeting of shareholders in 2010 or until their successors are elected and qualified, or until they resign, retire or are otherwise removed, and Mr. Keith is the Class I Trustee for a term expiring at the Funds' annual meeting of shareholders in 2011 or until his successor is elected and

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qualified, or until he resigns, retires or is otherwise removed.

a. FOR MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND, ENERGY INCOME AND GROWTH FUND, FIRST TRUST ENHANCED EQUITY INCOME FUND, FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND, FIRST TRUST/FIDAC MORTGAGE INCOME FUND, FIRST TRUST STRATEGIC HIGH INCOME FUND, FIRST TRUST STRATEGIC HIGH INCOME FUND II, FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND AND FIRST TRUST ACTIVE DIVIDEND INCOME FUND:

Two (2) Class II Trustees are to be elected by holders of Common Shares of each of the foregoing Funds, in each case voting as a single class. Trustees Erickson and Kadlec are the nominees for election as Class II Trustees by all shareholders of each of the foregoing Funds for a three-year term.

b. FOR FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND:

i. One (1) Class II Trustee is to be elected by holders of Common Shares and Preferred Shares of the foregoing Fund, voting as a single class. Trustee Erickson is the nominee for election as a Class II Trustee by holders of Common Shares and Preferred Shares of the foregoing Fund for a three-year term.

ii. One (1) Class II Trustee is to be elected by holders of Preferred Shares of the foregoing Fund, voting as a single class. Trustee Kadlec is the nominee for election as a Class II Trustee by holders of Preferred Shares of the foregoing Fund for a three-year term.

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REQUIRED VOTE: For each Fund, the Class II Trustees, neither of whom is an "interested person" of the Funds as that term is defined in the Investment Company Act of 1940, as amended (the "1940 Act") (each such Trustee, one of the "Independent Trustees"), must be elected by the affirmative vote of the holders of a plurality of the Shares of the Fund (or, in the case of the Class II Trustee to be elected by the holders of the Preferred Shares of First Trust Tax-Advantaged Preferred Income Fund, by the affirmative vote of the holders of a plurality of the Preferred Shares) cast in person or by proxy at the Meeting and entitled to vote thereon, provided a quorum is present. Abstentions and broker non-votes will have no effect on the approval of the proposal. Proxies cannot be voted for a greater number of persons than the number of nominees named.

Unless you give contrary instructions on your proxy card, your Shares will be voted FOR the election of the nominees listed if your proxy card has been properly executed and timely received by the Fund. If a nominee should withdraw or otherwise become unavailable for election, your Shares will be voted FOR such other nominee as management may recommend.

The Board of Trustees Unanimously Recommends That Shareholders Vote FOR the Proposal.

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MANAGEMENT

MANAGEMENT OF THE FUNDS

The management of each Fund, including general supervision of the duties performed for each Fund under the investment management agreement between each Fund and the Adviser, is the responsibility of the Board of Trustees. The Board of Trustees of each Fund is divided into three classes: Class I, Class II and Class III; the length of the term of office of each Trustee is generally three years, and when each Trustee's term begins and ends depends on the Trustee's designated class. Each Fund has five Trustees, one of whom is an "interested person" (as that term is defined in the 1940 Act) (such Trustee, the "Interested Trustee") and four of whom are Independent Trustees. The Trustees of a Fund set broad policies for that Fund, choose the Fund's officers, and hire the Fund's investment adviser and sub-adviser. The officers of a Fund manage the day-to-day operations and are responsible to the Fund's Board of Trustees.

The following is a list of Trustees and officers of each Fund and a statement of their present positions, principal occupations during the past five years, the number of portfolios each Trustee oversees, and the other directorships the Trustees hold, if applicable.

[The remainder of this page is intentionally left blank.]

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INTERESTED TRUSTEE

| NAME, ADDRESS, AND DATE OF BIRTH   | POSITION(S) HELD WITH FUNDS   | TERM OF OFFICE(2) AND LENGTH OF TIME SERVED(3) | PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS   | NUMBER OF PORTFOLIOS FIRST TRUST COMPLEX BY TRUSTEE |
|--|---|--|--|---|
| James A. Bowen(1)<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 9/55 | President,<br>Chairman of<br>the Board,<br>Chief<br>Executive<br>Officer and<br>Trustee | Class III<br><br>Since 2004                    | President, First Trust<br>Advisors L.P. and First<br>Trust Portfolios L.P.;<br>Chairman of the Board of<br>Directors, BondWave LLC<br>(Software Development<br>Company/Broker-Dealer/Investment<br>Adviser) and Stonebridge Advisors<br>LLC (Investment Adviser) | 60 Port   |

INDEPENDENT TRUSTEES

| NAME, ADDRESS, AND | POSITION(S) HELD WITH | TERM OF OFFICE(2) AND LENGTH OF | PRINCIPAL OCCUPATION(S) DURING PAST | NUMBER OF PORTFOLIOS FIRST TRUST COMPLEX |
|--------------------|-----------------------|---------------------------------|-------------------------------------|--|
|--------------------|-----------------------|---------------------------------|-------------------------------------|--|



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| DATE OF BIRTH  | FUNDS   | TIME SERVED(3)              | FIVE YEARS  | BY TRUST |
|--|---------|-----------------------------|---|----------|
| Richard E. Erickson<br>c/o First Trust<br>Advisors L.P.<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 4/51 | Trustee | Class II<br><br>Since 2004  | Physician; President,<br>Wheaton Orthopedics;<br>Co-owner and Co-Director<br>(January 1996 to May 2007),<br>Sports Med Center for<br>Fitness; Limited Partner,<br>Gundersen Real Estate<br>Limited Partnership;<br>Member, Sportsmed LLC  | 60 Portf |
| Thomas R. Kadlec<br>c/o First Trust<br>Advisors L.P.<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 11/57   | Trustee | Class II<br><br>Since 2004  | Senior Vice President and<br>Chief Financial Officer (May<br>2007 to Present), Vice<br>President and Chief<br>Financial Officer (1990 to<br>May 2007), ADM Investor<br>Services, Inc. (Futures<br>Commission Merchant);<br>President (May 2005 to<br>Present), ADM Derivatives,<br>Inc.; Registered<br>Representative (2000 to<br>Present), Segerdahl &<br>Company, Inc., a FINRA<br>member (Broker-Dealer) | 60 Port  |
| Robert F. Keith<br>c/o First Trust<br>Advisors L.P.<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 11/56    | Trustee | Class I<br><br>Since 2006   | President (2003 to Present),<br>Hibs Enterprises (Financial<br>and Management Consulting);<br>President (2001 to 2003),<br>Aramark Management Services<br>LP; President and Chief<br>Operating Officer (1998 to<br>2003), ServiceMaster<br>Management Services LP   | 60 Port  |
| Niel B. Nielson<br>c/o First Trust<br>Advisors L.P.<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 3/54     | Trustee | Class III<br><br>Since 2004 | President (June 2002 to<br>Present), Covenant College   | 60 Por   |

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OFFICERS

| NAME, ADDRESS, AND<br>DATE OF BIRTH | POSITION(S)<br>HELD WITH<br>FUNDS | TERM OF OFFICE(2)<br>AND LENGTH OF<br>TIME SERVED(3) | PRINCIPAL OCCUPATION<br>DURING PAST<br>FIVE YEARS |
|-------------------------------------|-----------------------------------|--|---|
|-------------------------------------|-----------------------------------|--|---|

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|  |  |                                   |   |
|--|--|-----------------------------------|---|
| Mark R. Bradley<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 11/57      | Treasurer,<br>Controller,<br>Chief Financial<br>Officer and<br>Chief Accounting<br>Officer<br>and Chief<br>Accounting<br>Officer | Indefinite<br><br>Since 2004      | Chief Financial Officer,<br>L.P. and First Trust<br>Financial Officer, B<br>Development Company/<br>Adviser) and Stonebr<br>(Investment Adviser)  |
| James M. Dykas<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 1/66        | Assistant<br>Treasurer   | Indefinite<br><br>Since 2005      | Senior Vice President<br>Vice President (Janu<br>First Trust Advisors<br>Portfolios L.P.; Exe<br>2002 to January 2005<br>(December 2000 to De<br>Asset Management and<br>Management         |
| Christopher R. Fallow<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 4/79 | Assistant Vice<br>President  | Indefinite<br><br>Since 2006      | Assistant Vice Presi<br>Present), Associate<br>2006), First Trust A<br>Trust Portfolios L.P.<br>(July 2001 to Januar<br>(Software Developmen<br>Company/Broker-Deale                        |
| W. Scott Jardine<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 5/60      | Secretary and<br>Chief Compliance<br>Officer   | Indefinite<br><br>Since 2004      | General Counsel, Fir<br>First Trust Portfoli<br>BondWave LLC (Softwa<br>Company/Broker-Deale<br>Stonebridge Advisors  |
| Daniel J. Lindquist<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 2/70   | Vice President   | Indefinite<br><br>Since 2005      | Senior Vice Presiden<br>Present), Vice Presi<br>September 2005), Fir<br>First Trust Portfoli<br>Officer (January 200<br>Capital Management,<br>(April 2000 to Janua<br>Management Services, |
| Coleen D. Lynch<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 7/58       | Assistant Vice<br>President  | Indefinite<br><br>Since July 2008 | Assistant Vice Presi<br>Present), First Trus<br>Trust Portfolios L.P.<br>1998 to January 2008<br>Management and Morga<br>Management   |
| Kristi A. Maher<br>120 East Liberty Drive<br>Suite 400<br>Wheaton, IL 60187<br>DOB: 12/66      | Assistant<br>Secretary   | Indefinite<br><br>Since 2004      | Deputy General Couns<br>Assistant General Co<br>2007), First Trust A<br>Trust Portfolios L.P.<br>1995 to March 2004),   |

(1) Mr. Bowen is deemed an "interested person" of the Funds due to his position as President of First Trust Advisors L.P., investment adviser of the Funds.

(2) Currently, Robert F. Keith, as a Class I Trustee, is serving a term for

each of the Funds until the Funds' 2011 annual meeting. Richard E. Erickson and Thomas R. Kadlec, as Class II Trustees, are each serving a term for each of the Funds until the Meeting. James A. Bowen and Niel B. Nielson, as Class III Trustees, are each serving a term for each of the Funds until the Funds' 2010 annual meeting. Officers of the Funds have an indefinite term.

(3) All Trustees and officers, except for Robert F. Keith, Daniel J. Lindquist, James M. Dykas, Christopher R. Fallow and Coleen D. Lynch, were elected in 2005 for First Trust/FIDAC Mortgage Income Fund and First Trust Strategic High Income Fund and in 2004 for the other then-existing Funds. All Trustees and officers, except for Robert F. Keith, Christopher R. Fallow and Coleen D. Lynch, were elected in 2006 for First Trust Strategic High Income Fund II and First Trust Tax-Advantaged Preferred Income Fund at each such Fund's respective organizational meeting. All Trustees and officers, except for Coleen D. Lynch, were elected in 2007 for First Trust Specialty Finance and Financial Opportunities Fund and First Trust Active Dividend Income Fund at each such Fund's respective organizational meeting. Daniel J. Lindquist and James M. Dykas were elected Vice President and Assistant Treasurer, respectively, of all funds in the First Trust Fund Complex, including the then-existing Funds, on December 12, 2005. Christopher R. Fallow was elected Assistant Vice President of the then-existing Funds on December 10, 2006. Robert F. Keith was appointed or elected, as applicable, Trustee on June 12, 2006 or at the Fund's organizational meeting. Coleen D. Lynch was elected Assistant Vice President of all funds in the First Trust Fund Complex, including the Funds, on July 29, 2008.

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In addition to the Funds, the First Trust Fund Complex includes: First Defined Portfolio Fund, LLC, an open-end management investment company with 8 portfolios advised by First Trust Advisors; First Trust/Aberdeen Emerging Opportunity Fund, First Trust/Four Corners Senior Floating Rate Income Fund, First Trust/Four Corners Senior Floating Rate Income Fund II and First Trust Strategic High Income Fund III, closed-end funds advised by First Trust Advisors; and First Trust Exchange-Traded Fund, First Trust Exchange-Traded Fund II and First Trust Exchange-Traded AlphaDEX(R) Fund, each an open-end investment company and an exchange-traded index fund with 17, 5 and 16 operating portfolios, respectively, advised by First Trust Advisors.

#### Trustees

Messrs. Erickson, Kadlec, Keith and Nielson are Independent Trustees, and Mr. Bowen is an Interested Trustee, of each of the funds in the First Trust Fund Complex. During the past five years, none of the Independent Trustees, nor any of their immediate family members, has ever been a director, trustee, officer, general partner or employee of, or consultant to, First Trust Advisors, First Trust Portfolios L.P. (an affiliate of First Trust Advisors), any sub-adviser to any fund in the First Trust Fund Complex, or any of their affiliates.

#### Officers

The officers of each Fund, including Mr. Bowen, Chief Executive Officer of each Fund, hold the same positions with each fund in the First Trust Fund Complex (representing 60 portfolios) as they hold with the Funds, except for Christopher R. Fallow. Mr. Fallow is an officer of 14 closed-end funds in the First Trust Fund Complex, but is not an officer of First Defined Portfolio Fund, LLC, First Trust Exchange-Traded Fund, First Trust Exchange-Traded Fund II or First Trust Exchange-Traded AlphaDEX(R) Fund.

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BENEFICIAL OWNERSHIP OF SHARES HELD IN THE FUNDS BY TRUSTEES AND OFFICERS

The following table sets forth the dollar range and number of equity securities beneficially owned by the Trustees in each Fund and all funds in the First Trust Fund Complex, including the Funds, as of December 31, 2008:

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| DOLLAR RANGE OF EQUITY SECURITIES IN THE FUNDS AND FIRST TRUST FUND COMPLEX (NUMBER |                                     |                                   |                                   |                            |
|---|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------|
| FUND  | INTERESTED TRUSTEE                  | INDEPENDENT TRUSTEES              |                                   |                            |
|   | James A. Bowen                      | Richard E. Erickson               | Thomas R. Kadlec                  | Robert                     |
| MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/ UTILITIES DIVIDEND & INCOME FUND       | \$10,001-\$50,000<br>(1,000 Shares) | \$1-\$10,000<br>(624 Shares)      | \$1-\$10,000<br>(800 Shares)      | \$10,000<br>(2,910 Shares) |
| ENERGY INCOME AND GROWTH FUND   | \$0<br>(0 Shares)                   | \$1-\$10,000<br>(323 Shares)      | \$1-\$10,000<br>(700 Shares)      | \$0<br>(0 Shares)          |
| FIRST TRUST ENHANCED EQUITY INCOME FUND   | \$0<br>(0 Shares)                   | \$1-\$10,000<br>(271 Shares)      | \$1-\$10,000<br>(850 Shares)      | \$0<br>(0 Shares)          |
| FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND                                 | \$1-\$10,000<br>(750 Shares)        | \$10,001-\$50,000<br>(920 Shares) | \$10,001-\$50,000<br>(850 Shares) | \$10,000<br>(2,490 Shares) |
| FIRST TRUST/FIDAC MORTGAGE INCOME FUND  | \$0<br>(0 Shares)                   | \$0<br>(0 Shares)                 | \$10,001-\$50,000<br>(650 Shares) | \$0<br>(0 Shares)          |
| FIRST TRUST STRATEGIC HIGH INCOME FUND  | \$1-\$10,000<br>(1,000 Shares)      | \$0<br>(0 Shares)                 | \$0<br>(0 Shares)                 | \$0<br>(0 Shares)          |
| FIRST TRUST STRATEGIC HIGH INCOME FUND II   | \$10,001-\$50,000<br>(3,750 Shares) | \$0<br>(0 Shares)                 | \$0<br>(0 Shares)                 | \$0<br>(0 Shares)          |
| FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND                                    | \$0<br>(0 Shares)                   | \$0<br>(0 Shares)                 | \$0<br>(0 Shares)                 | \$0<br>(0 Shares)          |
| FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND                      | \$0<br>(0 Shares)                   | \$0<br>(0 Shares)                 | \$0<br>(0 Shares)                 | \$0<br>(0 Shares)          |
| FIRST TRUST ACTIVE DIVIDEND INCOME FUND   | \$0                                 | \$0                               | \$0                               | \$0                        |

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|  | (0 Shares)                        | (0 Shares)                           | (0 Shares)                        | (0 Shares)                           |
|--|-----------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|
| AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL REGISTERED INVESTMENT COMPANIES IN FIRST TRUST FUND COMPLEX OVERSEEN BY TRUSTEE | Over \$100,000<br>(15,250 Shares) | \$50,001-\$100,000<br>(8,014 Shares) | Over \$100,000<br>(10,249 Shares) | \$50,001-\$100,000<br>(7,580 Shares) |

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As of December 31, 2008, the Independent Trustees and their immediate family members did not own, beneficially or of record, any class of securities of First Trust Advisors or any sub-adviser or principal underwriter of any Fund or any person, other than a registered investment company, directly or indirectly controlling, controlled by, or under common control with First Trust Advisors or any sub-adviser or principal underwriter of any Fund, nor, since the beginning of the most recently completed fiscal year of any Fund, did any Independent Trustee purchase or sell securities of First Trust Advisors, or any sub-adviser to any fund in the First Trust Fund Complex, their parents or any subsidiaries of any of the foregoing.

As of December 31, 2008, the Trustees and officers of the Funds as a group beneficially owned approximately 45,485 shares of the funds in the First Trust Fund Complex (less than 1% of the shares outstanding). As of December 31, 2008, the Trustees and officers of the Funds as a group beneficially owned the following number of Shares of each Fund, which is less than 1% of each Fund's Shares outstanding:

| FUND   | COMMON SHARES OWNED | PERCENTAGE OWNED |
|--|---------------------|------------------|
| Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund | 5,665               | 0.01%            |
| Energy Income and Growth Fund  | 1,362               | 0.00%            |
| First Trust Enhanced Equity Income Fund                                      | 1,399               | 0.00%            |
| First Trust/Aberdeen Global Opportunity Income Fund                          | 5,274               | 0.01%            |
| First Trust/FIDAC Mortgage Income Fund                                       | 981                 | 0.00%            |
| First Trust Strategic High Income Fund                                       | 1,421               | 0.00%            |
| First Trust Strategic High Income Fund II                                    | 4,163               | 0.01%            |
| First Trust Tax-Advantaged Preferred Income Fund                             | 0                   | 0.00%            |
| First Trust Specialty Finance and Financial Opportunities Fund               | 0                   | 0.00%            |
| First Trust Active Dividend Income Fund                                      | 0                   | 0.00%            |

COMPENSATION

Under the Trustees' compensation plan, each Independent Trustee is paid an annual retainer of \$10,000 per trust for the first 14 trusts in the First Trust Fund Complex and an annual retainer of \$7,500 per trust for each additional trust in the First Trust Fund Complex. The annual retainer is allocated equally among each of the trusts. Trustees are also reimbursed by the trusts in the First Trust Fund Complex for travel and out-of-pocket expenses in connection with all meetings. No additional meeting fees are paid in connection with board or committee meetings. Additionally, Dr. Erickson is paid annual

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compensation of \$10,000 to serve as the Lead Trustee, Mr. Keith is paid annual compensation of \$5,000 to serve as the chairman of the Audit Committee, Mr. Kadlec is paid annual compensation of \$2,500 to serve as the chairman of the Valuation Committee and Mr. Nielson is paid annual compensation of \$2,500 to serve as the chairman of the Nominating and Governance Committee. The committee chairmen and the Lead Trustee will serve two year periods ending December 31, 2009 before rotating to serve as a chairman of another committee or as Lead Trustee. The additional compensation is allocated equally among each of the trusts in the First Trust Fund Complex.

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During the calendar year ended December 31, 2008, for all the trusts in the First Trust Fund Complex, Dr. Erickson was paid \$10,000 to serve as the Lead Trustee, Mr. Keith was paid \$5,000 to serve as the chairman of the Audit Committee, Mr. Kadlec was paid \$2,500 to serve as the chairman of the Valuation Committee, and Mr. Nielson was paid \$2,500 to serve as the chairman of the Nominating and Governance Committee. The annual compensation was allocated equally among each of the trusts in the First Trust Fund Complex.

The number of Board meetings held by each Fund during its last fiscal year is shown in Schedule 1 hereto. Each of the Trustees attended all of the meetings of the Boards of Trustees of the Funds.

The aggregate fees and expenses paid to the Trustees by each Fund for its respective fiscal year (including reimbursement for travel and out-of-pocket expenses) amounted to the following:

| FUND   | AGGREGATE FEES AND EXPENSES |
|--|-----------------------------|
| MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND | \$39                        |
| ENERGY INCOME AND GROWTH FUND  | \$39                        |
| FIRST TRUST ENHANCED EQUITY INCOME FUND                                      | \$39                        |
| FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND                          | \$39                        |
| FIRST TRUST/FIDAC MORTGAGE INCOME FUND                                       | \$38                        |
| FIRST TRUST STRATEGIC HIGH INCOME FUND                                       | \$38                        |
| FIRST TRUST STRATEGIC HIGH INCOME FUND II                                    | \$39                        |
| FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND                             | \$38                        |
| FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND               | \$39                        |
| FIRST TRUST ACTIVE DIVIDEND INCOME FUND                                      | \$39                        |

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The following table sets forth certain information regarding the compensation of each Fund's Trustees for such Fund's respective fiscal year. The Funds have no retirement or pension plans. The officers and the Interested Trustee of each Fund receive no compensation from the Funds for serving in such capacities.

AGGREGATE COMPENSATION FOR EACH FUND'S FISCAL YEAR

| FUND   | INTERESTED TRUSTEE |                     |                  |
|--|--------------------|---------------------|------------------|
|  | James A. Bowen     | Richard E. Erickson | Thomas R. Kadlec |
| MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND (1) | \$0                | \$ 9,861            | \$9,688          |
| ENERGY INCOME AND GROWTH FUND (1)  | \$0                | \$ 9,861            | \$9,687          |
| FIRST TRUST ENHANCED EQUITY INCOME FUND (2)                                      | \$0                | \$10,000            | \$9,583          |
| FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND (2)                          | \$0                | \$10,000            | \$9,583          |
| FIRST TRUST/FIDAC MORTGAGE INCOME FUND (3)                                       | \$0                | \$ 9,861            | \$9,687          |
| FIRST TRUST STRATEGIC HIGH INCOME FUND (3)                                       | \$0                | \$ 9,861            | \$9,687          |
| FIRST TRUST STRATEGIC HIGH INCOME FUND II (3)                                    | \$0                | \$ 9,861            | \$9,687          |
| FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND (3)                             | \$0                | \$ 9,861            | \$9,687          |
| FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND (1)               | \$0                | \$ 9,861            | \$9,687          |
| FIRST TRUST ACTIVE DIVIDEND INCOME FUND (1)                                      | \$0                | \$ 9,861            | \$9,687          |
| TOTAL COMPENSATION FROM THE FIRST TRUST FUND COMPLEX (4)                         | \$0                | \$180,000           | \$172,500        |

- (1) For fiscal year ended November 30, 2008.
- (2) For fiscal year ended December 31, 2008.
- (3) For fiscal year ended October 31, 2008.
- (4) For calendar year ended December 31, 2008.

ATTENDANCE AT ANNUAL MEETINGS OF SHAREHOLDERS

The policy of the Board is to have as many Trustees as possible in attendance at annual meetings of shareholders. The policy of the Nominating and Governance Committee relating to attendance by Trustees at annual meetings of shareholders is contained in the Funds' Nominating and Governance Committee Charter, which is available on each Fund's website located at <http://www.ftportfolios.com>. All of the Trustees attended the previous year's annual meeting of shareholders for each of the Funds.

COMMITTEES

AUDIT COMMITTEE

Each Board of Trustees has an Audit Committee, which consists of Messrs. Erickson, Kadlec, Keith and Nielson, all of whom are "independent" as defined in the listing standards of the NYSE Amex (formerly known as the American Stock Exchange and the NYSE Alternext US) and the New York Stock Exchange, as applicable. Messrs. Kadlec and Keith serve as Audit Committee Financial Experts. The Audit Committee is responsible for overseeing each Fund's accounting and financial reporting process, the system of internal controls, audit process and evaluating and appointing the independent registered public accounting firm (subject also to Board approval). The number of meetings of the Audit Committee held by each Fund during its last fiscal year is shown in Schedule 1 hereto. Each Trustee who is a member of the Audit Committee attended all of such meetings for the respective Fund.

In carrying out its responsibilities, as described below, the Audit Committee pre-approves all audit services and permitted non-audit services for each Fund (including the fees and terms thereof) and non-audit services to be performed for the Adviser by Deloitte & Touche LLP ("Deloitte & Touche"), the Funds' independent registered public accounting firm ("independent auditors") if the engagement relates directly to the operations and financial reporting of the Funds. The chairman of the Audit Committee is authorized to give such pre-approvals on behalf of the Audit Committee for engagements of less than \$25,000. Any decisions by the chairman to grant pre-approvals are reported to the full Audit Committee at the next regularly scheduled meeting.

AUDIT COMMITTEE REPORT

The role of the Audit Committee is to assist the Board of Trustees in its oversight of each Fund's accounting and financial reporting process. The Audit Committee operates pursuant to a charter (the "Charter") that was most recently reviewed and approved by the Board of Trustees on December 15, 2008, a copy of which is attached as Exhibit A hereto, and is available on the Funds' website located at <http://www.ftportfolios.com>. As set forth in the Charter, management of each Fund is responsible for maintaining appropriate systems for accounting and internal controls and the audit process. The Funds' independent auditors are responsible for planning and carrying out proper audits of the Funds' financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States of America.

In performing its oversight function, the Audit Committee reviewed and discussed with management and the independent auditors, Deloitte & Touche, the audited financial statements of the First Trust/FIDAC Mortgage Income Fund, the First Trust Strategic High Income Fund, the First Trust Strategic High Income Fund II and the First Trust Tax-Advantaged Preferred Income Fund for the fiscal



year ended October 31, 2008 at a meeting held on December 15, 2008; the Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, the Energy Income and Growth Fund, the First Trust Specialty Finance and Financial Opportunities Fund and the First Trust Active Dividend Income Fund for the fiscal year ended November 30, 2008 at a meeting held on January 20, 2009; and the First Trust Enhanced Equity Income Fund, the First Trust/Aberdeen Global Opportunity Income Fund and the First Trust/Aberdeen Emerging Opportunity Fund for the fiscal year ended December 31, 2008 at a meeting held on February 19, 2009, and discussed the audits of such financial statements with the independent auditors and management.

In addition, the Audit Committee discussed with the independent auditors the accounting principles applied by each Fund and such other matters brought to the attention of the Audit Committee by the independent auditors as required by the Public Company Accounting Oversight Board ("PCAOB") AU 380, Communication with Audit Committees. The Audit Committee also received from the independent auditors the written disclosures and letter required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, delineating relationships between the independent auditors and each Fund and discussed the impact that any such relationships may have on the objectivity and independence of the independent auditors.

The members of each Fund's Audit Committee are not full-time employees of the Funds and are not performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Members of each Fund's Audit Committee necessarily rely on the information provided to them by Fund management and the independent auditors. Accordingly, the Audit Committee's considerations and discussions referred to above do not assure that the audits of each Fund's financial statements have been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the independent auditors are in fact "independent."

Based on its consideration of the Funds' audited financial statements and the discussions referred to above with Fund management and Deloitte & Touche, and subject to the limitations on the responsibilities and role of the Audit Committee as set forth in the Charter and discussed above, the Audit Committee recommended to the Board the inclusion of each Fund's audited financial statements for the years ended October 31, November 30 and December 31, 2008, respectively.

Submitted by the Audit Committee of each Fund:  
Richard E. Erickson  
Thomas R. Kadlec  
Robert F. Keith  
Niel B. Nielson

#### INDEPENDENT AUDITORS' FEES

Deloitte & Touche has been selected to serve as the independent auditors for each Fund for its current fiscal year, and acted as the independent auditors for each Fund for its most recently completed fiscal year. Deloitte & Touche has advised the Funds that, to the best of its knowledge and belief, Deloitte & Touche professionals did not have any direct or material indirect ownership interest in the Funds inconsistent with independent professional standards pertaining to independent registered public accounting firms. It is

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expected that representatives of Deloitte & Touche will be present at the Meeting to answer any questions that may arise and will have the opportunity to make a statement if they desire to do so. In reliance on Rule 32a-4 under the 1940 Act, each Fund is not seeking shareholder ratification of the selection of Deloitte & Touche as independent auditors.

#### Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees

During each of the last two fiscal years of the Funds, Deloitte & Touche has billed each Fund and the Adviser for the following fees:

| FEES BILLED TO:  | AUDIT FEES |          | AUDIT-RELATED FEES (1) |         | TAX FEES (2) |          |
|--|------------|----------|------------------------|---------|--------------|----------|
|  | 2007       | 2008     | 2007                   | 2008    | 2007         | 2008     |
| MACQUARIE/FIRST TRUST<br>GLOBAL INFRASTRUCTURE/<br>UTILITIES DIVIDEND &<br>INCOME FUND (4) |            |          |                        |         |              |          |
| Fund   | \$99,000   | \$0      | \$2,700                | \$0     | \$4,350      | \$4,250  |
| Adviser  | N/A        | N/A      | \$2,700                | \$0     | \$0          | \$0      |
| ENERGY INCOME AND<br>GROWTH FUND (4)   |            |          |                        |         |              |          |
| Fund   | \$93,500   | \$0      | \$3,000                | \$0     | \$79,500     | \$47,000 |
| Adviser  | N/A        | N/A      | \$3,000                | \$2,000 | \$0          | \$0      |
| FIRST TRUST ENHANCED<br>EQUITY INCOME FUND (5)   |            |          |                        |         |              |          |
| Fund   | \$35,500   | \$37,000 | \$2,300                | \$0     | \$4,850      | \$5,000  |
| Adviser  | N/A        | N/A      | \$2,300                | \$0     | \$0          | \$0      |
| FIRST TRUST/<br>ABERDEEN GLOBAL<br>OPPORTUNITY INCOME<br>Fund (5)                          |            |          |                        |         |              |          |
| Fund   | \$41,000   | \$44,000 | \$2,600                | \$0     | \$4,350      | \$5,000  |
| Adviser  | N/A        | N/A      | \$2,600                | \$0     | \$0          | \$0      |
| FIRST TRUST/<br>FIDAC MORTGAGE INCOME<br>FUND (6)  |            |          |                        |         |              |          |
| Fund   | \$25,000   | \$41,000 | \$2,400                | \$0     | \$4,125      | \$5,000  |
| Adviser  | N/A        | N/A      | \$2,400                | \$0     | \$0          | \$0      |
| FIRST TRUST STRATEGIC<br>HIGH INCOME FUND (6)  |            |          |                        |         |              |          |
| Fund   | \$25,000   | \$53,500 | \$2,400                | \$6,868 | \$4,125      | \$5,000  |
| Adviser  | N/A        | N/A      | \$2,400                | \$6,868 | \$0          | \$0      |

| FEES BILLED TO:   | AUDIT FEES |          | AUDIT-RELATED FEES (1) |         | TAX FEES (2) |         |
|---|------------|----------|------------------------|---------|--------------|---------|
|   | 2007       | 2008     | 2007                   | 2008    | 2007         | 2008    |
| FIRST TRUST STRATEGIC HIGH INCOME FUND II                               |            |          |                        |         |              |         |
| Fund  | \$37,000   | \$53,500 | \$2,400                | \$6,868 | \$4,125      | \$5,000 |
| Adviser   | N/A        | N/A      | \$2,400                | \$6,868 | \$0          | \$0     |
| FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME Fund (6)                    |            |          |                        |         |              |         |
| Fund  | \$25,500   | \$36,000 | \$1,800                | \$0     | \$4,000      | \$4,250 |
| Adviser   | N/A        | N/A      | \$1,800                | \$0     | \$0          | \$0     |
| FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND (4), (7) |            |          |                        |         |              |         |
| Fund  | \$55,000   | \$0      | \$0                    | \$0     | \$0          | \$5,000 |
| Adviser   | N/A        | N/A      | \$6,000                | \$0     | \$0          | \$0     |
| FIRST TRUST ACTIVE DIVIDEND INCOME Fund (4), (8)                        |            |          |                        |         |              |         |
| Fund  | \$42,000   | \$0      | \$0                    | \$0     | \$0          | \$4,250 |
| Adviser   | N/A        | N/A      | \$5,000                | \$0     | \$0          | \$0     |

- (1) These fees were for additional audit work for the Fund.
- (2) These fees were for tax consultation or tax return preparation.
- (3) These fees were for compliance consulting services.
- (4) These fees were for the fiscal years ended November 30.
- (5) These fees were for the fiscal years ended December 31.
- (6) These fees were for the fiscal years ended October 31.
- (7) The 2007 fees were for the period from inception on May 25, 2007 through November 30, 2007.
- (8) The 2007 fees were for the period from inception on September 20, 2007 through November 30, 2007.

Non-Audit Fees

During each of the last two fiscal years of the Funds, Deloitte & Touche has billed the non-audit fees listed below for services provided to the entities indicated.

AGGREGATE NON-AUDIT FEES

| FUND | 2007 |
|------|------|
|------|------|

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|   |  |          |
|---|--|----------|
| MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND(1) |  |          |
| Fund  |  | \$ 4,350 |
| Adviser   |  | \$ 7,000 |
| ENERGY INCOME AND GROWTH FUND(1)  |  |          |
| Fund  |  | \$79,500 |
| Adviser   |  | \$ 7,000 |
| FIRST TRUST ENHANCED EQUITY INCOME FUND(2)                                      |  |          |
| Fund  |  | \$ 4,850 |
| Adviser   |  | \$ 7,000 |
| FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND(2)                          |  |          |
| Fund  |  | \$ 4,350 |
| Adviser   |  | \$ 7,000 |
| FIRST TRUST/FIDAC MORTGAGE INCOME FUND(3)                                       |  |          |
| Fund  |  | \$ 4,609 |
| Adviser   |  | \$30,303 |
| FIRST TRUST STRATEGIC HIGH INCOME FUND(3)                                       |  |          |
| Fund  |  | \$ 5,027 |
| Adviser   |  | \$30,303 |
| FIRST TRUST STRATEGIC HIGH INCOME FUND II(3)                                    |  |          |
| Fund  |  | \$ 5,481 |
| Adviser   |  | \$30,303 |
| FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND(3)                             |  |          |
| Fund  |  | \$ 4,408 |
| Adviser   |  | \$ 7,000 |
| Sub-Adviser   |  | \$14,146 |
| FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND (1), (4)         |  |          |
| Fund  |  | \$0      |
| Adviser   |  | \$ 7,000 |
| FIRST TRUST ACTIVE DIVIDEND INCOME FUND(1), (5)                                 |  |          |
| Fund  |  | \$0      |
| Adviser   |  | \$0      |

- (1) These fees were for the fiscal years ended November 30.
- (2) These fees were for the fiscal years ended December 31.
- (3) These fees were for the fiscal years ended October 31.
- (4) The 2007 fees were for the period from inception on May 25, 2007 through November 30, 2007.
- (5) The 2007 fees were for the period from inception on September 20, 2007 through November 30, 2007.

Pre-Approval

Pursuant to its charter and its Audit and Non-Audit Services Pre-Approval Policy, the Audit Committee of each Fund is responsible for the pre-approval of all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for each Fund by its independent auditors. The chairman of the Audit Committee is authorized to give such

pre-approvals on behalf of the Audit Committee up to \$25,000 and report any such pre-approval to the full Audit Committee.

The Audit Committee is also responsible for the pre-approval of the independent auditor's engagements for non-audit services for the Funds' adviser (not including a sub-adviser whose role is primarily portfolio management and is

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sub-contracted or overseen by another investment adviser) and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the respective Fund, if the engagement relates directly to the operations and financial reporting of the Funds, subject to the de minimis exceptions for non-audit services described in Rule 2-01 of Regulation S-X. If the independent auditor has provided non-audit services to the Funds' adviser (other than any sub-adviser whose role is primarily portfolio management and is sub-contracted with or overseen by another investment adviser) and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the respective Fund that were not pre-approved pursuant to its policies, the Audit Committee will consider whether the provision of such non-audit services is compatible with the auditor's independence.

None of the Audit Fees, Audit-Related Fees, Tax Fees, and All Other Fees and Aggregate Non-Audit Fees for the Funds and the Adviser disclosed above that were required to be pre-approved by the Audit Committee pursuant to its pre-approval policies were pre-approved by the Audit Committee pursuant to the pre-approval exceptions included in Regulation S-X.

The Audit Committee of each Fund has considered whether the provision of non-audit services that were rendered to the Funds' adviser (not including any sub-adviser whose role is primarily portfolio management and is sub-contracted with or overseen by another investment adviser) and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the respective Fund that were not pre-approved pursuant to paragraph (c) (7) (ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

#### OTHER COMMITTEES

The Boards of Trustees of the Funds have three other standing committees: the Executive Committee (also serving as the Dividend and Pricing Committee), the Nominating and Governance Committee and the Valuation Committee. The Executive Committee, which meets between Board meetings, is authorized to exercise all powers of and to act in the place of the Board of Trustees to the extent permitted by each Fund's Declaration of Trust and By-Laws. The members of the Executive Committee also serve as a special committee of the Board of Trustees known as the Dividend and Pricing Committee which is authorized to exercise all of the powers and authority of the Board with respect to the declaration and setting of dividends and the issuance and sale, through an underwritten public offering, of the Shares of each Fund and all other such matters relating to such financing, including determining the price at which such Shares are to be sold and approval of the final terms of the underwriting agreement, including approval of the members of the underwriting syndicate. Mr. Bowen and Dr. Erickson are members of the Executive Committee. The number of meetings of the Executive Committee held by each Fund during its last fiscal year is shown on Schedule 1 hereto. Each Fund's Executive Committee met to authorize the Funds' dividend declarations, and for First Trust Tax-Advantaged Preferred Income Fund, to authorize the redemption of Preferred Shares.

Each Fund's Nominating and Governance Committee (the "Committee") is composed entirely of Independent Trustees who are also "independent directors" within the meaning of the listing standards of the NYSE Amex (formerly known as the American Stock Exchange and the NYSE Alternext US) or the New York Stock Exchange, as applicable. Messrs. Erickson, Kadlec, Keith and Nielson are members of the Committee. The purpose of the Committee is to oversee matters related to

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the nomination of trustees and, as necessary, the corporate governance of each Fund. The Committee is responsible for, among other things, seeking, identifying and nominating qualified candidates for election or appointment as trustees in the event of a vacancy, consistent with criteria approved by the Board, for the next annual meeting of shareholders; evaluating Board performance and processes; reviewing Board committee assignments; and, to the extent necessary or desirable, establishing corporate governance guidelines and procedures. The Committee operates under a written charter adopted and approved by the Board, a copy of which is available on the Funds' website at <http://www.ftportfolios.com>. Mr. Nielson serves as chairman of the Committee. The number of meetings of the Committee held by each Fund during its last fiscal year is shown on Schedule 1 hereto.

If there is no vacancy on the Board, the Board will not actively seek recommendations from other parties, including shareholders of the Funds. When a vacancy on the Board occurs, the Committee may seek recommendations for candidates from those sources it deems appropriate in its discretion, including shareholders of the Funds. The Committee may retain a search firm to identify candidates.

If a recommendation is received with satisfactorily completed information regarding a candidate during a time when a vacancy exists on the Board or during such other time as the Committee is accepting recommendations, the recommendation will be forwarded to the chairman of the Committee and outside counsel to the Independent Trustees. Recommendations received at any other time will be kept on file until such time as the Committee is accepting recommendations at which point they may be considered for nomination.

In recruiting new trustees, the Committee seeks to recruit and retain qualified independent trustees of high integrity, whose skills and experience will enhance the Board's ability to effectively represent the interests of the Funds' shareholders and oversee the wide range of regulatory and business issues affecting the Funds. A candidate for trustee must meet certain basic requirements, including relevant skills and experience, time availability and if qualifying as a non-"interested person" candidate, independence from the Funds and their investment adviser or other service providers. The qualifications of a particular candidate, however, may vary depending on the current composition of the Board and the mix of skills and backgrounds of the incumbent trustees since the Committee seeks to establish an effective Board with an appropriate range of skills and experience, in the aggregate. In addition to relevant skills and experience, all candidates must possess high standards of personal integrity that are assessed on the basis of personal interviews, recommendations, or direct knowledge by Committee members. The review process may include, without limitation, personal interviews, background checks, written submissions by the candidates and third party references. Under no circumstances shall the Committee evaluate persons recommended by a shareholder of the Funds on a basis substantially different than that used for other persons recommended for the same election or appointment of trustees. Each Fund has a retirement policy in place that prohibits consideration for election as a Trustee of persons age 72

or older. The Committee reserves the right to make the final selection regarding the nomination of any trustees.

The Valuation Committee is responsible for the oversight of valuation procedures of the Funds. Messrs. Erickson, Kadlec, Keith and Nielson are members of the Valuation Committee. Mr. Kadlec serves as chairman of the Valuation Committee. The number of meetings of the Valuation Committee held by each Fund during its last fiscal year is shown on Schedule 1 hereto.

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#### ADDITIONAL INFORMATION

##### SHAREHOLDER PROPOSALS

To be considered for presentation at the Joint Annual Meetings of Shareholders of the Funds to be held in 2010, a shareholder proposal submitted pursuant to Rule 14a-8 of the 1934 Act must be received at the offices of the applicable Fund at 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, not later than November 20, 2009. A shareholder proposal submitted in accordance with the Funds' By-Laws should be submitted as described below.

Under the Funds' respective By-Laws, any proposal to elect any person nominated by shareholders for election as trustee and any other proposals by shareholders may only be brought before an annual meeting of a Fund if timely written notice (the "Shareholder Notice") is provided to the Secretary of the Fund. In accordance with the advance notice provisions included in the Funds' By-Laws, unless a greater or lesser period is required under applicable law, to be timely, the Shareholder Notice must be delivered to or mailed and received at the Fund's address, 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, Attn: W. Scott Jardine, not less than forty-five (45) days nor more than sixty (60) days prior to the first anniversary date of the date of the proxy statement released to shareholders for the preceding year's annual meeting. However, if and only if the annual meeting is not scheduled to be held within a period that commences thirty (30) days before the first anniversary date of the annual meeting for the preceding year and ends thirty (30) days after such anniversary date (an annual meeting date outside such period being referred to herein as an "Other Annual Meeting Date"), such Shareholder Notice must be given as described above by the later of the close of business on (i) the date forty-five (45) days prior to such Other Annual Meeting Date or (ii) the tenth (10th) business day following the date such Other Annual Meeting Date is first publicly announced or disclosed.

Any shareholder submitting a nomination of any person or persons (as the case may be) for election as a trustee or trustees of a Fund is required to deliver, as part of such Shareholder Notice: (i) a statement in writing setting forth: (A) the name, age, date of birth, business address, residence address and nationality of the person or persons to be nominated; (B) the class or series and number of all shares of the Fund owned of record or beneficially by each such person or persons, as reported to such shareholder by such nominee(s); (C) any other information regarding each such person required by paragraphs (a), (d), (e) and (f) of Item 401 of Regulation S-K or paragraph (b) of Item 22 of Rule 14a-101 (Schedule 14A) under the 1934 Act (or any successor provision thereto); (D) any other information regarding the person or persons to be nominated that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of trustees or directors pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder; and (E) whether such shareholder believes any nominee is or will be an "interested person" of the Fund (as

defined in the 1940 Act) and, if not an "interested person," information regarding each nominee that will be sufficient for the Fund to make such determination; and (ii) the written and signed consent of any person nominated to be named as a nominee and to serve as a trustee if elected. In addition, the Trustees may require any proposed nominee to furnish such other information as they may reasonably require or deem necessary to determine the eligibility of such proposed nominee to serve as a trustee.

Without limiting the foregoing, any shareholder who gives a Shareholder Notice of any matter proposed to be brought before a shareholder meeting (whether or not involving nominees for trustees) is required to deliver, as part

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of such Shareholder Notice: (i) the description of and text of the proposal to be presented; (ii) a brief written statement of the reasons why such shareholder favors the proposal; (iii) such shareholder's name and address as they appear on the Fund's books; (iv) any other information relating to the shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies with respect to the matter(s) proposed pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder; (v) the class or series and number of all Shares of the Fund owned beneficially and of record by such shareholder; (vi) any material interest of such shareholder in the matter proposed (other than as a shareholder); (vii) a representation that the shareholder intends to appear in person or by proxy at the shareholder meeting to act on the matter(s) proposed; (viii) if the proposal involves nominee(s) for trustees, a description of all arrangements or understandings between the shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by the shareholder; and (ix) in the case of a shareholder (a "Beneficial Owner") that holds shares entitled to vote at the meeting through a nominee or "street name" holder of record, evidence establishing such Beneficial Owner's indirect ownership of, and entitlement to vote, shares at the meeting of shareholders. Shares "beneficially owned" means all Shares which such person is deemed to beneficially own pursuant to Rules 13d-3 and 13d-5 under the 1934 Act.

Timely submission of a proposal does not mean that such proposal will be included in a proxy statement.

#### SHAREHOLDER COMMUNICATIONS

Shareholders of a Fund who want to communicate with the Board of Trustees or any individual Trustee should write the Fund to the attention of the Fund Secretary, W. Scott Jardine. The letter should indicate that you are a Fund shareholder. If the communication is intended for a specific Trustee and so indicates, it will be sent only to that Trustee. If a communication does not indicate a specific Trustee, it will be sent to the chairman of the Nominating and Governance Committee of the Board and the outside counsel to the Independent Trustees for further distribution as deemed appropriate by such persons.

#### INVESTMENT ADVISER, SUB-ADVISERS, ADMINISTRATORS AND TRANSFER AGENTS

First Trust Advisors L.P., 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187, serves as the Funds' investment adviser. Four Corners Capital Management, LLC, 555 South Flower Street, Suite 3300, Los Angeles, California 90071, and Macquarie Capital Investment Management, LLC, 125 West 55th Street, New York, New York 10019, serve as the investment sub-advisers to Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund.



Energy Income Partners, LLC, 49 Riverside Avenue, Westport, Connecticut 06880, serves as the investment sub-adviser to Energy Income and Growth Fund. Chartwell Investment Partners, L.P., 1235 Westlakes Drive, Berwyn, Pennsylvania 19312, serves as the investment sub-adviser to First Trust Enhanced Equity Income Fund. Aberdeen Asset Management, Inc., 300 SE 2nd Street, Suite 820, Fort Lauderdale, Florida 33301, serves as the investment sub-adviser to First Trust/Aberdeen Global Opportunity Income Fund. Fixed Income Discount Advisory Company, Inc., 1211 Avenue of the Americas, 29th Floor, New York, New York 10036, serves as the investment sub-adviser to First Trust/FIDAC Mortgage Income Fund. Valhalla Capital Partners, LLC, 13011 W. Highway 42, Suite 201, Prospect, Kentucky 40059, serves as the investment sub-adviser to First Trust Strategic High Income Fund and First Trust Strategic High Income Fund II. First Trust Portfolios L.P., an affiliate of First Trust Advisors, owns a minority interest in Valhalla Capital

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Partners, LLC. Stonebridge Advisors LLC, 187 Danbury Road, Wilton, Connecticut 06897, serves as the investment sub-adviser to First Trust Tax-Advantaged Preferred Income Fund and is an affiliate of First Trust Advisors L.P. Confluence Investment Management LLC, 349 Marshall Avenue, Suite 302, St. Louis, Missouri 63119, serves as the investment sub-adviser to First Trust Specialty Finance and Financial Opportunities Fund. Aviance Capital Management, LLC, 2080 Ringling Boulevard, Sarasota, Florida 34237, serves as the investment sub-adviser to First Trust Active Dividend Income Fund. First Trust Portfolios L.P. owns a minority interest in Aviance Capital Management, LLC.

PNC acts as the administrator, accounting agent and transfer agent to the Funds (other than First Trust Active Dividend Income Fund) and is located at 4400 Computer Drive, Westborough, Massachusetts 01581. PNC is a leading provider of processing, technology and business intelligence services to asset managers, broker/dealers and financial advisors.

J.P. Morgan Investor Services Co., located at 73 Tremont Street, Boston, Massachusetts 02108, serves as the administrator and fund accountant to First Trust Active Dividend Income Fund. AST, located at 59 Maiden Lane, New York, New York 10038, serves as the transfer agent to First Trust Active Dividend Income Fund.

#### SECTION 30(h) AND SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 30(h) of the 1940 Act and Section 16(a) of the 1934 Act require the Funds' officers and Trustees, certain persons affiliated with First Trust Advisors and any sub-adviser and persons who beneficially own more than 10% of a Fund's Shares to file reports of ownership and changes of ownership with the SEC and the NYSE Amex (formerly known as the American Stock Exchange and the NYSE Alternext US) or the New York Stock Exchange, as applicable, and to furnish the Funds with copies of all Section 16(a) forms they file. Based solely upon a review of copies of such forms received by the Funds and certain written representations, the Funds believe that during the fiscal years ended October 31, 2008, November 30, 2008 and December 31, 2008, all such filing requirements applicable to such persons were met except as noted below. For First Trust Strategic High Income Fund, eight late Form 4s representing nine transactions were filed in March 2008 on behalf of Ronald McAlister, an officer of First Trust Advisors, relating to various purchases and sales of shares of the Fund that occurred between November 2007 and February 2008. Mr. McAlister is no longer a Section 16 officer of First Trust Strategic High Income Fund. For First Trust Specialty Finance and Financial Opportunities Fund, one late Form 4 representing one transaction was filed in November 2008 on behalf of David Schulte, an officer of the Fund's investment sub-adviser, relating to a purchase

of shares of the Fund that occurred in August 2008.

FISCAL YEAR

The fiscal year end for First Trust/FIDAC Mortgage Income Fund, First Trust Strategic High Income Fund, First Trust Strategic High Income Fund II and First Trust Tax-Advantaged Preferred Income Fund was October 31, 2008. The fiscal year end for Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, Energy Income and Growth Fund, First Trust Specialty Finance and Financial Opportunities Fund and First Trust Active Dividend Income Fund was November 30, 2008. The fiscal year end for First Trust Enhanced Equity Income Fund and First Trust/Aberdeen Global Opportunity Income Fund was December 31, 2008.

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DELIVERY OF CERTAIN DOCUMENTS

Annual reports will be sent to shareholders of record of each Fund following the Fund's fiscal year end. Each Fund will furnish, without charge, a copy of its annual report and/or semi-annual report as available upon request. Such written or oral requests should be directed to the Fund at 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187 or by calling (800) 988-5891.

Please note that only one annual or semi-annual report, proxy statement or Notice of Internet Availability of Proxy Materials (as applicable) may be delivered to two or more shareholders of a Fund who share an address, unless the Fund has received instructions to the contrary. To request a separate copy of an annual or semi-annual report, proxy statement or Notice of Internet Availability of Proxy Materials (as applicable), or for instructions as to how to request a separate copy of such documents or as to how to request a single copy if multiple copies of such documents are received, shareholders should contact the Fund at the address and phone number set forth above. Pursuant to a request, a separate copy will be delivered promptly.

OTHER MATTERS TO COME BEFORE THE MEETING

No business other than the matter described above is expected to come before the Meeting, but should any other matter requiring a vote of shareholders arise, including any question as to an adjournment or postponement of the Meeting, the persons named on the enclosed proxy card will vote thereon according to their best judgment in the interests of the Funds.

March 20, 2009

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IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING ARE THEREFORE URGED TO COMPLETE, SIGN, DATE AND RETURN THE PROXY CARD AS SOON AS POSSIBLE IN THE ENCLOSED POSTAGE-PAID ENVELOPE.  
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NUMBER OF BOARD AND COMMITTEE MEETINGS  
HELD DURING EACH FUND'S LAST FISCAL YEAR

| FUND   | BOARD MEETINGS | AUDIT COMMITTEE MEETINGS | EXECUTIVE COMMITTEE MEETINGS | NOMINATING GOVERNANCE COMMITTEE MEETINGS |
|--|----------------|--------------------------|------------------------------|--|
| MACQUARIE/FIRST TRUST GLOBAL INFRASTRUCTURE/UTILITIES DIVIDEND & INCOME FUND (1) | 10             | 6                        | 4                            |  |
| ENERGY INCOME AND GROWTH FUND (1)  | 10             | 7                        | 4                            |  |
| FIRST TRUST ENHANCED EQUITY INCOME FUND (2)                                      | 7              | 6                        | 4                            |  |
| FIRST TRUST/ABERDEEN GLOBAL OPPORTUNITY INCOME FUND (2)                          | 7              | 6                        | 12                           |  |
| FIRST TRUST/FIDAC MORTGAGE INCOME FUND (3)                                       | 7              | 9                        | 12                           |  |
| FIRST TRUST STRATEGIC HIGH INCOME FUND (3)                                       | 7              | 9                        | 12                           |  |
| FIRST TRUST STRATEGIC HIGH INCOME FUND II (3)                                    | 7              | 9                        | 11                           |  |
| FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND (3)                             | 9              | 8                        | 6                            |  |
| FIRST TRUST SPECIALTY FINANCE AND FINANCIAL OPPORTUNITIES FUND (1)               | 9              | 9                        | 4                            |  |
| FIRST TRUST ACTIVE DIVIDEND INCOME FUND (1)                                      | 8              | 7                        | 4                            |  |

(1) For fiscal year ended November 30, 2008.

(2) For fiscal year ended December 31, 2008.

(3) For fiscal year ended October 31, 2008.

EXHIBIT A

AUDIT COMMITTEE CHARTER

I. PURPOSE.

The Audit Committee (the "Committee") is appointed by the Boards of Trustees (the "Boards") of investment companies (the "Funds") advised by First Trust Advisors L.P. ("Fund Management") for the following purposes:

A. to oversee the accounting and financial reporting processes of each Fund and its internal controls and, as the Audit Committee deems appropriate, to inquire into the internal controls of certain third-party service providers;

B. to oversee the quality and integrity of each Fund's financial statements and the independent audit thereof;

C. to oversee, or, as appropriate, assist Board oversight of, each Fund's compliance with legal and regulatory requirements that relate to the Fund's accounting and financial reporting, internal controls and independent audits; and

D. to approve, prior to the appointment, the engagement of each Fund's independent auditor and, in connection therewith, to review and evaluate the qualifications, independence and performance of the Fund's independent auditor.

## II. COMMITTEE ORGANIZATION AND COMPOSITION.

### A. Size and Membership Requirements.

1. The Committee shall be composed of at least three members, all of whom shall be trustees of the Funds. Each member of the Committee, and a Committee chairperson, shall be appointed by the Board on the recommendation of the Nominating and Governance Committee.

2. Each member of the Committee shall be independent of the Fund and must be free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member. With respect to the Funds which are closed-end funds or open-end exchange-traded funds ("ETFs"), each member must meet the independence and experience requirements of the New York Stock Exchange, NYSE Arca, or the NYSE Alternext US or the NASDAQ Stock Market (as applicable), and Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10A-3 thereunder, and other applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Included in the foregoing is the requirement that no member of the Committee be an "interested person" of the Funds within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act"), nor shall any Committee member accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Funds (except in the capacity as a Board or committee member).

3. At least one member of the Committee shall have been determined by the Board, exercising its business judgment, to qualify as an "audit committee financial expert" as defined by the SEC.

4. With respect to Funds whose shares are listed on NYSE Arca or on the New York Stock Exchange, each member of the Committee shall have been determined by the Board, exercising its business judgment, to be "financially literate" as required by the New York Stock Exchange or NYSE Arca (as applicable). In addition, at least one member of the Committee shall have been determined by the Board, exercising its business judgment, to have "accounting or financial

management expertise," as required by the New York Stock Exchange or NYSE Arca (as applicable). Such member may, but need not be, the same person as the Funds' "audit committee financial expert." With respect to Funds that are closed-end funds or ETFs whose shares are listed on the NYSE Alternext US or the NASDAQ Stock Market, each member of the Committee shall be able to read and understand fundamental financial statements, including a Fund's balance sheet, income statement and cash flow statement. In addition, at least one member of the Committee shall have been determined by the Board, exercising its business judgment, to be "financially sophisticated," as required by the NYSE Alternext US or the NASDAQ Stock Market (as applicable). A member whom the Board determines to be the Fund's "audit committee financial expert" shall be presumed to qualify as financially sophisticated.

5. With respect to Funds that are closed-end funds, Committee members shall not serve simultaneously on the audit committee of more than two public companies, in addition to their service on the Committee.

B. Frequency of Meetings.

The Committee will ordinarily meet once for every regular meeting of the Board. The Committee may meet more or less frequently as appropriate, but no less than twice per year.

C. Term of Office.

Committee members shall serve until they resign or are removed or replaced by the Board.

III. RESPONSIBILITIES.

A. With respect to Independent Auditors:

1. The Committee shall be responsible for the appointment or replacement (subject if applicable, to Board and/or shareholder ratification), compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Funds ("External Auditors"). The External Auditors shall report directly to the Committee.

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2. The Committee shall meet with the External Auditors and Fund Management to review the scope, fees, audit plans and staffing of the proposed audits for each fiscal year. At the conclusion of the audit, the Committee shall review such audit results, including the External Auditor's evaluation of the Fund's financial and internal controls, any comments or recommendations of the External Auditors, any audit problems or difficulties and Fund Management's response, including any restrictions on the scope of the External Auditor's activities or on access to requested information, any significant disagreements with Fund Management, any accounting adjustments noted or proposed by the auditor but not made by the Fund, any communications between the audit team and the audit firm's national office regarding auditing or accounting issues presented by the engagement, any

significant changes required from the originally planned audit programs and any adjustments to the financial statements recommended by the External Auditors.

3. The Committee shall meet with the External Auditors in the absence of Fund Management, as necessary.

4. The Committee shall pre-approve all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for the Fund by its External Auditors. The Chairman of the Committee is authorized to give such pre-approvals on behalf of the Committee, and shall report any such pre-approval to the full Committee.

5. The Committee shall pre-approve the External Auditor's engagements for non-audit services to Fund Management and any entity controlling, controlled by or under common control with Fund Management that provides ongoing services to the Fund, if the engagement relates directly to the operations and financial reporting of the Fund, subject to the de minimis exceptions for non-audit services described in Rule 2-01 of Regulation S-X. The Chairman of the Committee is authorized to give such pre-approvals on behalf of the Committee, and shall report any such pre-approval to the full Committee.

6. If the External Auditors have provided non-audit services to Fund Management and any entity controlling, controlled by or under common control with Fund Management that provides ongoing services to the Fund that were not pre-approved pursuant to the de minimis exception, the Committee shall consider whether the provision of such non-audit services is compatible with the External Auditor's independence.

7. The Committee shall obtain and review a report from the External Auditors at least annually (including a formal written statement delineating all relationships between the auditors and the Fund consistent with Independence Standards Board Standard No. 1 as may be amended, restated, modified or replaced) regarding (a) the External Auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by an inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm; (c) any steps taken to deal with any such issues; and (d) the External Auditor's independence, including all relationships between the External Auditors and the Fund and its affiliates; and evaluating the qualifications, performance and independence of the External Auditors, including their membership in the SEC practice section of the AICPA and their

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compliance with all applicable requirements for independence and peer review, and a review and evaluation of the lead partner, taking into account the opinions of management and discussing such reports with the External Auditors. The Committee shall present its conclusions with respect to the External Auditors to the Board.

8. The Committee shall review reports and other information provided to it by the External Auditors regarding any illegal acts that the External Auditors should discover (whether or not perceived to have

a material effect on the Fund' s financial statements), in accordance with and as required by Section 10A(b) of the Exchange Act.

9. The Committee shall ensure the rotation of the lead (or concurring) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law, and further considering the rotation of the independent auditor firm itself.

10. The Committee shall establish and recommend to the Board for ratification a policy of the Funds with respect to the hiring of employees or former employees of the External Auditors who participated in the audits of the Funds' financial statements.

11. The Committee shall take (and, where appropriate, recommend that the Board take) appropriate action to oversee the independence of the External Auditors.

12. The Committee shall report regularly to the Board on the results of the activities of the Committee, including any issues that arise with respect to the quality or integrity of the Funds' financial statements, the Funds' compliance with legal or regulatory requirements, the performance and independence of the Funds' External Auditors, or the performance of the internal audit function, if any.

B. With respect to Fund Financial Statements:

1. The Committee shall meet to review and discuss with Fund Management and the External Auditors the annual audited financial statements of the Funds, major issues regarding accounting and auditing principles and practices, and the Funds' disclosures under "Management's Discussion and Analysis," and shall meet to review and discuss with Fund Management the semi-annual financial statements of the Funds and the Funds' disclosures under "Management's Discussion and Analysis."

2. The Committee shall review and discuss reports, both written and oral, from the External Auditors or Fund Management regarding (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") for policies and practices that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the External Auditors; (c) other material written communications between the External Auditors and management, such as any management letter or schedule of unadjusted differences; and (d) all non-audit services provided to any entity in

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the investment company complex (as defined in Rule 2-01 of Regulation S-X) that were not pre-approved by the Committee.

3. The Committee shall review disclosures made to the Committee by the Funds' principal executive officer and principal financial officer during their certification process for the Funds' periodic reports about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant

role in the Funds' internal controls.

4. The Committee shall discuss with the External Auditors the matters required to be discussed by Statement of Auditing Standards ("SAS") No. 90, Audit Committee Communications (which amended SAS No. 61, Communication with Audit Committees), that arise during the External Auditor's review of the Funds' financial statements.

5. The Committee shall review and discuss with management and the External Auditors (a) significant financial reporting issues and judgments made in connection with the preparation and presentation of the Funds' financial statements, including any significant changes in the Funds' selection or application of accounting principles and any major issues as to the adequacy of the Funds' internal controls and any special audit steps adopted in light of material control deficiencies, and (b) analyses prepared by Fund Management or the External Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

6. The Committee shall review and discuss with management and the External Auditors the effect of regulatory and accounting initiatives on the Funds' financial statements.

7. The Committee shall discuss with Fund Management the Funds' press releases regarding financial results and dividends, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may be done generally, consisting of discussing the types of information to be disclosed and the types of presentations to be made. The Chairman of the Committee shall be authorized to have these discussions with Fund Management on behalf of the Committee, and shall report to the Committee regarding any such discussions.

8. The Committee shall discuss with Fund Management the Funds' major financial risk exposures and the steps Fund Management has taken to monitor and control these exposures, including the Funds' risk assessment and risk management policies and guidelines. In fulfilling its obligations under this paragraph, the Committee may, as applicable, review in a general manner the processes other Board committees have in place with respect to risk assessment and risk management.

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C. With respect to serving as a Qualified Legal Compliance Committee:

1. The Committee shall serve as the Funds' "qualified legal compliance committee" ("QLCC") within the meaning of the rules of the SEC and, in that regard, the following shall apply.

i. The Committee shall receive and retain, in confidence, reports of evidence of (a) a material violation of any federal or state securities laws, (b) a material breach of a fiduciary duty arising under any federal or state laws or (c) a similar material violation of any federal or state law by a Fund or any of its officers, trustees, employees or agents (a "Report of Material Violation"). Reports of Material Violation may be addressed to the Funds, attention W. Scott



Jardine, at the address of the principal offices of the Funds, which currently is 120 East Liberty Drive, Wheaton, Illinois, 60187, who shall forward the Report of Material Violation to the Committee.

ii. Upon receipt of a Report of Material Violation, the Committee shall (a) inform the Fund's chief legal officer and chief executive officer (or the equivalents thereof) of the report (unless the Committee determines it would be futile to do so), and (b) determine whether an investigation is necessary.

iii. After considering the Report of a Material Violation, the Committee shall do the following if it deems an investigation necessary:

o Notify the full Board;

o Initiate an investigation, which may be conducted either by the chief legal officer (or the equivalent thereof) of the Fund or by outside attorneys; and

o Retain such additional expert personnel as the Committee deems necessary.

iv. At the conclusion of any such investigation, the Committee shall:

o Recommend, by majority vote, that the Fund implement an appropriate response to evidence of a material violation; and

o Inform the chief legal officer and the chief executive officer (or the equivalents thereof) and the Board of the results of any such investigation and the appropriate remedial measures to be adopted.

2. The Committee shall take all other action that it deems appropriate in the event that the Fund fails in any material respect to implement an appropriate response that the Committee, as the QLCC, has recommended the Fund take.

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D. Other Responsibilities:

1. The Committee shall receive, retain and handle complaints received by the Funds regarding accounting, internal accounting controls, or auditing matters from any person, whether or not an employee of the Funds or Fund Management, and shall receive submissions of concerns regarding questionable accounting or auditing matters by employees of the Funds and Fund Management, administrator, principal underwriter, or any other provider of accounting-related services for the Funds. All such complaints and concerns shall be handled in accordance with the Committee's procedures for operating as a QLCC, outlined in III.C above.

2. The Committee shall review, with fund counsel and independent legal counsel, any legal matters that could have significant impact on the Fund's financial statements or compliance policies and the findings of any examination by a regulatory agency as they relate to financial statement matters.

3. The Committee shall review and reassess the adequacy of this charter on an annual basis and provide a recommendation to the Board for approval of any proposed changes deemed necessary or advisable by the Committee.

4. The Committee shall evaluate on an annual basis the performance of the Committee.

5. The Committee shall review with the External Auditors and with Fund Management the adequacy and effectiveness of the Funds' internal accounting and financial controls.

6. The Committee shall discuss with Fund Management and the External Auditors any correspondence with regulators or governmental agencies that raise material issues regarding the Funds' financial statements or accounting policies.

7. The Committee shall obtain any reports from Fund Management with respect to the Funds' policies and procedures regarding compliance with applicable laws and regulations. The Committee shall perform other special reviews, investigations or oversight functions as requested by the Board and shall receive and review periodic or special reports issued on exposure/controls, irregularities and control failures related to the Funds.

8. The Committee shall prepare any report of the Committee required to be included in a proxy statement for a Fund.

9. The Committee may request any officer or employee of a Fund or Fund Management, independent legal counsel, fund counsel and the External Auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

10. The Committee shall maintain minutes of its meetings.

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11. The Committee shall perform such other functions and have such powers as may be necessary or appropriate in the efficient and lawful discharge of its responsibilities.

#### IV. AUTHORITY TO ENGAGE ADVISERS.

The Committee may engage independent counsel and other advisers, as it determines necessary to carry out its duties. The Funds' External Auditors shall have unrestricted accessibility at any time to Committee members.

#### V. FUNDING PROVISIONS.

A. The Committee shall determine the:

1. Compensation to any independent registered public accounting firm engaged for the purpose of preparing or issuing an

audit report or performing other audit, review or attest services for a Fund; and

2. Compensation to any advisers employed by the Committee.

B. The expenses enumerated in this Article V and all necessary and appropriate administrative expenses of the Committee shall be paid by the applicable Fund or Fund Management.

#### VI. MANAGEMENT AND EXTERNAL AUDITOR'S RESPONSIBILITIES.

A. Fund Management has the primary responsibility for establishing and maintaining systems for accounting, reporting, disclosure and internal controls. The External Auditors have the primary responsibility to plan and implement an audit, with proper consideration given to the accounting, reporting and internal controls. All External Auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Funds shall report directly to the Committee. The External Auditors' ultimate accountability is to the Board and the Committee, as representatives of shareholders.

B. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Funds' financial statements are complete and accurate and are in accordance with GAAP, nor is it the duty of the Committee to assure compliance with laws and regulations and/or the Funds' Code of Ethics.

C. In discharging its responsibilities, the Committee and its members are entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by: (1) one or more officers of a Fund; (2) legal counsel, public accountants, or other persons as to matters the Committee member reasonably believes are within the person's professional or expert competence; or (3) a Board committee of which the Committee member is not a member.

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Annual Meeting Proxy Card  
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THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED "FOR" THE PROPOSAL.

Election of Class II Trustee - The Board of Trustees recommends you vote FOR the election of the Nominee for a three-year term.

Please mark your votes as indicated in this example [X]

| 1. Nominees:                           | For | Withhold |
|--|-----|----------|
| 01 - Richard E. Erickson<br>(Class II) | [ ] | [ ]      |

Non-Voting Items

Change of Address -- Please print your new address below.

Comments -- Please print your comments below.

PLEASE SIGN ON REVERSE SIDE

FPI-CMN-PXC